



CHINA FORDOO HOLDINGS LIMITED
中國虎都控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2399



Sole Global Coordinator and Sole Sponsor



Joint Bookrunners



Joint Lead Managers



GLOBAL OFFERING

IMPORTANT

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

CHINA FORDOO HOLDINGS LIMITED

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GLOBAL OFFERING

Number of Offer Shares	:	120,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	12,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	108,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	not more than HK\$4.40 per Offer Share payable in full on application subject to refund on final pricing, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	2399

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Joint Bookrunners



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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 Appendix VII "Documents delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about July 9, 2014 and, in any event, not later than July 14, 2014. The Offer Price will be not more than HK\$4.40 and is currently expected to be not less than HK\$3.35. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$4.40 for each Hong Kong 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 should be lower than HK\$4.40. 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 Offer, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

The Sole Global Coordinator (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative offer price range 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, a notice of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Sole Global Coordinator (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth in the section entitled "Risk Factors" in this prospectus.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may only be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under U.S. Securities Act.

June 30, 2014

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times and on the websites of the Company and the Stock Exchange.

Latest time to complete electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽⁴⁾	11:30 a.m. on July 9, 2014
Application lists open ⁽²⁾	11:45 a.m. on July 9, 2014
Latest time to lodge WHITE and YELLOW Application Forms	12:00 noon on July 9, 2014
Latest time to give electronic application instructions to HKSCC ⁽³⁾	12:00 noon on July 9, 2014
Latest time to complete payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on July 9, 2014
Application lists close	12:00 noon on July 9, 2014
Expected Price Determination Date ⁽⁵⁾	July 9, 2014

(1) Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares,

to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before July 15, 2014

(2) Results of allocations of the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see section entitled "How to Apply for Hong Kong Offer Shares — Publication of Results" in this prospectus) from July 15, 2014

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.fordoo.cn from July 15, 2014

Results of allocations in the Hong Kong Public Offering will be available at www.iporeresults.com.hk with a "search by ID" function July 15, 2014

EXPECTED TIMETABLE⁽¹⁾

Dispatch of White Form e-Refund payment instructions/refund cheques on or before ^{(6)&(8)}	July 15, 2014
Dispatch of share certificates on or before ^{(7)&(8)}	July 15, 2014
Dealings in Shares on the Stock Exchange expected to commence on	July 16, 2014

The application for the Offer Shares will commence on Monday, June 30, 2014 up to Wednesday, July 9, 2014 for eight days, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, July 15, 2014. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, July 16, 2014.

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on July 9, 2014, the application lists will not open on that day. Further information is set out in the section entitled “How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open on July 9, 2014, the dates mentioned in this section entitled “Expected Timetable” may be affected. We will make a press announcement in such event.
3. If you apply by giving electronic application instructions to HKSCC, you should refer to the section entitled “How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
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. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around July 9, 2014 and, in any event, not later than July 14, 2014. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us by July 14, 2014, the Global Offering will not proceed and will lapse.
6. We will issue a refund to you if your application is wholly or partially unsuccessful pursuant to the Hong Kong Public Offering or if the Offer Price is less than the price per Offer Share payable 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 purpose. 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. We will dispatch share certificates and refund cheques by ordinary post to you at your own risk to the address you specified in your Application Form unless you have elected for personal collection.

EXPECTED TIMETABLE⁽¹⁾

7. Share certificates for the Hong Kong Offer Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects; and (ii) the Underwriting Agreements have not been terminated in accordance with their terms before 8:00 a.m. on the date on which our Shares are first listed and from which dealing therein are permitted to take place on the Stock Exchange, or the Listing Date, which is expected to be July 16, 2014. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.

8. Applicants who have applied on **WHITE** Application Forms or through **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information in their applications may collect any refund cheques (where applicable) and share certificates in person may do so 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 between 9:00 a.m. to 1:00 p.m. on July 15, 2014. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Share Registrar at the time of collection. Applications who have applied using **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates 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 cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applications. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section entitled "How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus for details.

For details of the structure of the Global Offering, including its conditions, you should refer to the section entitled "Structure of the Global Offering."

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by China Fordoo Holdings 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. We have 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 us, the Sole Global Coordinator, Sole Sponsor, Joint Bookrunners and Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or 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. As this is a summary, it does not contain all the information that may be important to you. You should read this 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 entitled “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

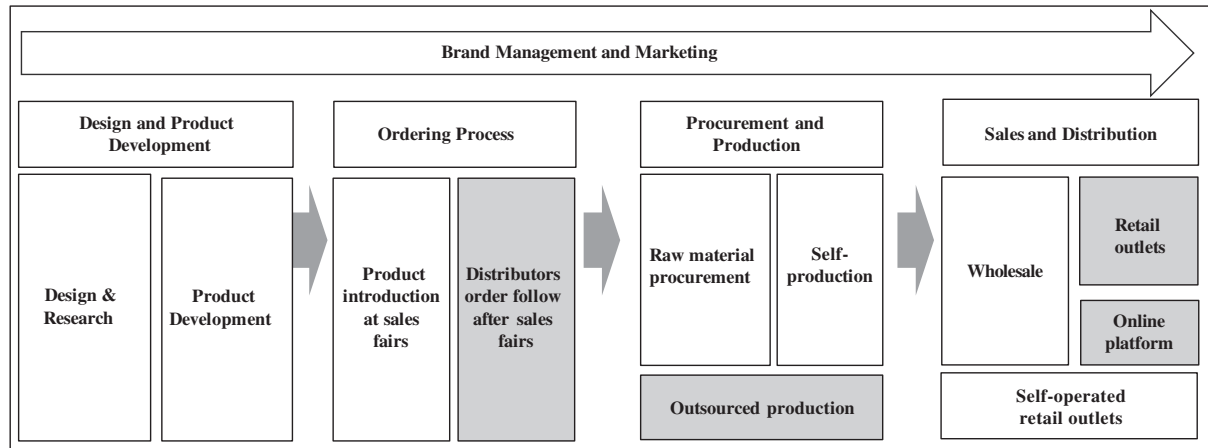
FORDOO is a reputable menswear brand in the PRC. We are positioned in the middle-upper menswear segment, which is the largest and fastest growing menswear segment in the PRC according to the Frost & Sullivan Report. We were ranked sixth with a market share of 2.9% in the middle-upper menswear market, which accounted for 30.4% of the overall menswear market in the PRC; we were ranked fifth in both the middle-upper business casual menswear segment with a market share of 4.0% and the middle-upper business formal menswear segment with a market share of 2.9%; and we were ranked second in the men’s trousers category with a market share of 3.0%, all of which were in terms of retail sales in 2013, according to the Frost & Sullivan Report. We primarily target middle class men aged 30 to 60. We seek to promote an independent, successful and elite lifestyle through our brand. We manage and operate our business through a strategically integrated model, comprising brand management and marketing, design and product development, ordering process, procurement of raw materials, self-production and outsourced production and sales and distribution.

Our brand’s history dates back to the early 1990’s, when Mr. Kwok, our founder and Chairman, started manufacturing and marketing trousers. We have gradually established our reputation as a national domestic menswear brand offering comfortable, high quality and aesthetically pleasing trousers. Our strong brand recognition is evidenced by our numerous industry awards, including “Quality Award” by the China National Garment Association (中國服裝協會) in 2014, “Top 10 (Industry) Most Credible Brand in Asia” and “Top 500 Asia Brand” by Asia Brand Ceremony (亞洲品牌盛典) in 2012, “Top 10 Menswear Brand” by the Brand China Industry Union (品牌中國產業聯盟) in 2010, “Well-known Trademark of China” by SAIC since January 2010, “Top 500 Most Competitive Textile and Garment Enterprise” by the National Textile and Apparel Council in 2009, “Customer Satisfaction” by the China Association for Quality (中國質量協會) in 2009 and “China Top Brand” by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007.

SUMMARY

BUSINESS MODEL

The following diagram illustrates our business model:



Note: Unshaded components of our business model diagram represent those aspects of the value chain controlled by us, while shaded components represent those not controlled by us.

OUR COMPETITIVE STRENGTHS

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

- reputable brand in China's middle-upper menswear market;
- strong design and product development capabilities;
- nationwide and strategically managed distribution network supported by our long-standing distributor relationships;
- strategically integrated business model with advanced, efficient and flexible manufacturing capabilities; and
- dedicated and highly experienced management team.

OUR BUSINESS STRATEGIES

Our principal goals are to strengthen our positions in the middle-upper menswear and the menswear trousers markets in the PRC, enhance our control over distributors and sub-distributors and strengthen our design and product development capabilities. We believe the pursuit of the following strategies will allow us to achieve our goals, drive sustainable growth and create long-term value for our key stakeholders:

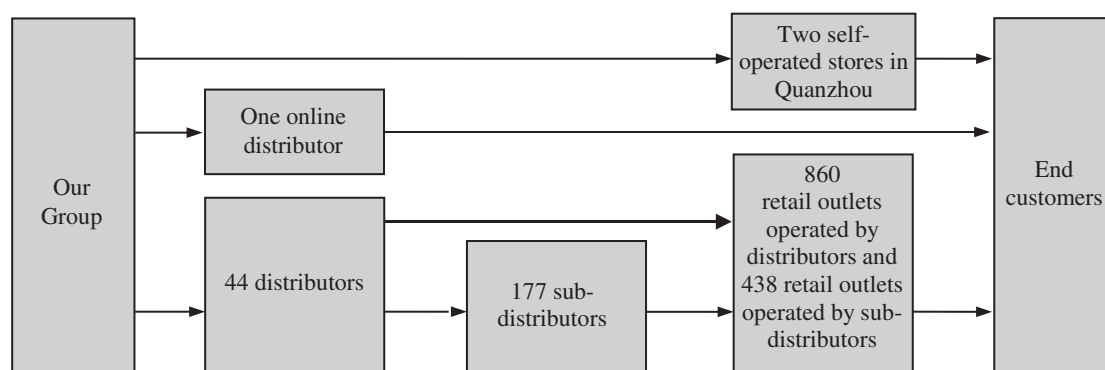
- strengthen our supply chain management and distribution network;
- continue to invest in multi-channel marketing and branding activities to enhance our brand awareness;
- continue to invest in research, product development and design; and
- expand and diversify our product offering.

SUMMARY

SALES AND DISTRIBUTION

Our products are primarily distributed through our network of third-party distributors who operate an extensive retail distribution network in the PRC. We primarily sell our products on a wholesale basis to our third-party distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. As of December 31, 2013, our distribution network comprised 45 distributors and 177 sub-distributors who operated 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We sell a small quantity of our products to our online distributor, who then sells our products to end customers through different third-party online platforms. For the years ended December 31, 2011, 2012 and 2013, sales to our distributors accounted for approximately 99.4%, 99.5% and 99.6%, respectively, of our total turnover. We also sell a small portion of our products directly to end customers through our two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

The following diagram illustrates our distribution model as of December 31, 2013:



We organize bi-annual sales fairs every year to display our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We derive substantially all of our orders from the sales fairs. We grant our distributors credit terms ranging from 90 to 180 days, taking into account various factors. Our distributors are required to bear delivery costs of their purchase from our production facilities to their respective designation. We do not set minimum purchase requirements or policies for our distributors or allows for sales rebate, inventory repurchase or inventory swap between our distributors and us and, thus, our distributors typically place their orders according to their needs. Excessive orders are discouraged as they may expose our distributors to financial risks.

We enter into distribution agreements with our distributors, typically for a term of one year. The distribution agreements generally require our distributors to comply with our requirements in respect of, among other things, designated geographic coverage area, return of goods and promotion and advertising. To strengthen our management of our distributors, starting from January 2014, we have entered into distribution agreements based on a revised form, which requires, among other things, that our distributors provide us with sales reports on a quarterly basis and enter into sub-distribution

SUMMARY

agreement with their sub-distributors, that are on substantially the same terms and conditions of the sub-distribution agreement template provided by us. For details on the distribution agreements and updated distribution agreements since January 2014, see the section entitled “Business — Sales and Distribution — Our Distributors — Distribution agreements with our distributors” on page 128 of this prospectus.

To facilitate our management over our distributors and retail outlets, we divide our distribution network into four regions in the PRC. We set a regional management team, responsible for soliciting and selecting potential distributor candidates, supervising and communicating with our distributors and monitoring and conducting on-site inspections of retail outlets. We provide training, guidance and support to our distributors including supporting the opening of new stores and incentivizing them to engage in effective marketing activities. We engage third-party contractors at our own cost for storefront decoration of the retail outlets that meet our requirements to ensure a unified retail outlet layout. To ensure a preferred location and to prevent cannibalization, our distributors and their sub-distributors are required to obtain our prior approval to open new retail outlets. In addition, we require our distributors and their sub-distributors to obtain approval for the closure of their retail outlets. We also conduct on-site inspections of the retail outlets operated by our distributors and their sub-distributors from time to time to ensure compliance with our brand and retail outlet guidelines.

For the years ended December 31, 2011, 2012 and 2013, sales attributable to our five largest customers were approximately RMB256.5 million, RMB374.2 million and RMB454.0 million, respectively, accounted for approximately 31.3%, 33.7% and 31.3%, respectively, of our turnover for the corresponding periods. Sales to our largest customer accounted for approximately 9.6%⁽¹⁾, 13.7%⁽²⁾ and 12.9%⁽²⁾, respectively, of our turnover for the years ended December 31, 2011, 2012 and 2013.

DESIGN AND PRODUCT DEVELOPMENT

Our design and product development efforts primarily focus on improving our products and developing new production techniques. We have a dedicated and experienced in-house design and product development team, which, as of December 31, 2013, consisted of 124 members, including designers, production technicians as well as other supporting staff. The key team members, who plan, implement, supervise and manage our design and development efforts, have an average of 10 years of experience in the fashion industry. We offer a diversified product portfolio and we believe our ability and commitment to providing products of high quality and comfort has been integral to our success. We introduced 933 SKUs at our sales fair in March 2013 for our upcoming autumn/winter collection and 755 SKUs at our sales fair in September 2013 for our upcoming spring/summer collection. We have engaged a third-party consultant, Shanghai Biaoding, a leading Shanghai apparel design

(1) Our largest customer for the year ended December 31, 2011 consisted of two of our distributors, the majority equity interests of which were owned by the same shareholder.

(2) Our largest customer for the years ended December 31, 2012 and 2013 consisted of three of our distributors, the majority equity interests of which were owned by the same shareholder.

SUMMARY

company, since May 2011 as our fashion consultant to conduct industry research for us. We also work closely with our distributors to study and monitor fashion trends and focus on product features that are considered important to end customers. Generally, our design and product development process comprises four steps, including research, design and product development proposal, sample creation and sample selection. For details on those four steps, see the section entitled “Business — Design and Product Development” on page 140 of this prospectus. We have developed several advanced patented technologies in the design and manufacture of menswear products, such as the eight-centimeter crotch curves standard (8cm內襠工藝), “trousers promoting health and wellness” (“健康型西褲”), “trousers using new zipper sewing technology” (“一種新型褲子”) and an automatic infrared fly front sewing machine (一種紅外線自動上大小門襟機). As of December 31, 2013, we had obtained 15 patents for trousers, tops and molding devices. We have also successfully developed 11 advanced technical processes that we apply in the production of men’s trousers, enabling us to offer trousers that combine comfort, functionality, style and quality.

PRODUCT PRICING

We implement a uniform pricing policy and sell each SKU at the same wholesale price to all our distributors. Our pricing policy also involves setting different wholesale price points for different products and providing retail price guidance to our distributors and sub-distributors. We conduct regular review of our pricing strategy and wholesale pricing for different products. Our assessment takes into account the prevailing market condition, brand positioning, product design, cost of raw materials and production costs as well as competition. While we do not fix retail prices for our distributors and sub-distributors, we guide them towards selling our products at three to five times the wholesale price, which provides our distributors with the flexibility to adjust retail price within a suggested price range depending on retail market dynamics, competition as well as customer demands in the regions which they operate. We believe our wholesale price as a percentage of our suggested retail price is relatively low, which allows our distributors and their sub-distributors to make a relatively high profit for each product they sell. We believe our wholesale pricing strategy has been one of the growth drivers to our strong sales performance during the Track Record Period.

MARKETING

Our marketing and promotional strategy targets to enhance our brand image and to increase consumer awareness of our products in our markets. We execute on a multi-channel marketing strategy, which involves leveraging the look of our stores to promote our “FORDOO” brand and engaging in other marketing activities on a national and regional level to reinforce our brand image. We invest in multiple media channels, such as commercials on selected CCTV channels and rolling advertising in airports. We also incentivize and encourage our distributors to pursue effective marketing activities.

SUMMARY

PRODUCTION AND OUTSOURCED PRODUCTION

Our products are produced either in our own manufacturing facilities or by third-party OEM contractors. While we manufacture a large portion of our products at our own manufacturing facilities located in Quanzhou, Fujian Province, we also work with OEM contractors as we continue to expand and diversify our product offering. For the year ended December 31, 2013, cost of self-production and cost of outsourced production accounted for approximately 69.0% and 29.6%, respectively, of our total cost of sales (include other taxes and levies). We use our in-house manufacturing facilities to produce most of our core products in order to maintain our product quality and protect our intellectual property. We outsource production of all accessory and certain apparel products as we believe it enhances cost efficiency. As of December 31, 2013, we engaged 39 OEM contractors. We believe our flexible manufacturing process has enabled us to enhance our competitiveness while maintaining the quality of our products and has also allowed us to focus on design and product development as well as brand management. Upon completion of product planning, design and development processes, we display product samples at our seasonal sales fairs to our distributors and their sub-distributors. We obtain and confirm orders from our distributors after the sales fairs and place orders thereafter with raw material suppliers and OEM contractors. For products manufactured at our own manufacturing facilities and OEM products, final products will be dispatched to our distributors after our final quality inspection.

For the years ended December 31, 2011, 2012 and 2013, purchases from our five largest OEM contractors accounted for approximately 63.6%, 65.8% and 41.5%, respectively, of our total purchases from OEM contractors; and purchases from our largest OEM contractor accounted for approximately 21.1%, 28.6% and 13.8%, respectively, of our total purchases from OEM contractors for the corresponding periods.

SUMMARY

SELECTED OPERATING INFORMATION

The following table sets forth turnover, volume, average wholesale price as well as gross profit margin of our menswear products for the periods indicated:

	For the year ended December 31,														
	2011				2012				2013						
	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price (RMB)	Gross profit margin (%)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price (RMB)	Gross profit margin (%)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price (RMB)	Gross profit margin (%)
Apparel:															
Men's trousers	487,346	59.5	4,732,311	103.0	28.3	633,464	57.1	5,476,896	115.7	33.0	802,593	55.2	6,403,739	125.3	34.5
Men's tops	322,945	39.5	2,053,233	157.3	28.9	463,439	41.8	2,713,016	170.8	32.2	631,580	43.5	3,515,413	179.7	33.7
Accessories	8,186	1.0	116,612	70.2	30.9	12,074	1.1	218,384	55.3	34.7	18,638	1.3	216,797	86.0	35.5
Total	818,477	100.0	6,902,156	118.6	28.5	1,108,977	100.0	8,408,296	131.9	32.7	1,452,811	100.0	10,135,949	143.3	34.2

Note:

(1) Average wholesale price per unit is calculated by dividing the turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparel and accessories.

SUMMARY

SUMMARY FINANCIAL INFORMATION

Summary of Combined Statements of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Turnover	818,477	1,108,977	1,452,811
Cost of sales	(584,920)	(746,496)	(955,859)
Gross profit	233,557	362,481	496,952
Other revenue	2,581	2,827	2,178
Other net income	5,673	305	6,368
Selling and distribution expenses	(50,140)	(69,566)	(86,832)
Administrative and other operating expenses	(49,226)	(63,344)	(73,331)
Profit from operations	142,445	232,703	345,335
Finance costs	(21,579)	(26,055)	(24,749)
Profit before taxation	120,866	206,648	320,586
Income tax expense	(15,074)	(53,728)	(82,042)
Profit and total comprehensive income for the year	<u>105,792</u>	<u>152,920</u>	<u>238,544</u>

Summary of Combined Balance Sheets

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Non-current assets	743,616	721,839	579,492
Current assets	456,435	467,591	759,505
Current liabilities	885,206	718,778	627,422
Net current (liabilities)/assets	(428,771)	(251,187)	132,083
Non-current liability	129,758	129,784	129,175
Net assets	185,087	340,868	582,400
Total Equity	<u>185,087</u>	<u>340,868</u>	<u>582,400</u>

SUMMARY

Summary of Combined Cash Flows Statements

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Net cash generated from operating activities	97,703	204,904	73,447
Net cash (used in)/generated from investing activities.....	(128,104)	45,408	100,480
Net cash generated from/(used in) financing activities.....	33,593	(226,464)	(167,230)
Net increase in cash and cash equivalents.....	3,192	23,848	6,697
Cash and cash equivalents at January 1	29,294	32,486	56,334
Cash and cash equivalents at December 31	32,486	56,334	63,031

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as of the dates indicated:

	As of December 31,		
	2011	2012	2013
Current ratio	0.52	0.65	1.21
Quick ratio	0.43	0.56	1.13
Net debt-to-equity ratio.....	427.5%	169.0%	72.7%
Gearing ratio.....	445.0%	185.5%	83.5%

	For the year ended December 31,		
	2011	2012	2013
Return on equity	57.2%	44.9%	41.0%
Return on assets.....	8.8%	12.9%	17.8%
Net profit margin	12.9%	13.8%	16.4%
Interest coverage ratio	4.6	6.7	14.0

SUMMARY

RECENT DEVELOPMENTS

Our recent developments subsequent to December 31, 2013 and up to the Latest Practicable Date were as follows:

Our distribution network further expanded to 52 distributors, 178 sub-distributors and 1,319 retail outlets (excluding our two self-operated retail outlets) as of April 30, 2014. For the four months ended April 30, 2014, we appointed 11 new distributors, out of whom four were sub-distributors prior to the appointment, three were newly selected as our distributor to further strengthen our market penetration, one replaced one distributor with whom we terminated our business relationship, and three replaced another distributor with whom we terminated our business relationship by dividing its original geographic area into three in the same period. In addition to these two distributors that were replaced, during the same period, we also terminated business relationships with another two distributors due to their change of business plans or unsatisfactory performance. For the four months ended April 30, 2014, five new sub-distributors were added into our distribution network and four sub-distributors were selected as our distributors. During the same period, 29 retail outlets operated by our distributors or their sub-distributors were newly opened and eight retail outlets were closed due to their locations, increases in rent or termination of lease agreements.

We recorded unaudited turnover of approximately RMB351.4 million for the three months ended March 31, 2014, decreased by 5.3% from RMB371.1 million for the corresponding period in 2013. Turnover for the three months ended March 31, 2014 and March 31, 2013 disclosed above are extracted from the Company's unaudited interim financial statements as of and for the three months ended March 31, 2014, which have been reviewed by our reporting accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The comparative financial information as of and for the three months ended March 31, 2013 has not been reviewed by our reporting accountants. Our gross profit margin remained relatively stable as compared to that in 2013. The unaudited financial statements for the three months ended March 31, 2014 should not be taken as an indication of the expected results of operations and financial position of us for the 12 months ending December 31, 2014. As of the Latest Practicable Date, purchase orders after our sales fair in September 2013 for our 2014 spring/summer collection had increased by approximately 5.8% compared with the purchase orders placed for our 2013 spring/summer collection and purchase orders after sales fair in March 2014 for our 2014 autumn/winter collection had increased by approximately 24.0% compared with the purchase orders placed for our 2013 autumn/winter collection, leading to a combined growth rate of approximately 15.9% in the purchase orders for our 2014 spring/summer and autumn/winter collections as compared to that for our 2013 spring/summer and autumn/winter collections. Although purchase orders for our 2014 spring/summer collection increased by 5.8%, our turnover for the three months ended March 31, 2014 was affected by a shift of delivery schedule driven by a slightly longer production lead time, which we believe is reasonable and in line with the ordinary course of business.

As of April 30, 2014, we had bank borrowings of RMB459.2 million, including bank borrowings of USD16.5 million (approximately RMB102.2 million) to repay a part of the amount due to our Controlling Shareholder, Mr. Kwok (which amount was categorized as non-current liabilities under our combined balance sheet) and expenses in connection with our Listing.

SUMMARY

Starting from January 2014, we have entered into distribution agreements with our distributors based on a revised form, which contains additional terms, including, among other things, that our distributors are required to provide us with quarterly sales reports and our distributors are required to enter into sub-distribution agreements with their sub-distributors, that are on substantially the same terms and conditions of the sub-distribution agreement template provided by us. For further details on the provisions, see the section entitled “Business — Sales and Distribution — Our Distributors — Distribution agreements with our distributors” on page 128 of this prospectus.

To strengthen our research and product development capabilities, in January 2014, we entered into a three-year cooperation agreement with the CNIS, an institute directly under the China General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局). Under the cooperation agreement, the research and development center in Hui’an, Fujian Province has been designated as the center dedicated to establishing industry standards for the menswear industry in the PRC (男裝行業(虎都)標準化研發中心) in January 2014. For further details on the cooperation agreement, see the section entitled “Business — Business Strategies — Continue to invest in research, product development and design” on page 115 of this prospectus.

Our Directors confirm that, save as disclosed in this prospectus, up to the date of this prospectus, there has not been any material adverse change in our financial, operational and/or trading position or the prospects of our Company since December 31, 2013.

LISTING EXPENSES

We expect the total listing expenses will be approximately RMB58.6 million. By December 31, 2013, approximately RMB18.0 million of our listing expenses have been charged to our administrative and other operating expenses and approximately RMB3.2 million of our listing expenses will be deducted from share premium upon listing. We expect to incur additional listing expenses of RMB37.4 million in connection with the Global Offering subsequent to the Track Record Period, of which RMB16.7 million is expected to be charged to our administrative and other operating expenses and RMB20.7 million to be deducted from 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, 2014.

PROFIT FORECAST

We believe that on the basis 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, 2014 is expected to be not less than RMB257.3 million.

SUMMARY

APPLICATION FOR THE OFFER SHARES

The application for the Offer Shares will commence on Monday, June 30, 2014 up to Wednesday, July 9, 2014 for eight days, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, July 15, 2014. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, July 16, 2014.

GLOBAL OFFERING STATISTICS

We have prepared the following offer statistics on the basis of hypothetical Offer Prices without taking into account the 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee.

	Based on Offer Price per Share of HK\$3.35	Based on Offer Price per Share of HK\$4.40
Market capitalization of our Shares.....	HK\$1,608.0 million	HK\$2,112.0 million
Unaudited <i>pro forma</i> adjusted combined net tangible asset value per Share.....	HK\$2.28	HK\$2.53

The calculation of our market capitalization upon completion of the Global Offering is based on 480,000,000 Shares expected to be issued and outstanding following the completion of the Global Offering.

DIVIDEND POLICY

As of December 31, 2013, the distributable reserves of the companies now comprising our Group amounted to approximately RMB21.3 million.

During the Track Record Period, we did not distribute any dividends to our shareholders. Future dividend payments will depend on payments made from our PRC subsidiaries. Certain payments from our PRC subsidiaries are subject to PRC taxes, statutory reserve requirements and other legal restrictions. Our Board currently intends, subject to the aforementioned limitations, and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders 50% of any distributable profit (excluding changes in fair value of investment properties and the impact of related deferred tax) for the year ending December 31, 2014 and for each financial year after our Global Offering. However, we will reevaluate our dividend policy annually. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. For further information, see the section entitled "Financial Information — Dividends and Distributable Reserves" on page 242 of this prospectus.

SUMMARY

SHARE OPTION SCHEME

We have adopted the Share Option Scheme. For details of the Share Option Scheme, see the paragraph entitled “F. Share Option Scheme” in Appendix VI to this prospectus.

SHAREHOLDER INFORMATION

Controlling Shareholders

Immediately after the completion of Capitalization Issue (assuming that the Over-allotment Option is not exercised) and the Global Offering, Everkept will control approximately 51% voting rights in the general meeting of our Company. Mr. Kwok owns 70% of the issued share capital of Everkept. For further details, see the section entitled “Relationship with Controlling Shareholders” on page 173 of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$452.0 million, assuming an Offer Price of HK\$4.40 per Share, or HK\$330.4 million, assuming an Offer Price of HK\$3.35 per Share.

Assuming an Offer Price of HK\$3.88 per Offer Share, being the midpoint of the stated Offer Price range of HK\$3.35 to HK\$4.40 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$391.2 million which we presently plan to use as follows:

- approximately 27%, or HK\$105.7 million, is expected to be used primarily for brand promotion and marketing, such as advertising through CCTV channels. We also plan to increase the number of airports in which we place rolling advertisements. In addition to advertising activities, we plan to further improve in-store design and layout by refurbishing some of our existing retail outlets in 2014;
- approximately 20%, or HK\$78.2 million, is expected to be used primarily for enhancing our research, design and product development capabilities through (i) strengthening our cooperation with reputable design institutes, such as Shanghai Biaoding, (ii) engaging experienced and reputable designers, (iii) enhancing communication with end customers by sending market surveys through our retail outlets to obtain feedback from end customers, and (iv) continuing to invest in research and development of production technology, materials and samples;
- approximately 20%, or HK\$78.2 million, is expected to be used to repay a portion of our bank borrowings⁽¹⁾, which include the balance of the additional bank borrowings of approximately US\$19.4 million (approximately HK\$150.4 million) that are expected to be raised prior to the Listing for the repayment of the amounts due to our Controlling Shareholder, Mr. Kwok;

SUMMARY

- approximately 13%, or HK\$50.9 million, is expected to be used to expand our distribution network and provide storefront decoration at our own cost for our distributors and their sub-distributors. We currently expect our distributors to add approximately 200 retail outlets in the PRC by December 31, 2014;
- approximately 10%, or HK\$39.1 million, is expected to be used primarily for installing an ERP system, for which we have started negotiating with certain ERP system providers; and
- the remaining approximately 10%, or HK\$39.1 million, is expected to be used for our working capital and other general corporate purposes.

Note:

- (1) The bank borrowings include a one-year term loan of US\$6.8 million bearing an interest rate of 1.7% per annum over three month LIBOR payable in two installments in January 2015 and February 2015, respectively, and a one-year term loan of US\$12.6 million bearing an interest rate of 1.95%, 2.1%, 2.7% and 2.4% per annum over three month LIBOR payable in four installments in February 2015, March 2015, April 2015 and June 2015, respectively.

If the Offer Price is fixed at HK\$4.40, being the high end of the stated Offer Share range, our net proceeds will increase by approximately HK\$60.8 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. We intend to allocate such additional proceeds to our use of proceeds proportionately as earmarked.

If the Offer Price is fixed at HK\$3.35, being the low end of the stated Offer Price range, our net proceeds will instead decrease by approximately HK\$60.8 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. In this case, we intend to reduce our use of proceeds proportionately as earmarked.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.

The Company will not receive the net proceeds of any exercise of the Over-allotment Option. Only the Selling Shareholders will receive such proceeds from any exercise of the Over-allotment Option.

RISK FACTORS

There are certain risks relating to investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are further described in the section entitled “Risk Factors” beginning on page 29 of this prospectus. These can be categorized into (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to our Global Offering.

SUMMARY

We believe a few of the more significant risks relating to our business include:

- Failure to successfully maintain and promote our brand may materially and adversely affect our business, financial condition, results of operations and prospects.
- We rely on third-party distributors for the sale of our products, and hence failure to maintain relationships with our existing distributors or to attract new distributors could materially and adversely affect our business, financial condition, results of operations and prospects.
- We have limited control over the actions and practices of our distributors and their sub-distributors and our reputation and business may be adversely affected if our distributors fail to perform their obligations under the distribution agreements entered into with us or fail to comply with relevant law and regulations.
- We may not be able to effectively monitor and accurately track the inventory levels and sales at our distributors.
- Our business may be negatively affected if our distributors or their sub-distributors fail to follow our retail price guidance.

DEFINITIONS

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

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), or where the context so requires, any of them that is used in connection with the Hong Kong Public Offering
“Articles of Association”	the articles of association of our Company conditionally adopted on June 9, 2014 and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
“associate”	has the meaning ascribed thereto under the Listing Rules
“Bigtime Global”	Bigtime Global Limited (碧泰環球有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on June 6, 2013 and a direct wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of Shares to be made upon capitalization of the share premium account of our Company as referred to in the section entitled “A. Further information about our Company — 4. Written resolutions of our Shareholders passed on June 9, 2014” in Appendix VI 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 participant or a 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

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this prospectus, references in this prospectus to China or the PRC exclude Hong Kong, Macau and Taiwan
“Chinese government” or “PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“CNIS”	China National Institute of Standardization (中國標準化研究院), an institute directly under the China General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) and an Independent Third Party
“Co-lead Manager	RHB OSK Securities Hong Kong Limited
“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 622 of the Laws of Hong Kong) which took effect from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “Group,” “our,” “us” and “we”	China Fordoo Holdings Limited (中國虎都控股有限公司), incorporated as an exempted company with limited liability in the Cayman Islands on December 23, 2013, and, unless the context otherwise requires, all of its subsidiaries, or where the context refers to any time prior to its incorporation, the business in which the predecessors of its present subsidiaries were engaged and which were subsequently assumed by such subsidiaries pursuant to the Reorganization

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Everkept, which controls approximately 51% voting rights in the general meeting of our Company immediately after the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised) and its beneficial owner, Mr. Kwok, who owns 70% of the issued share capital of Everkept
“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 entitled “History and Development” in this prospectus
“Covenantors”	Mr. Kwok, Everkept, Mr. Kwok Hon Fung and Equal Plus
“Deed of Indemnity”	a deed of indemnity dated June 9, 2014 entered into between the Controlling Shareholders and our Company as referred to in Appendix VI of this prospectus
“Deed of Non-competition”	a deed of non-competition undertaking dated June 9, 2014 entered into by the Controlling shareholders in favor of our Company, details of which are disclosed in the section entitled “Relationship with Controlling Shareholders” in this prospectus
“Director(s)”	director(s) of our Company from time to time
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), enacted by the NPC in March 2007 and effective on January 1, 2008 and its implementation rules
“Equal Plus”	Equal Plus Limited (均增有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on June 3, 2013, and is wholly-owned by Mr. Kwok Hon Fung (郭漢鋒), the elder son of Mr. Kwok and Ms. Wong Tung Yam, and the brother of Mr. Kwok Hon Pan (郭漢彬) and Ms. Kwok Sha Lee (郭莎莉). Equal Plus will hold approximately 10.5% of the Shares upon the Listing
“ERP”	enterprises resource planning

DEFINITIONS

“Everkept”	Everkept Limited (保永有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on June 6, 2013, and is held as to 70% by Mr. Kwok and 30% by Ms. Wong Tung Yam (黃東吟), the spouse of Mr. Kwok. Everkept will hold approximately 51% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised)
“First-tier cities”	Beijing, Shanghai, Shenzhen and Guangzhou, according to the Frost & Sullivan Report
“Fordoo Clothing”	Fordoo (China) Men’s Clothing Ltd., Co. (虎都(中國)男裝有限公司), a limited liability company established under the laws of the PRC on February 14, 2007 and an indirect wholly-owned subsidiary of our Company
“Fourth-tier cities”	county-level and other township-level cities, according to the Frost & Sullivan Report
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an independent third party
“Frost & Sullivan Report”	the report we commissioned from Frost & Sullivan in respect of the PRC menswear market
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong Offer Shares”	12,000,000 Offer Shares being initially offered by us pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section entitled “Structure of the Global Offering” on page 259 of this prospectus
“Hong Kong Public Offering”	the offer for subscription or for sale of Offer Shares to the public in Hong Kong at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section entitled “Structure of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering, whose names are set out in the section entitled “Underwriting — Hong Kong Underwriters” on page 249 of this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 27, 2014 relating to the Hong Kong Public Offering entered into among our Company, the Covenantors, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters, particulars of which are set forth in the section entitled “Underwriting” in this prospectus
“Independent Third Party(ies)”	individuals or company(ies) not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates
“International Offer Shares”	108,000,000 Offer Shares being initially offered by us pursuant to the International Offering, together with any additional Shares offered pursuant to any exercise of the Over-allotment Option, subject to reallocation as described beginning in the section entitled “Structure of the Global Offering” on page 259 of this prospectus
“International Offering”	the offer of International Offer Shares outside the United States to institutional and professional investors in offshore transactions as defined in and in accordance with Regulation S, as further described in the section entitled “Structure of the Global Offering” on page 259 of this prospectus
“International Underwriters”	the underwriters of the International Offering and parties to the International Underwriting Agreement as described in the section entitled “Underwriting — International Offering” on page 256 of the prospectus

DEFINITIONS

“International Underwriting Agreement”	the underwriting agreement relating to the International Offering, which is expected to be entered into among our Company, the Convenantors, the Sole Global Coordinator and the International Underwriters on or around July 9, 2014
“Joint Bookrunners”	Barclays Bank PLC and CCB International Capital Limited
“Joint Lead Managers”	Barclays Bank PLC, CCB International Capital Limited and DBS Asia Capital Limited
“Key Tide”	Key Tide Limited (基泰有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on May 31, 2013, and is wholly owned by Mr. Kwok Hon Pan (郭漢彬), the younger son of Mr. Kwok and Ms. Wong Tung Yam (黃東吟), and the brother of Mr. Kwok Hon Fung (郭漢鋒) and Ms. Kwok Sha Lee (郭莎莉). Key Tide will hold approximately 9.50% of the Shares upon the Listing
“Latest Practicable Date”	June 23, 2014, being the latest practicable date for purpose of ascertaining certain information in this prospectus prior to its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	the date, expected to be on or about July 16, 2014, on which our Shares are listed and dealings in our Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange, and, for the avoidance of doubt, the Main Board exclude the Growth Enterprise Market
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, adopted on June 9, 2014, as supplemented, amended or otherwise modified from time to time
“MOFCOM”	PRC Ministry of Commerce (中華人民共和國商務部)

DEFINITIONS

“Mr. Kwok”	Kwok Kin Sun (郭建新), the spouse of Ms. Wong Tung Yam (黃東吟), and the father of Ms. Kwok Sha Lee (郭莎莉), Mr. Kwok Hon Fung (郭漢鋒) and Mr. Kwok Hon Pan (郭漢彬)
“NPC”	PRC National People’s Congress (中華人民共和國全國人民代表大會) and its Standing Committee
“OEM”	acronym for original equipment manufacturer, a business that manufactures goods or equipment for branding and resale by others
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section entitled “Structure of the Global Offering — Pricing and Allocation” on page 265 of this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“Over-allotment Option”	the option to be granted by the ZHFA and Everkept to the International Underwriters exercisable by Sole Global Coordinator on behalf of the International Underwriters under the International Underwriting Agreement, to require each of ZHFA and Everkept to sell up to 6% and 9%, respectively of the aggregate of the total number of Shares initially available under the Global Offering at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	PRC Company Law (《中華人民共和國公司法》), enacted by the NPC on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“predecessor Companies Ordinance”	the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong), which was in operation before the implementation of the current Companies Ordinance

DEFINITIONS

“Price Determination Date”	the date, expected to be on or around July 9, 2014 but no later than July 14, 2014, on which the Offer Price is to be fixed by agreement between us and the Sole Global Coordinator (on behalf of the Underwriters) for the purposes of the Global Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局)
“SAIC”	PRC State Administration for Industry and Commerce (中華人民共和國國家工商行政管理總局)
“SAT”	PRC State Administration of Taxation (中華人民共和國國家稅務總局)
“Second-tier 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 the Frost & Sullivan Report
“Selling Shareholders”	ZHFA and Everkept
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Biaoding”	Shanghai Biaoding Apparel Company Limited (上海標頂服飾有限公司), an Independent Third Party
“Shanghai Zhonghui”	Shanghai Zhonghui Financial Consultancy Services Co., Ltd. (上海眾匯財務顧問有限公司), a limited liability company established under the laws of the PRC on July 8, 2010. Shanghai Zhonghui, an Independent Third Party, has provided certain consultancy service to our Group for shares in our Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of our Company
“Shareholders”	holders of our Shares

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on June 9, 2014, the principal terms of which are summarized under the paragraph entitled “F. Share Option Scheme” in Appendix VI to this prospectus
“SKU”	acronym for stock keeping unit, a unique identifier for each distinct product and service that can be purchased
“Sole Global Coordinator”	Barclays Bank PLC
“Sole Sponsor”	Barclays Capital Asia Limited
“Stabilizing Manager”	Barclays Bank PLC
“State Council”	PRC State Council (中華人民共和國國務院)
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into on or about July 9, 2014 between Everkept and Barclays Bank PLC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Third-tier cities”	prefecture-level cities in the PRC, excluding any First- and Second-tier cities, according to the Frost & Sullivan Report
“Tiger Capital HK”	Tiger Capital Fashion (Holdings) Company Limited (香港虎都集團有限公司), formerly known as Tiger Capital Fashion (Holdings) Company Limited (虎都服飾集團有限公司), a limited liability company incorporated in Hong Kong on May 7, 1996 and an indirect wholly-owned subsidiary of our Company
“Tiger Capital Fashion”	Tiger Capital (China) Fashion Co., Ltd. (虎都(中國)服飾有限公司), a limited liability company established under the laws of the PRC on March 2, 2004 and an indirect wholly-owned subsidiary of our Company
“Tiger Capital Technology”	Hui’an Tiger Capital Technology Company Limited* (惠安虎都科技有限公司), formerly known as Weizu Investment Management Company Limited* (福建省威族投資管理有限公司) and Weizu Zhiye Company Limited* (福建威族置業有限公司), a company established in the PRC on July 28, 2006 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the financial years ended December 31, 2011, 2012 and 2013

DEFINITIONS

“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“Upright Victor”	Upright Victor Limited (賢勝有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on May 30, 2013, and is wholly owned by Ms. Kwok Sha Lee (郭莎莉), the daughter of Mr. Kwok and Ms. Wong Tung Yam (黃東吟), and the sister of Mr. Kwok Hon Fung (郭漢鋒) and Mr. Kwok Hon Pan (郭漢彬). Upright Victor will hold approximately 2.50% of the Shares upon the Listing
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Weizu Century”	Weizu Century Environmental Engineering Limited Company* (福建威族世紀環保工程有限公司), a company established in the PRC on November 4, 2003, and is wholly owned by Hong Kong Sai Kee Environmental Engineering Company Limited (香港威族世紀環保工程有限公司)
“WFOE”	wholly foreign-owned enterprise
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

DEFINITIONS

“Yindu Fashion”	Yindu (Fujian) Fashion Company Limited* (寅都(福建)服飾有限公司), a limited liability company established under the laws of the PRC on November 27, 2008 and is held as to 55% by Tiger Capital Fashion, and as to 45% by two individuals, both being Independent Third Parties other than being a shareholder of Yindu Fashion, prior to its deregistration on April 9, 2014
“ZHFA”	Zhong Hui Financial Advisory Co., Ltd. (眾匯財務顧問有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 18, 2011, and is held as to 50% by Mr. Li Ho Tan and 50% by Mr. Johnny Chen who are Independent Third Parties. ZHFA was nominated by Shanghai Zhonghui to hold shares in our Company and will hold approximately 1.50% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised)

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 “*” is for identification purpose only.*

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on basis and assumptions fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our performance or achievements to be materially different from any future performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled “Risk Factors” and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our goals and strategies;
- expected growth of and changes in the PRC menswear industry;
- our ability to maintain a strong relationship with our major distributors or suppliers or customers;
- the future competitive environment for the PRC menswear industry;
- determination of the fair value of our Shares;
- any government policies regarding foreign investment; and
- risks identified under the section entitled “Risk Factors” on page 29 of this prospectus.

This prospectus also contains data relating to the menswear markets in the several countries, including China. Such market data, including data from Frost & Sullivan, include projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the menswear industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on these forward-looking statements.

FORWARD-LOOKING STATEMENTS

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors.” You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our combined financial statement and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, financial conditions and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Factors that could cause or contribute to certain differences include the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS

Failure to successfully maintain and promote our brand may materially and adversely affect our business, financial condition, results of operations and prospects.

Brand image is a key factor for customers when making decisions to purchase menswear products. We sell all of our products under our “FORDOO” brand. We seek to maintain and strengthen our brand identity through, among other things, national television and print media advertising and placing advertisements within several major airports in the PRC. We also support our distributors’ local advertising efforts and require them to follow our uniform store decoration and layout requirement to ensure a consistent presentation of our products and brand. However, our marketing and promotion efforts may not be successful. If we are unable to successfully maintain and promote our brand, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, any negative publicity on us could adversely affect our operations and financial results or reduce our market share.

We rely on third-party distributors for the sale of our products, and hence failure to maintain relationships with our existing distributors or to attract new distributors could materially and adversely affect our business, financial condition, result of operations and prospects.

We primarily sell our products on a wholesale basis to our third-party distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. We sell a small quantity of our products to our online distributor and our two self-operated retail outlets primarily as model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors. Therefore, our success depends on our ability to retain existing and attract new distributors. As of December 31, 2011, 2012 and 2013, we had 42, 44 and 45 distributors, respectively, and 147, 164 and 177 sub-distributors, respectively. During the Track Record Period, sales to our five largest customers accounted for 31.3%, 33.7% and 31.3%, respectively, of our turnover; while sales to our largest customer accounted for 9.6%⁽¹⁾, 13.7%⁽²⁾ and 12.9%⁽²⁾, respectively, of our turnover during the same periods.

(1) Our largest customer for the year ended December 31, 2011 consisted of two of our distributors, the majority equity interests of which were owned by the same shareholder.

(2) Our largest customer for the years ended December 31, 2012 and 2013 consisted of three of our distributors, the majority equity interests of which were owned by the same shareholder.

RISK FACTORS

We do not have ownership or direct management control over our distributors. We enter into distribution agreements with our distributors and rely on our distributors to manage sub-distributors. Our distribution agreements with our distributors are generally for a term of one year, renewable annually if certain conditions are satisfied. There is no assurance that we will be able to successfully renew our existing distribution agreements upon their expiration on favorable terms, or at all. Furthermore, if we fail to maintain our relationships with our existing distributors and are unable to attract new distributors, or if we elect to terminate the relationships with one or more of our distributors as a result of their breach of our distribution agreements, our ability to effectively sell our products in a given region could be negatively impacted. In such cases, our results of operations and brand image may be materially and adversely affected. If a significant number of our distributors cease to purchase our products or our major distributors cease to place orders at their historical levels, and we are unable to find suitable replacement for them, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We have limited control over the actions and practices of our distributors and their sub-distributors and our reputation and business may be adversely affected if our distributors fail to perform their obligations under the distribution agreements entered into with us or fail to comply with relevant law and regulations.

Our products are sold through the network of our distributors and their sub-distributors. As of December 31, 2013, our distribution network comprised 45 distributors, including one online distributor, and 177 sub-distributors in the PRC. Except for our two self-operated retail outlets in Quanzhou, Fujian Province, all of our retail outlets are operated by our distributors and their sub-distributors. While we have direct contractual relationships with, and can exercise some control over all of our distributors, we do not have ownership over them, and cannot oversee their day-to-day operations. Accordingly, we cannot control many factors related to their business operations, and therefore, we rely heavily on the cooperation of our distributors. We review our distributors' sales performance and their compliance with the terms of our distribution agreements to determine whether we need to add or terminate any distributors. See the section entitled "Business — Sales and Distribution — Our Distributors — Management of Our Distributors" in this prospectus. However, our ability to monitor and control the activities of our distributors is limited. We have no direct mechanism to control the way our products are sold by our distributors and their sub-distributors at their retail outlets. We cannot assure you that our distributors and their sub-distributors always comply with appropriate retail policies which are consistent with our brand image. In the event that any non-compliance occurs, we may not be able to identify problems or take actions in a timely manner and our brand image and business could be adversely affected. We may receive remedies under the terms of the distribution agreements, but there is no assurance that such remedy is sufficient to cover all losses we may incur.

In addition, since we do not have contractual relationships with the sub-distributors, we rely on our distributors to oversee their sub-distributors. Starting from January 1, 2014, we have required our distributors to enter into sub-distribution agreements with their sub-distributors on substantially the same terms and conditions of the agreement template provided by us. We require our distributors to be fully responsible for the business activities of sub-distributors and to undertake joint and several liability for sub-distributors' infringement of our trademarks, sales of counterfeit and other

RISK FACTORS

requirements under the sub-distribution agreement. However, our sub-distributors may not comply with all of our requirements, and our distributors may fail to identify non-compliance of their sub-distributors, in which case, our brand image, business, financial condition, results of operations and prospects may be materially and adversely affected.

Furthermore, our distributors and their operation of retail outlets need to comply with relevant PRC laws and regulations. If any of our distributors or retail outlets is required to suspend or cease its business operations as a result of its non-compliance with relevant PRC law and regulations, our results of operation, market share, geographical coverage and brand image may be materially and adversely affected.

We may not be able to effectively monitor and accurately track the inventory levels and sales of our distributors.

Our control over the ultimate sales and inventory level at our distributors, their sub-distributors as well as the retail outlets operated by them is limited. We do not set minimum purchase requirements on our distributors and allow them to place their orders according to their needs. We review the orders placed by our distributors during our sales fairs, to avoid any excessive accumulation of inventory at our distributor level. Starting from October 2013, we require our distributors to provide us quarterly reports so that we are able to effectively monitor their inventory levels. Also, we plan to upgrade our operational system by installing and implementing an ERP system to achieve better inventory control over our distributors and their sub-distributors. See the section entitled “Business — Sales and Distribution — Our Distributors — Management of Our Distributors” in the prospectus for further details on our inventory monitoring policies. However, these measures may not be as effective as we expect in tracking and monitoring the inventory levels of our distributors. In addition, as we do not make direct sales to sub-distributors, our ability to monitor and accurately track the inventory levels and sales of our products at the sub-distributor level is limited. Furthermore, we may not be able to install the ERP system at all of the retail outlets selling our products. For those retail outlets at which we are unable to install the ERP system, we can only rely on the information provided by our distributors and our distributors may be unable or unwilling to provide us with accurate information in relation to their inventory levels and sales in a timely manner, or at all. As a result, we may not be able to accurately monitor the inventory levels at all of the retail outlets operated by our distributors and their sub-distributors, or to identify or prevent any excessive inventory at these retail outlets, in a timely manner.

Also, our sales to distributors may not be reflective of actual sales trends to end consumers and we may not be able to timely gather sufficient information and data regarding the market acceptance of our products and customers’ preferences in relation to our products. Failure to effectively monitor and accurately track inventory levels and sales of our distributors or gather timely market information may cause us to incorrectly predict sales trends and impede our ability to quickly realign our marketing and product strategies to respond to market changes, which in turn, could materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

Our business may be negatively affected if our distributors or their sub-distributors fail to follow our retail price guidance.

Substantially all of our products are sold to end customers through retail outlets operated by our distributors and their sub-distributors. Our suggested retail price is three to five times of the wholesale price that we offer to our distributors, who decide their retail prices according to market conditions, the local competitive landscape and disposable income within the regions in which they operate. We generally recommend our distributors not to offer more than 20% discount to the suggested retail price in the beginning of the season. However, we provide guidance only and we do not contractually require our distributors to follow this guidance. If our distributors or their sub-distributors fail to follow our retail price guidance or if there is any price competition between distributors, our brand value and the public perception of our brand positioning could be negatively affected. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to identify or offer attractive and popular products to meet changing trends and consumer demands, or we may not be able to gain market acceptance of our new products.

Fashion trends, consumer demands and preferences in the markets where we operate frequently change and depend upon various factors, including, among other things, global fashion and lifestyle trends, consumption patterns, disposable income and other factors that are beyond our control. We believe that our ability to anticipate, identify and respond to those trends in a timely manner is critical to our success. We may fail to accurately anticipate the shifts in customer preference, or fail to timely offer products that meet those changing trends. To broaden our product portfolio, we plan to continue introducing new products under our existing series, including business formal and business casual series, and in the meantime, to develop new product series. We cannot assure you that our design and product development will accurately reflect the prevailing fashion trends or customer preferences at any given time, or that the new products we launch will be well received by the market or achieve the expected sales level. If our new products fail to gain market acceptance, our brand image, business, financial condition, results of operations and prospects will be adversely affected.

Our efforts to develop and launch new product series may be unsuccessful, which may adversely affect our future performance.

We plan to develop new product series with younger and more trendy styles, targeting male customers aged 18 to 30. Our success in launching the new collections depends on our ability to offer products that appeal to the target customers, our marketing strategy and customer perception. As this represents a new business area for us, we cannot assure you that our efforts to develop, launch and market this new product series will be successful or completed within our anticipated timeframe. Unsuccessful development and launch of our new product series could adversely affect our brand image, business, financial condition, results of operations and prospects.

RISK FACTORS

We may not be able to maintain our historical growth rate or execute our growth strategy.

During the Track Record Period, we experienced rapid growth in turnover and profitability. For the years ended December 31, 2011, 2012 and 2013, our turnover amounted to RMB818.5 million, RMB1,109.0 million and RMB1,452.8 million, respectively, and our gross profit amounted to RMB233.6 million, RMB362.5 million and RMB497.0 million, respectively. We cannot assure you that we will be able to maintain a similar rate of growth in the future.

We intend to expand our distribution network in the PRC through expanding our geographical coverage and developing new distributorships. As of December 31, 2013, our distribution network included 968 department store concessions and retail outlets located in shopping malls, and 330 stand-alone stores operated by our distributors and their sub-distributors. We also have two self-operated retail outlets. The expansion of our distribution network will require significant capital expenditure as well as management resources. We cannot assure you that we can successfully implement our market expansion strategy or that such market expansion can successfully improve our profitability. In addition, to the extent that our distribution network reaches certain penetration levels we may not be able to sustain our historical growth rate.

In addition, as the scale of our operations grows, we will have to continually improve our management, operational and financial systems and strengthen our internal procedures and controls. The expansion of our business operations may also require us to establish and develop new relationships with our distributors, suppliers, OEM contractors and other third parties. Our expansion plans may be affected by a number of factors that may be beyond our control. These factors include fluctuations in domestic demand for our products, changes in consumer taste and preference, increasing competition in the industry and our ability to obtain sufficient financing for our expansion efforts. If we fail to implement our expansion plans or in the event of insufficient demand for our products notwithstanding our expansion effort, our business, results of operations, financial position and prospects will be materially and adversely affected.

A material disruption to the operation of our production facilities could materially and adversely affect our financial condition and results of operations.

The cost of products we produced ourselves accounted for approximately 90.0%, 76.2% and 69.0%, respectively, of our total cost of sales for the years ended December 31, 2011, 2012 and 2013. Our production facilities are all located in Quanzhou, Fujian Province. We cannot assure you that there will be no disruption to the operations of our production facilities in the future. If operations at any of our facilities are materially disrupted as a result of fires, equipment failure, natural disasters, work stoppages, power outages, explosions, adverse weather conditions or other factors, our financial condition and results of operations could be adversely affected. The occurrence of any of these events could also require us to make significant unanticipated capital expenditures. Interruptions in production could increase our costs and delay our delivery of products. Production capacity limits caused by such disruptions could cause a reduction or delay in sales efforts. Lost sales or increased costs arising from such disruption of operations may not be recoverable under our existing insurance policies, and prolonged business disruption could result in a loss of customers. If any one or more of the above risks were to materialize, our business, financial condition, results of operations and prospects may be adversely affected.

RISK FACTORS

We depend on OEM contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors.

We engage independent third-party manufacturers in the PRC to produce all accessory products and certain apparel products for us on an OEM basis. Such products are manufactured in the factories of our OEM contractors with our technical supervision, and the final products are sold under our “FORDOO” brand. For the years ended December 31, 2011, 2012 and 2013, the cost of outsourced products represented approximately 8.9%, 22.6% and 29.6%, respectively, of our total cost of sales. We select our OEM contractors based on stringent criteria, and all of our OEM contractors are subject to annual evaluation. See the section entitled “Business — Production — Outsourced Production” in this prospectus. However, we cannot assure you that the products manufactured by any of our OEM contractors will be delivered to us in a timely manner or are of satisfactory quality. If the performance of any of our OEM contractors is not satisfactory or an OEM contractor 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 replace that OEM contractor or take other remedial actions, which could increase the cost and lengthen the time required to dispatch our products to our customers, if at all. As we do not enter into long-term contracts with our OEM contractors, they may decide not to accept our future orders on the same or similar terms, or at all. In addition, we cannot ensure that our OEM contractors will adhere to our quality control policies and guidelines all the time. Any defect in the products manufactured by our OEM contractors could subject us to product liability or damage our reputation and reduce demand for our products. Furthermore, we cannot ensure that our OEM contractors will fully comply with the applicable laws and regulations, such as labor law and environmental law, in which case, our brand image may be damaged if there is any negative publicity regarding such non-compliance.

We also provide the designs of our products to our OEM contractors. As we do not have direct control over our OEM contractors, if any of them is involved in unauthorized production of products using our design or our brands, which may have lower quality and be sold at lower prices on the market, our reputation, financial condition, result of operations may be adversely affected. In addition, we expect to increase outsourced production in the future. We may not be able to secure additional OEM contractors. As a result, we may not be able to duly execute our growth strategy.

Any of these factors above could have a material adverse effect on our reputation, business, results of operations, financial condition and prospects.

We mainly purchase from a number of suppliers, and any disruption in their supply may have a material adverse effect on our business and results of operations.

For the years ended December 31, 2011, 2012 and 2013, purchases from our five largest raw material suppliers accounted for approximately 50.6%, 43.0% and 29.3%, respectively, of our total purchase of raw materials, and our largest raw material supplier accounted for approximately 24.1%, 18.0% and 9.9%, respectively, of our total purchases of raw materials for the corresponding periods. We have established working relationship with most of our raw material suppliers for more than 10 years, with the longest period of relationship being 18 years. However, we do not have long-term

RISK FACTORS

contracts with our raw material suppliers. If there is any decrease or disruption in supply or an increase in cost by one or more of our major suppliers and we fail to find replacement suppliers on similar or favorable terms, or at all, our business and results of operations may be materially and adversely affected.

We recorded net current liabilities as of December 31, 2011 and 2012. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks.

As of December 31, 2011 and 2012, we recorded net current liabilities of RMB428.8 million and RMB251.2 million, respectively, primarily due to our use of short-term bank borrowings, borrowings from our Controlling Shareholder, Mr. Kwok (which amount was categorized as trade and other payables as current liabilities in our combined financial statements and fully settled in June 2013) and cash generated from operations to primarily fund the construction of our Hui'an research and development center, the construction of our staff dormitories, and the construction and renovation of the industrial park in Quanzhou, Fujian Province. See the section entitled "Financial Information — Description of Selected Items of Combined Balance Sheets" in this prospectus. We recorded net current assets of RMB132.1 million as of December 31, 2013.

We cannot assure you that we will not experience net current liabilities in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of trade and other payables and repayment of debt financing will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we are unable to maintain sufficient working capital, our business, financial position, results of operation and prospects would be materially and adversely affected.

We may be unable to obtain external financing on favorable terms, or at all, to fund our ongoing operations and expansions, or additional funds we raise could impose restrictive covenants to us under the debt obligations or dilute your equity interests.

To fund our ongoing operations, existing and future capital expenditure requirements, investment plans and other financing requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. We principally fund our operations from a combination of cash generated from our business operations, borrowings from banks and funds provided by our Controlling Shareholder, Mr. Kwok. Our ability to obtain external financing in the future depends on a number of factors that are beyond our control, including market conditions, lenders' perception of our creditworthiness, the PRC economy and the PRC regulations that affect the availability and costs of financing. Additional funding from debt financings may make it more difficult for us to operate our business because we would need to make interest payments on the indebtedness and may be obligated to abide by restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business and operational decisions and pay dividends. Furthermore, equity financing may have a dilutive effect on our Shareholders. If adequate funding is not available to us on favorable terms, or at all, it may materially and adversely affect our ability to fund our ongoing operations, or to develop or expand our business.

RISK FACTORS

We maintain a certain level of indebtedness, and any default under any of our loan arrangements could result in enforcement against the security we have granted, which could materially and adversely affect our ability to continue our operations.

We maintain a certain level of indebtedness to finance our operations, a substantial portion of which is generally secured by assets of our Group, including property, plant and equipment, and prepayments for leasehold land. As of December 31, 2011, 2012 and 2013, our aggregate outstanding bank borrowings were RMB519.0 million, RMB406.0 million and RMB357.0 million, respectively. Some of our bank loan agreements contain cross default clauses. As of December 31, 2011, 2012 and 2013, our outstanding bank borrowings were secured by our assets with an aggregate carrying value of RMB422.4 million, RMB363.7 million and RMB340.5 million, respectively. If any material cross default occurs, these banks are entitled to stop issuing loans, or ask for additional restrictions or payment conditions, or accelerate payment of all or any part of the indebtedness under all the loan agreements, or to enforce all or any of the security for such indebtedness, or terminate the bank loan agreements. In addition, certain of our bank borrowings are subject to a number of customary restrictive covenants, including, among others, covenants that our relevant PRC operating subsidiaries may not enter into any merger, joint venture or restructuring, or decrease their registered capital, transfer material assets, liquidate, change their shareholding, or distribute dividends, without the relevant lenders' prior written consent or unless they first fully settle the amounts outstanding under the relevant loan agreements. See the section entitled "Financial Information — Indebtedness and Contingent Liabilities — Bank Borrowings" in this prospectus for further information.

If we are unable to make scheduled payments in connection with our debt payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms, or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature or if we fail to raise financing through other means, our financial position, cash flow position and business prospects may be materially and adversely affected.

We are exposed to the credit risk of our distributors.

We offer our distributors credit terms ranging from 90 days to 180 days, taking into account their capital, order size, credit history, financial capability, operational scale and relationship with us. As of December 31, 2011, 2012 and 2013, our trade receivables amounted to approximately RMB276.3 million, RMB335.5 million and RMB615.6 million, respectively. For the years ended December 31, 2011, 2012 and 2013, our average trade receivable turnover days were 93, 86 and 102 days, respectively. We did not make any provisions for bad and doubtful debts during the Track Record Period. However, there is no assurance that we will be able to fully recover our receivables from our distributors, or that they will be settled on a timely basis. In the event that settlements from our distributors are not made in full nor on a timely basis, our business, financial position results of operations and prospect may be materially and adversely affected.

An increase in the prices of raw materials could adversely affect our profitability.

The raw materials used in our production include clothing fabrics (such as cotton fabrics and synthetic fabrics), textile auxiliaries and other accessory materials including button, zippers and

RISK FACTORS

labels. Our profitability depends on our ability to secure a sufficient and stable supply of these raw materials at an acceptable price level. We obtain our raw materials through purchases from third-party suppliers. For the years ended December 31, 2011, 2012 and 2013, raw materials accounted for approximately 72.6%, 73.1% and 74.8%, respectively, of our total cost of sales of our self-production. We do not maintain long-term contracts with suppliers of our raw materials, and the prices of these raw materials are determined principally by supply and demand in the international and domestic commodity markets. Such prices fluctuate with market conditions and may be highly volatile, with the timing of changes in the market prices of these raw materials being largely unpredictable. According to the Frost & Sullivan Report, between 2011 to 2013, the purchasing price per meter of cotton fabrics and synthetic fabrics had increased by approximately 6.0% and 7.0%, respectively, or with a CAGR of 3.0% and 3.4%, respectively. See the section entitled “Industry Overview — History and Projected Price Trend of Key Raw Materials” in this prospectus. If we are not able to timely pass on increases in the market price of these raw materials to our customers or offset fully the effects of cost increases, our profitability may decline, which, in turn, may have a material adverse effect on our business, financial position, results of operations and cash flows.

Any labor shortages, increased labor costs or other factors affecting labor force for our in-house production and outsourced manufacturing may adversely affect our business, financial condition, results of operations and prospects.

To support the growth of our business, we will need to increase our workforce of experienced management, skilled labor and other employees to implement our growth plans. For the years ended December 31, 2011, 2012 and 2013, our direct labor costs amounted to approximately RMB85.3 million, RMB91.3 million and RMB103.1 million, respectively, representing approximately 14.6%, 12.2% and 10.8%, respectively, of our total cost of sales. In the event of labor shortages, we may have difficulties recruiting or retaining employees or may cause us to incur additional costs and result in delays or disruption to our production.

Any failure to attract qualified personnel at reasonable cost and in a timely manner could reduce our competitive advantages relative to our competitors and undermine our ability to expand. To sustain our operations, we may need to increase the wages of our employees to attract and retain them. In addition, we do not maintain long-term contracts with our OEM contractors, and price we pay for such outsourced products may increase due to increased labor costs. If we are not able to pass through the increased labor costs, our financial performance may be adversely affected. Certain companies operating in the PRC, including Fujian Province, have experienced labor unrest and strikes in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future dispute with our workers could adversely affect our business, financial condition, results of operations and prospects.

Seasonality or unfavorable weather conditions may affect our sales.

Like many menswear retailers, our business is subject to seasonal fluctuations. We generally record higher turnover for our winter and autumn collections, where products generally carry higher

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selling prices relative to spring and summer collections. Due to seasonal fluctuations, comparisons of 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.

We believe our business is also susceptible to extreme or unfavorable weather conditions. For example, extended periods of unusual warm temperatures during the winter season or cool weather during the summer season could render a portion of our distributors' or their sub-distributors' inventory incompatible with such unfavorable conditions and affect the sales of our products, which in turn could have a material adverse effect on their future orders of our products.

Our distributors and their sub-distributors may not be able to secure prime locations for retail outlets or identify suitable locations on commercially acceptable terms, if at all.

We believe our performance depends, to a large extent, on the location of retail outlets operated by our distributors and their sub-distributors. We have helped place our retail outlets operated by our distributors and their sub-distributors in prime locations in several of China's department stores through strategic alliance with them. We have also assisted in securing stand-alone stores in high-traffic areas in major cities of the PRC. We plan to continue to increase the number of our retail outlets, as our business grows. However, as the supply of prime retail locations is limited, we cannot assure you that our distributors and their sub-distributors will be able to identify and lease suitable locations on terms commercially acceptable to them. In addition, rental or concession rates of our existing retail outlets may increase, and as a result, the retail outlets may not be commercially viable for our distributors and their sub-distributors or at all. In the event that our distributors and their sub-distributors encounter difficulties in securing suitable sites on commercially acceptable terms for retail outlets, they may reduce the amount of orders from us.

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 "FORDOO" brand. 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 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 brand image, business, financial condition, results of operations and prospects may be adversely affected.

In addition, it is possible that third parties may register or use trademarks which may look similar to our registered trademarks under certain circumstances, which may cause confusion among

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consumers. We may not be able to prevent third 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 our brand image may be adversely affected by the inferior quality of the products and services provided by third parties who use trademarks similar to ours. As a result, our business, financial condition, results of operations and prospects will be materially and adversely affected.

Our business could be 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, financial condition, results of operations and prospects.

We face increasing competition from online retailers of menswear in China. If we fail to develop an e-commerce channel or expand our online retail business efficiently, our business may be adversely affected.

In the past decade, e-commerce has developed rapidly in China. There are currently a large number of online sales platforms and online retailers offering a wide range of product categories. Many menswear brands have online sales channels, which typically sell the same products at discounted prices. Substantially all of our products are sold through retail outlets operated by our distributors and their sub-distributors as well as through our two self-operated retail outlets in Quanzhou, Fujian Province. We face increasing competition from online retailers of menswear. While we believe that our end customers are attracted by our brand and in-store experience, we cannot assure you that our customers would not choose online retailers. Although we had one distributor as of December 31, 2013 to sell certain products online, if we fail to develop an e-commerce channel or expand our online retail business efficiently, our business may be adversely affected.

We may be subject to product liability claims relating to our defective products and, as a result, our reputation and operating results may be adversely affected.

According to the applicable PRC laws and regulations, manufacturers, suppliers and retailers who produce or sell defective goods in the PRC shall be liable for the damage or personal injury caused by such products. This renders us liable for loss or injury arising from defective products we sell, including products sold through our distributors and their sub-distributors. In the event of any

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product liability claim brought against us, we will have to spend significant financial and managerial resources to defend against such claims. We cannot assure you that our business, financial condition, results of operations and prospects will not be materially and adversely affected by a successful product liability claim against us.

We have not maintained any insurance for product liability or any third-party liability insurance against claims for property damage, personal injury or environmental liabilities. In addition, if we are found to be responsible for damage caused by defective products, our reputation may be adversely affected, which could lead to a loss of consumer confidence in us and corresponding reduction in our sales. Such an event is likely to have an adverse effect on our business, financial condition and results of operations.

We may be subject to fines or penalties due to the commencement of construction work prior to obtaining the relevant construction work commencement permits.

During the Track Record Period, we commenced construction work for our research and development center on two parcels of land in Hui'an, Fujian Province before obtaining the construction work commencement permits. Pursuant to the relevant PRC laws and regulations, the relevant governmental authority may impose a fine on us, require us to stop construction work on the land or demolish the buildings on the land or confiscate proceeds rising from the construction, if applicable. Due to the changed city planning involving the two parcels of land, the Hui'an Municipal Land Resources Bureau (惠安國土資源局) decided to change the original use of one parcel of the land and reclaim the other parcel of the land. As of the Latest Practicable Date, we suspended our construction work on the land, awaiting the new land use right certificate and the construction work commencement permit to be issued from the relevant governmental authority. In February 2014, we received confirmation letters from the relevant governmental authorities, confirming the plan to change the original use in relation to the land and that no penalty or fines in relation to this non-compliance would be imposed on us. For further details, see the section entitled "Business — Compliance — Non-Compliance" in this prospectus. However, we cannot assure you that we will obtain the construction work commencement permit within the expected time frame, or at all. We also cannot assure you that no penalty or fines will be imposed on us in the future if any governmental authority has a different interpretation of the relevant PRC laws. If any such case takes place, our business and results of operations may be adversely affected.

We may be required to make up any unpaid contribution to social insurance and housing provident funds.

Under the relevant PRC laws and regulations, our PRC subsidiaries are required to contribute to social insurance and housing provident funds for our employees who are eligible for such benefits. During the Track Record Period, our PRC subsidiaries, including Fordoo Clothing and Tiger Capital Fashion, did not make the requisite contributions to the social insurance and housing provident funds for some of their employees due to relatively high employee turnover rate, some employees' preference in a cash payment in lieu of their contribution to social insurance or housing provident funds, and the inconsistency in implementation or interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC. For details, see the section entitled "Business — Compliance — Non-compliance" in this prospectus.

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According to the relevant PRC laws and regulations, our failure in making requisite social insurance or housing provident funds contribution may result in a fine imposed on us or us being required to rectify the non-compliance by any relevant governmental authorities. For further details, see the section entitled “Business — Compliance — Non-Compliance” in this prospectus. As of December 31, 2013, we had made provisions for unsubscribed contribution in the aggregate amount of approximately RMB48.6 million. We also received confirmation letters from the relevant governmental authorities, confirming our compliance with the relevant laws and regulations.

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 or housing provident funds 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.

Our success depends upon our key management personnel. Our inability to attract, retain and motivate qualified personnel could adversely affect our growth and business prospects.

We believe our business depends, to a significant extent, on the capability, expertise and continued service of our senior management team members, including our executive directors and other members of our management who have operational experience in the menswear business. In particular, we rely on Mr. Kwok, our founder and Chairman, who has more than 20 years of experience in the menswear industry. If Mr. Kwok or any other of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner or at an acceptable cost, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations.

We also rely on our employees, who include qualified design and product development, administrative, customer services, sales and marketing and management personnel, for our daily operations and business expansion. We cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected.

The interests of our Controlling Shareholder may conflict with the interests of the public shareholders.

Immediately after the completion of the Capitalization Issue and the Global Offering, our Controlling Shareholder, Mr. Kwok, will beneficially own approximately 51% of our issued share capital (assuming the Over-allotment Option is not exercised). Subject to our Memorandum and Article of Association and applicable law and regulations, our Controlling Shareholder will continue to have the ability to exercise a controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions including mergers and acquisitions, and approving our annual budgets. We cannot assure you that our Controlling Shareholder will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that will conflict with the best interest of public shareholders.

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RISKS RELATING TO OUR INDUSTRY

Our growth and profitability depend on the level of consumer confidence and spending in the PRC.

All of our turnover is derived from sales of products in the PRC. Our results of operations are sensitive to changes in overall economic and political conditions that affect our consumer spending in the PRC. The retail industry, in particular, is very sensitive to broad economic changes, retail purchases tend to decline during economic downturns. There are a number of factors that are beyond our control, including interest rates; recession, inflation and deflation; consumer credit availability and terms; consumer confidence; tax rates and policy and unemployment trends influencing consumer confidence and spending. The domestic and international political environment, including military conflicts and political instability, may also affect consumer confidence and spending and may lead to a general reduction in the level of consumer spending which could, in turn, materially and adversely affect our growth and profitability.

We operate in a highly competitive market and may face increasing competition.

The menswear market in the PRC is highly fragmented and competitive. We face competition from domestic and international menswear brands. Industry players compete with one another based on, among other things, brand loyalty and store image, the variety, design, price and quality of products, the breadth of retail network and retail outlet location, the quality of customer service and the ability to understand and respond to customer demand in a timely manner.

Some of our competitors may have greater financial and managerial resources, broader name recognition, better operational and financial track records and greater coverage in the regions than we do. The resources of our competitors may increase due to mergers, consolidations and alliances, and we may face new competitors in the future. Please refer to the sections entitled “Industry Overview” and “Business — Competition” of this prospectus. To the extent that we fail to compete successfully with other domestic or foreign brands, and we are unable to increase our products sales or to maintain our past levels of sales and profit margins, we may be forced to, among others, to reduce product prices and increase advertising expenditures which may in turn materially and adversely affect our business, financial conditions, results of operations and prospect.

RISKS RELATING TO THE PRC

Changes in the PRC’s political, economic and social conditions, laws, regulations and policies could have an adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our assets are located in the PRC and all of our sales and profit are derived from our operations in the PRC. Accordingly, our business, financial condition, results of operations and prospects are subject, to a significant extent, to economic, political and legal developments in the PRC. China’s economy differs from the economies of most other countries in many respects, including but not limited to the extent of government intervention in the economy, government control of foreign exchange, the general level of economic development and growth rates.

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Before its adoption of reform and open door policies beginning in 1978, the PRC was primarily a planned economy. Since that time, the PRC Government has been reforming the PRC economic system, and has also begun reforming the government structure in recent years. These reforms have resulted in significant economic growth and social progress. Although the PRC Government still owns a significant portion of the productive assets in the PRC, economic reform policies since the late 1970s have emphasized autonomous enterprises and the utilization of market mechanisms, especially where these policies apply to businesses such as ours. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our future business, financial condition and results of operations.

Our ability to continue to expand our business is dependent on a number of factors, including general economic and capital market conditions and credit availability from banks or other lenders. Recently, the PRC Government has articulated a need to contain the build-up of a property bubble and may tighten its bank lending policies, including increasing interest rates on bank loans and deposits and tightening the money supply to control growth in lending. Stricter lending policies may, among other things, affect our and our distributors' ability to obtain financing which may in turn adversely affect our growth and financial condition. We cannot give any assurances that further measures to control growth in lending will not be implemented in a manner that may adversely affect our growth and profitability over time. In addition, the global economic recession and market volatility that persisted in the past two years may continue and therefore we may not be able to sustain the growth rate we have historically achieved.

We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income, which could result in unfavorable tax consequences to us and our non-PRC Shareholders.

Under the EIT Law, the profits of a foreign invested enterprise arising in or after 2008 and which are later distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10% if the immediate holding company is determined by the PRC tax authority to be a non-resident enterprise for PRC tax purposes, unless there is an applicable tax treaty with the PRC that provides for a different withholding arrangement. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5% if a Hong Kong resident enterprise owns over 25% of a PRC company. However, according to the Circular on State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment under Taxation Treaties, which became effective on October 1, 2009, the 5% tax rate does not automatically apply. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. In addition, under the EIT Law, enterprises established under the laws of jurisdictions outside of the PRC with their "de facto management bodies" located within the PRC may be considered to be PRC resident enterprises for tax purposes. The "de facto management bodies" are defined on those which exercise substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties and other aspects of an enterprise.

Furthermore, if we were treated as a PRC "resident enterprise", capital gains realized from sales of our Shares by certain "non-resident enterprise" shareholders may be treated as income derived from

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sources within the PRC and be subject to a 10% PRC withholding tax, or a lower rate for shareholders who qualify for the benefits of a double-taxation treaty with the PRC. In addition to the uncertainty as to the application of the new “resident enterprise” classification, there can be no assurance that the PRC government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur and/or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial condition.

Uncertainties with respect to the PRC legal system could have an adverse effect on our operations.

The PRC legal system is based on written statutes. Unlike under common law systems, decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures). These laws, regulations and legal requirements are relatively new and are often changing, and their interpretation and enforcement involve significant uncertainties that could limit the reliability of the legal protections available to us. For example, we may have to resort to administrative and judicial proceedings in order to enforce the legal protections that we enjoy either by law or contract. As PRC administrative and judicial authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcomes of administrative and judicial proceedings and the level of legal protections we enjoy. These uncertainties may impede our ability to enforce the contracts into which we have entered with our business partners, distributors, customers and suppliers. In addition, we cannot predict the effects of future developments in the PRC legal system. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely manner, or at all. An inability to obtain such permits or authorizations may have an adverse effect on our financial condition and results of operations.

Governmental control over currency conversion may limit our ability to utilize our cash effectively.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive the majority of our turnover in Renminbi. As a Cayman Islands holding company, we may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from the SAFE. But approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. This could affect

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the ability of our PRC subsidiaries to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. In addition, we cannot assure you that the PRC regulatory authorities will not issue new regulations or further interpretations of other current PRC laws and regulations that may require our beneficial owners who are domestic residents file or amend their registration with the local SAFE branch. A failure of the aforesaid shareholders or beneficial owners of our shares to comply with these regulations and rules in the future could subject us to fines or legal sanctions, including restrictions on our PRC subsidiaries' ability to pay dividends or make distributions to, or obtain foreign-currency-dominated loans from us, and our ability to increase our investment in China. As a result, our business and results of operations and our ability to distribute profits to you could be adversely affected.

The net proceeds to be received by us from the Global Offering will be in Hong Kong dollars. These net proceeds will be used to finance our business strategies and carrying out our future plans in the manner set out in the section entitled "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus, which, we expect, will involve capital expenditures and expenses to be settled in Renminbi. Any appreciation in the value of Renminbi against Hong Kong dollars may increase our costs for achieving our business strategies and carrying out our future plans, and may thereby affect our future development and profitability.

Our operations and financial performance could be adversely affected by labor shortage, increase in labor costs, other labor issues relating to implementation of or changes to the PRC labor-related law and regulations.

The PRC Labor Contract Law became effective on January 1, 2008, and it was amended on December 28, 2012, which has taken effect on July 1, 2013. The current PRC Labor Contract has imposed greater liabilities on employers and significantly affects the cost of an employer's decision to reduce its workforce. Furthermore, it requires certain terminations to be based upon seniority and not merit. In the event that we decide to significantly change or decrease our workforce, the PRC Labor Contract Law could adversely affect our financial condition and results of operations. In addition, the PRC government has continued to introduce various new labor-related regulations after the promulgation of the PRC Labor Contract Law. Among other things, the paid annual provisions require that paid annual leaves ranging from five to fifteen days be available to nearly all employees and further require that employers compensate an employee for any annual leave days the employee is unable to take in the amount of three times of such employee's daily salary, subject to certain exceptions.

On October 28, 2010, the NPC promulgated the PRC Social Insurance Law. According to the PRC Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay for the social insurance premiums for such employers.

As a result of the implementation of these and any future rules and regulations designed to enhance the standard for labor protection, our labor costs may continue to increase. Furthermore, as

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the interpretation and implementation of these new laws and regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed fully in compliance, which may cause us to face labor disputes or governmental investigation. If we are deemed in violation of such labor law and regulations, we could be subject to penalties, compensations to the employees and loss of reputation, and as a result, our business, financial condition and results of operations could be materially and adversely affected. See “— Risks relating to our business — Any labor shortages, increased labor costs or other factors affecting labor force for our in-house production and outsourced contracted manufacturing may adversely affect our business, financial condition, results of operations and prospects.”

It may be difficult to serve process within the PRC or to enforce any judgment obtained from non-PRC courts against us or our Directors.

Our operating subsidiaries are incorporated in the PRC, substantially all of our Directors currently reside within the PRC and substantially all of our assets are located within the PRC. The PRC does not currently have treaties providing for the reciprocal recognition or enforcement of civil and commercial judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other western countries. An Arrangement between the PRC and Hong Kong on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned was signed on July 14, 2006 and came into effect on August 1, 2008, subject to many restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors resident in the PRC pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in the PRC of judgments of courts outside the PRC might be difficult or impossible.

The PRC regulations of loans and investments by offshore holding companies to the PRC entities may hinder us from using the net proceeds of the Global Offering to fund our business operations in the PRC.

Any capital contributions or loans that our offshore holding companies make to our operating subsidiaries in the PRC are subject to PRC laws and regulations. In particular, any of our loans to our PRC subsidiaries cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under relevant PRC laws and the registered capital of our PRC subsidiaries, and such loans must be registered with the local branch of SAFE. In addition, our capital contributions to our PRC subsidiaries must be approved by MOFCOM or its local counterpart. We cannot guarantee that we would be able to complete all the relevant necessary government registrations or obtain all required government approvals on a timely basis. Should we fail to complete such registrations and obtain such approvals, our ability to utilize the net proceeds from the Global Offering to capitalize our PRC subsidiaries or otherwise fund our business operations in the PRC in the manner described in the section entitled “Future Plans and Use of Proceeds” in this prospectus may be adversely affected, which could in turn adversely affect the liquidity of our PRC subsidiaries, our ability to expand through our PRC subsidiaries’ operation and its financial position and results of operation.

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The PRC national economy and economies in different regions of the PRC may be adversely affected by natural disasters, acts of God, and occurrence of epidemics.

Our business is subject to general economic and social conditions in the PRC, in particular, in regions where our production bases are located. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate and where our distributors and sub-distributors operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008 and in April 2013, another earthquake and aftershocks struck Sichuan Province, both resulting in tremendous mortality, injury and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. In April 2013, there were reports of cases of H7N9 avian flu in southeast China, including deaths in Shanghai and Jiangsu, Zhejiang and Anhui Provinces. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our sales, which in turn may adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market in our Shares may not develop, which could have a material adverse effect on our Share price and on your ability to sell your Shares.

Prior to the completion of the Global Offering, no public market has existed for our Shares. The Offer Price for our Offer Shares will be determined by us and the Sole Global Coordinator (on behalf of the Underwriters) and may differ significantly from the market price for our Shares following the completion of the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares. However, we cannot assure you that the Global Offering will result in the development of an active and liquid public trading market for our Shares. If an active public market for our Shares does not develop, the Shares could trade at a price lower than their initial offering price and you may not be able to resell your Shares for an extended period of time, or at all.

The trading volume and market price of our Shares may be volatile, which could result in substantial losses for investors who purchase our Shares in the Global Offering.

The price and trading volume of our Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, industrial or environmental accidents we may suffer, addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices and demand for our products or the raw materials we use could cause large and

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sudden changes in the volume and price at which our Shares will trade. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, you and other purchasers of our Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted combined net tangible asset value of approximately HK\$2.53 per Share, based on the maximum Offer Price of HK\$4.40. In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. You and other purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issue.

Future offerings or sales of our Shares could adversely affect the prevailing market price of our Shares and result in dilution.

Future offerings or sales of our Shares by us or our Controlling Shareholder, or other shareholders in the public market, or the perception that such offerings or sales could occur, may cause the market price of our Shares to decline. Please refer to the section entitled “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” of this prospectus for details of restrictions that may apply to future sales of our Shares. After these restrictions lapse, the market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares (including the issuance of new Shares pursuant to the exercise of share options granted by us) or the perception that such sales or issuances may occur. This could also have a material adverse effect on our ability to raise capital in the future at a time and at a price deemed appropriate. In addition, if we issue additional Shares or share options in the future, you may experience further dilution.

Due to a gap of up to five business days between pricing and commencement of trading of the Offer Shares, the initial trading price could be lower than the Offer Price.

The Offer Price will be the result of negotiations between us and the Sole Global Coordinator (on behalf of the Underwriters), determined on the Price Determination Day. Our Offer Shares, however, will not commence trading until the Listing Date, which is expected to be up to five business days after the Price Determination Date. The market price of our Offer Shares could fall during such period, due to market conditions or other reasons, and therefore the initial trade price of our Offer Shares may be lower than the Offer Price. Because you will be unable to sell or otherwise deal in our Offer Shares prior to the commencement of trading, you are subject to the risk of such price decline.

RISK FACTORS

We may be unable to pay any dividend on our Shares.

Our Company is a holding company incorporated with limited liability under the laws of Cayman Islands with production subsidiaries in the PRC. Therefore, the availability of funds to us to pay dividends to our Shareholders and to service our indebtedness will depend heavily upon dividends received from our operating subsidiaries in the PRC. If these subsidiaries incur debt or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted. For further information regarding our declaration and payment of dividends, please refer to the section entitled “Financial Information — Dividends and Distributable Reserves” of this prospectus. Our ability to declare dividends in relation to our Shares will also depend on our future financial performance, which in turn depends on our success in implementing our business strategy and expansion plans and on financial, competitive, regulatory, and other factors, general economic conditions, demand for and prices of our services, costs of supplies and other factors specific to our industry, many of which are beyond our control. The receipt of dividends from our operating subsidiaries may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations, and other events out of our control. PRC law requires that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions. In addition, restrictive covenants in our credit facilities or other agreements that we may enter into in the future may also restrict the ability of our operating subsidiaries to make distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may affect our ability to pay dividends to our Shareholders.

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from various official government publications and the Frost & Sullivan Report contained in this prospectus.

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and certain industries have been derived from various official government publications and the Frost & Sullivan Report. However, we cannot guarantee the quality or reliability of the source materials. They have not been prepared or independently verified by us, the Sole Global Coordinator and the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, exercised reasonable care in the reproduction and extraction of such facts, forecasts and statistics from the relevant official government publications and the Frost & Sullivan Report for the purpose of inclusion in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Our Directors have reviewed and considered these uncertainties to the facts, forecasts and other statistics contained in this prospectus. Accordingly, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the industries contained in this prospectus.

RISK FACTORS

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory or operating conditions in the markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- certain statements in “Financial Information” with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

RISK FACTORS

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.

You should rely on this prospectus, and not place any reliance on any information contained in press articles or other media, in making your investment decision.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is not contained in, or is different from what is contained in, this prospectus. Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Listing Rules. We have not authorized any such press and media reports, and the financial information, financial projections, valuations and other information purportedly about us contained in such unauthorized press and media coverage may be untrue and may not reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

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 full responsibility, contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation 571V of the SFO) and the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, 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 herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered for subscription and sale 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 us, the Sole Global Coordinator, the Sole Sponsor, any of the Underwriters, any of our or their respective directors, agents, employees or advisors or any other parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

The Global Offering comprises the International Offering and the Hong Kong Public Offering. A total of 120,000,000 Offer Shares will initially be made available under the Global Offering, of which 108,000,000 Offer Shares, representing 90% of the total number of Offer Shares will initially be placed 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 Offering. The remaining 12,000,000 Offer Shares, representing 10% 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 "Structure of the Global Offering".

This prospectus is published solely in connection with the Hong Kong Public 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 listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement on a conditional basis. One of the conditions is that we and the Sole Global Coordinator (on behalf of the Underwriters) have agreed on the Offer Price. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. The

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us. The Global Offering is managed by the Sole Global Coordinator.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around July 9, 2014 and, in any event, not later than July 14, 2014. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed. For full information about the Underwriters and the underwriting arrangements, please see the section entitled “Underwriting” of this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers 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 sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any Shares which may be sold under the Over-allotment Option and any additional Shares which may fall to be issued upon the exercise of any options to be granted under the Share Option Scheme). None of our Shares or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek such listing or permission to deal in our Shares on any other stock exchange.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our 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 our Shares on the Stock Exchange or any other date as determined by HKSCC.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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. You should seek advice from your stockbroker or other professional advisors for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation. We emphasize that none of the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, Underwriters, us, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchasing, holding or disposing of, or dealing in our Shares or your exercise of any rights attaching to our Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained in our Company's principal share registrar Royal Bank of Canada Trust Company (Cayman) Limited in the Cayman Islands. Our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares issued by us pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our register of members to be maintained in Hong Kong.

Dealings in the Shares registered in our Company's register of members of our Company maintained 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.

Unless we determine otherwise, dividends payable in HK dollars in respect of our Shares will be paid to the Shareholders listed on our Hong Kong register of members, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK\$ has been translated, for illustration purposes only, into RMB in this prospectus at the following rate:

HK\$1 : RMB0.79415 (RMB1 : HK\$1.25921)

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

The exchange rate between HK\$ and RMB was set by PBOC for foreign exchange transactions prevailing as at the Latest Practicable Date. No representation is made that any amounts in RMB or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments/are rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares is set out in the section entitled “How to Apply for Hong Kong Offer Shares” of this prospectus and on the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section entitled “Structure of the Global Offering” in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of amounts and percentages listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Kwok Kin Sun (郭建新)	No. 31 Quanxiu Villa Quanxiu Road Fengze District Quanzhou City Fujian Province PRC	Chinese (Hong Kong)
Mr. Kwok Hon Fung (郭漢鋒)	No. 31 Quanxiu Villa Quanxiu Road Fengze District Quanzhou City Fujian Province PRC	Chinese (Hong Kong)
Ms. Yuan Mei Rong (袁美榮)	Unit 502, Yida Garden Block 7 No. 93 Tianhuai Road Fengze District Quanzhou City Fujian Province PRC	Chinese
Independent non-executive Directors		
Mr. Kwauk Teh-Ming Walter (郭德明)	56 MacDonnell Road Flat 18-B Greenland Court Hong Kong	Canadian
Mr. Zhang Longgen (張龍根)	No. 302, Unit 1 Block 1 No. 25 Guangqu Road Chaoyang District Beijing PRC	American
Mr. Zhang Zhaodong (張照東)	Unit 604 Wu Zhou Building No. 372, Hexiang West Road Xiamen City Fujian Province PRC	Chinese

For further information, please refer to the section entitled “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Sole Sponsor

Barclays Capital Asia Limited
41/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Joint Bookrunners

For Hong Kong Public Offering:
Barclays Bank PLC, Hong Kong Branch
41/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

For International Offering:
Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

Joint Lead Managers

For Hong Kong Public Offering:
Barclays Bank PLC, Hong Kong Branch
41/F, Cheung Kong Center
2 Queen's 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

DBS Asia Capital Limited
17th Floor, The Center
99 Queen's Road Central
Hong Kong

For International Offering:

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

DBS Asia Capital Limited
17th Floor, The Center
99 Queen's Road Central
Hong Kong

Co-lead Manager

For Hong Kong Public Offering:

RHB OSK Securities Hong Kong Limited
12/F, World-wide House
19 Des Voeux Road Central
Hong Kong

Legal advisors 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:

King & Wood Mallesons
16-18 Floor, One ICC
999 Middle Huai Hai Road
Xuhui District, 200031
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to Cayman Islands law:</i> Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
Legal advisors to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law:</i> Sidley Austin Level 39, Two International Finance Centre No. 8 Finance Street Central Hong Kong</p> <p><i>As to PRC law:</i> Commerce & Finance Law Offices 6/F, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 100022 PRC</p>
Reporting accountants	<p>KPMG <i>Certified Public Accountants</i> 8/F, Prince's Building 10 Chater Road Central Hong Kong</p>
Property valuer	<p>Savills Valuation and Professional Services Limited 23/F, Two Exchange Square Central Hong Kong</p>
Receiving banks	<p>Standard Chartered Bank (Hong Kong) Limited 15/F., Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong</p> <p>Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong</p>

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	Suite 1508 15th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
Headquarters and place of business in the PRC	Fordoo Industrial Zone E12 Xunmei Industrial Zone Fengze District Quanzhou City Fujian Province China
Company's website	www.fordoo.cn (<i>information contained in this website does not form part of the prospectus</i>)
Company secretary	Mr. Chung Ming Kit <i>HKICPA, CFA</i> Flat E, 46 Floor Block 6 The Long Beach 8 Hoi Fai Road Tai Kok Tsui Kowloon Hong Kong
Authorized representatives	Mr. Kwok Kin Sun No. 31 Quanxiu Villa Quanxiu Road Fengze District Quanzhou City Fujian Province PRC Mr. Chung Ming Kit Flat E, 46 Floor Block 6 The Long Beach 8 Hoi Fai Road Tai Kok Tsui Kowloon Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Kwauk Teh-Ming Walter (<i>Chairman</i>) Mr. Zhang Longgen Mr. Zhang Zhaodong
Remuneration committee	Mr. Zhang Zhaodong (<i>Chairman</i>) Mr. Kwauk Teh-Ming Walter Mr. Zhang Longgen
Nomination committee	Mr. Kwok Kin Sun (<i>Chairman</i>) Mr. Zhang Longgen Mr. Kwauk Teh-Ming Walter
Compliance advisor	CMB International Capital Limited
Principal bankers	China CITIC Bank Corporation Limited Quanzhou Branch Floors 1-3, Kaixiang Building Fengze Street Fengze District Quanzhou City Fujian Province PRC China Minsheng Banking Corp., Ltd. Quanzhou Branch No. 689 Citong Road Fengze District Quanzhou City Fujian Province 362000 PRC China Everbright Bank Company Limited Quanzhou Branch Qingnian Tower No. 288 Tian'an Road Fengze District Quanzhou City Fujian Province 362000 PRC China Construction Bank Corporation Quanzhou Branch China Construction Bank Building Fengze Street Quanzhou City Fujian Province PRC

CORPORATE INFORMATION

Xiamen International Bank Co., Ltd.
Xiamen Siming Sub-branch
Xin'gang Square
No.10 Hu Bin Road North
Xiamen City
Fujian Province
PRC

Jiangsu International Trust Corporation Limited
No. 88 Changjiang Road
Nanjing City
Postal Code 210005
PRC

Fujian Haixia Bank Co., Ltd.
Block E
Fengsheng Jiari Chengbao
Quanxiu Road
Quanzhou City
Fujian Province
PRC

**Cayman Islands share registrar and
transfer office**

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Share Registrar

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

INDUSTRY OVERVIEW

Certain facts, information, statistics and data relating to China's economy and the industry in which we operate that are presented in this section and elsewhere in this prospectus are derived from publicly available government official sources (including various publications issued by PRC government entities) as well as a report we commissioned from Frost & Sullivan. See "— Sources of Information" below. We believe that such sources are appropriate sources and statistics below, including forward-looking information for future periods as identified have been extracted and reproduced after reasonable care has been taken. The information from official government publications and Frost & Sullivan may not be consistent with other information and statistics compiled within or outside China. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, or any of our respective directors, officers, representatives or affiliates, the Sole Sponsor, Sole Global Coordinator, Joint Bookrunners and Joint Lead Managers, the Underwriters, any of our or their respective affiliates or advisors, or any other party involved in the Global Offering and no representation is given as to its accuracy or correctness and accordingly it should not be unduly relied on.

SOURCES OF INFORMATION

In connection with the Global Offering, we have commissioned a research report from Frost & Sullivan, or the Frost & Sullivan Report, for use in part in this prospectus to provide prospective investors with necessary information on the economy of the PRC, the industry and market segments in which we operate and our competitive position, including forward-looking information. Frost & Sullivan has charged us a fee of approximately RMB1.45 million for the preparation of the Frost & Sullivan Report, which we believe is in line with the market rate for such a report.

Frost & Sullivan is an independent global researcher and consulting advisor offering a range of services including technology research, market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Founded in 1961, it has 35 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. Frost & Sullivan's independent research was undertaken through both primary and secondary research obtained from various sources within the PRC menswear industry. Primary research involved interviewing leading industry participants including branded menswear companies, menswear distributors, industry experts and manufacturers. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's research database. In preparing the research report, Frost & Sullivan used secondary research as an initial research platform with reference to results derived from primary research.

Frost & Sullivan has also adopted the following assumptions when making projections on the macroeconomic environment, overall menswear market as well as the middle-upper menswear market in the PRC:

- GDP, disposable income per capita and middle class population in the PRC are forecasted to grow at a steady rate, mainly supported by, among other factors, favorable government policies, urbanization, as well as a global economic recovery,

INDUSTRY OVERVIEW

- Specific industry growth drivers and trends in the menswear, middle-upper menswear and trousers markets in the PRC in addition to macroeconomic factors during the forecast period include, but are not limited to, male consumers' increasing sophistication, local companies' increasing investment in brand building, product development, and development of distribution channels in the PRC; and
- Relatively high inventory levels in the menswear market are likely to remain a short term issue and it is expected to ease driven by strong demand for menswear products.

ECONOMIC GROWTH IN THE PRC

Nominal GDP Growth in the PRC

The PRC economy has experienced rapid growth in the past 30 years and economic stimulus policies recently implemented by the Chinese government have continued to boost economic growth. According to the National Bureau of Statistics of China ("NBSC"), from 2009 to 2013, China's nominal GDP grew at a CAGR of 13.7%, which represented growth from approximately RMB34,090.3 billion in 2009 to approximately RMB56,884.5 billion in 2013. Nominal GDP per capita in the PRC grew at a CAGR of 13.0%, from approximately RMB25,608.0 in 2009 to approximately RMB41,804.7 in 2013. According to the International Monetary Fund, it is projected that the PRC's nominal GDP will increase to approximately RMB90,684.6 billion by 2018, representing a CAGR of 9.8% from 2013 to 2018. Nominal GDP per capita in the PRC is projected to reach RMB65,012.3 by 2018, representing a CAGR of 9.2% from 2013 to 2018.

The following table sets forth the historical GDP and annual growth rate in the PRC for the period indicated:

	Nominal GDP in the PRC (2009A to 2013A)				
	2009A	2010A	2011A	2012A	2013A
Nominal GDP (RMB billion).....	34,090	40,151	47,310	51,894	56,885
Nominal GDP growth rate (%)		17.8	17.8	9.7	9.6
Real GDP growth rate (%)		10.4	9.3	7.7	7.7

Source: NBSC (2013 Statistics Yearbook of China) for historical data from 2009A to 2013A

Note: "A" denotes actual data

Urbanization Trend

Rapid economic growth has been accompanied by accelerating urbanization in the PRC. According to the NBSC, while total population in the PRC increased by 26.2 million, representing a CAGR of 0.5% from 2009 to 2013, China's urbanization rate increased from approximately 48.3% to approximately 53.7% during the same period. Frost & Sullivan estimates urban population growth in the PRC will maintain at a CAGR of 3.2% from 2013 to 2018 while the urbanization rate is projected to reach approximately 61.3% by 2018.

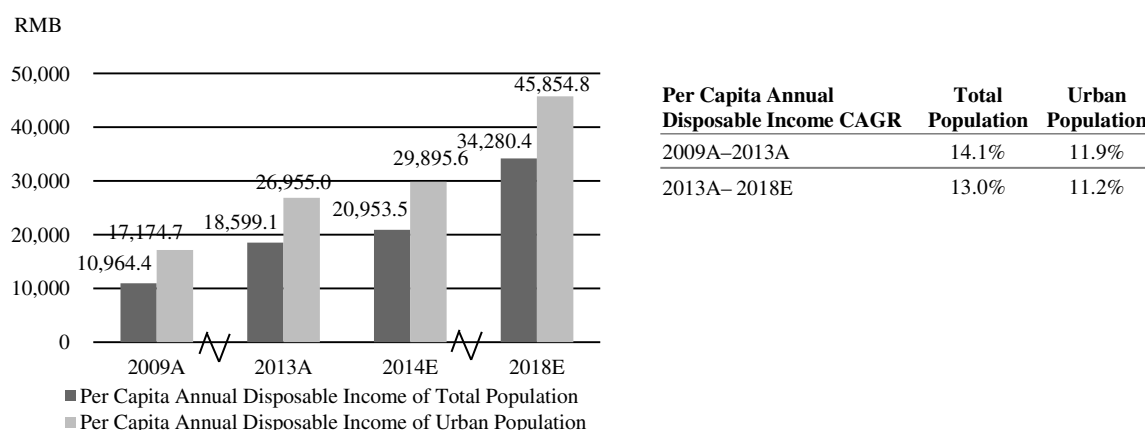
INDUSTRY OVERVIEW

Growth in Disposable Income of Urban Population

According to the NBSC, per capita annual disposable income of the PRC's urban population in 2013 stood at approximately RMB26,955.0, 44.9% higher than per capita annual disposable income of the total population in the same year. From 2009 to 2013, per capita annual disposable income grew from approximately RMB17,174.7 to approximately RMB26,955.0 in 2013, representing a CAGR of 11.9%. Per capita GDP growth, increase in social welfare spending and minimum wages have historically and will continue to drive growth of disposable income of urban population. The announcement of the Chinese government's plan to double China's national income by 2020 and Premier Li's emphasis on domestic demand as a priority for national growth are also expected to further promote consumption spending in China. Per capita annual disposable income of urban population in the PRC is projected to reach approximately RMB45,854.8 by 2018, representing a CAGR of 11.2% from 2013 to 2018.

The following chart sets forth the historical and projected per capita annual disposable income of urban households and total households in the PRC for the period indicated:

Disposable Income Per Capita in the PRC (2009A to 2018E)



Source: NBSC (2013 Statistics Yearbook of China) for historical data from 2009A to 2013A and Frost & Sullivan estimates from 2014E to 2018E.

Note: "A" denotes actual data and "E" denotes estimates.

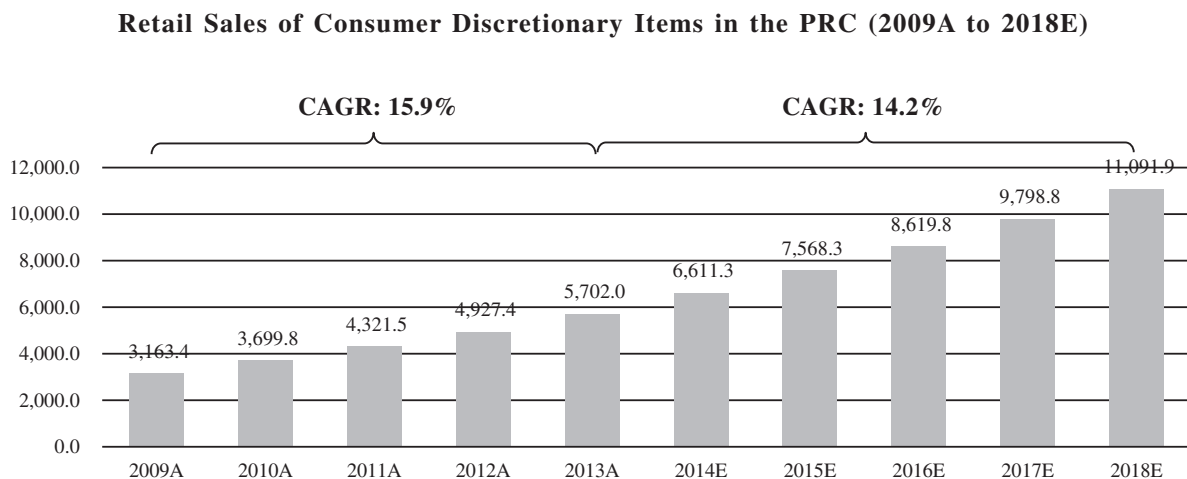
As disposable income rises, the middle class in the PRC, characterized by their relatively higher purchasing power and education qualifications, has also been growing in significance. According to Frost & Sullivan, the middle class and wealthy individuals as a percentage of total population increased rapidly from 16.6% to 28.2% between 2009 and 2013. They will continue to play an important role in the development of the PRC's economy and by 2018, are expected to account for 44.7% of the total population.

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Growth in Discretionary Spending

Urbanization trend, disposable income growth and the burgeoning middle class population are expected to fuel domestic consumption and discretionary spending in the PRC. According to Frost & Sullivan, the change in demographics and growing purchasing power are likely to be followed by a shift in consumption patterns, as middle class consumers are often less price sensitive, and have a growing preference for quality products as well as differentiated shopping experiences. Discretionary spending growth has historically outpaced retail sales of consumer goods and macroeconomic policies in the PRC are expected to support this trend. In 2013, consumer discretionary spending in the PRC stood at RMB5,702.0 billion and historically grew at a CAGR of 15.9% from 2009 to 2013, exceeding overall retail sales of growth of 15.7% CAGR during the same period. From 2013 to 2018, retail sales of discretionary items is forecasted to grow at a CAGR of 14.2% while overall retail sales, is forecasted to grow at a CAGR of 12.8% in the same period.

The following chart illustrates the total retail sales of consumer discretionary items in the PRC for the period indicated:



Source: NBSC (2013 Statistics Yearbook of China) for historical data from 2009A to 2013A and Frost & Sullivan estimates from 2014E to 2018E.

Note: "A" denotes actual data and "E" denotes estimates.

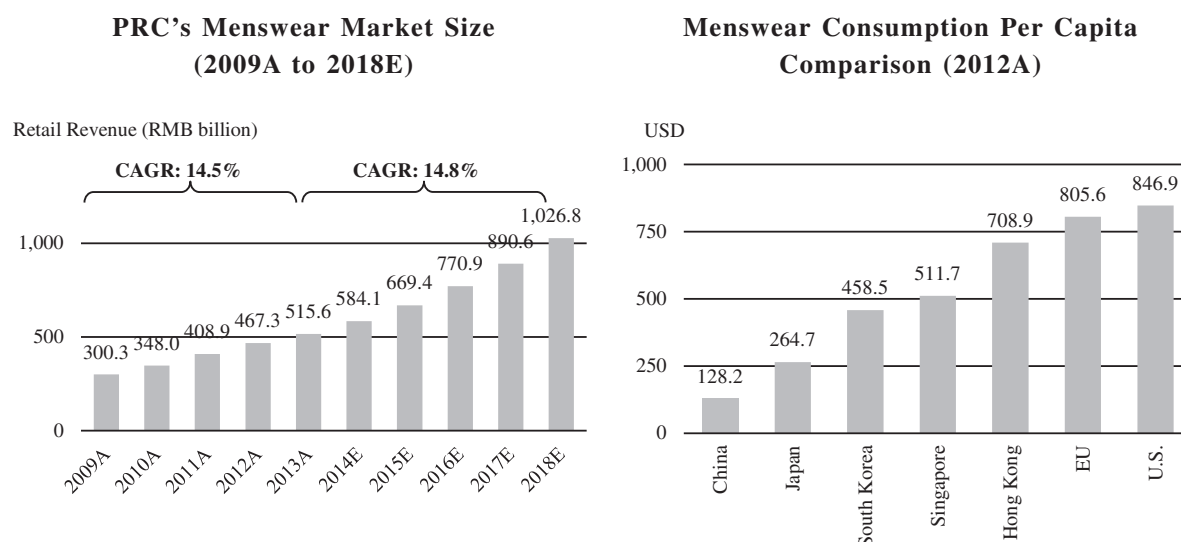
OVERVIEW OF THE MENSWEAR MARKET IN THE PRC

The menswear market in the PRC has witnessed strong growth and rapid development historically. According to Frost & Sullivan, total retail revenue of the menswear market in the PRC increased from approximately RMB300.3 billion in 2009 to approximately RMB515.6 billion in 2013, representing a CAGR of 14.5%. Despite strong historical growth, per capita spending in China's menswear market remains low compared to other developed countries. Menswear spending per capita in the PRC in 2012 stood at approximately US\$128.2 per annum, which is approximately six times less than the average per capita spending in the U.S. and the European Union and is also significantly

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lower than other developed countries in Asia, such as South Korea and Singapore. Going forward, Frost & Sullivan estimates retail revenue from the menswear market in the PRC to grow at a CAGR of 14.8% from 2013 to 2018 and reach approximately RMB1,026.8 billion by 2018, underpinned by favorable macroeconomic and demographic trends.

The following charts illustrate the total retail revenue of the menswear market in the PRC and per capita spending on menswear in the PRC, respectively, for the period indicated:



Source: Frost & Sullivan.

Note: "A" denotes actual data and "E" denotes estimates.

OVERVIEW OF MIDDLE-UPPER MENSWEAR SEGMENT IN THE PRC

Growing Dominance of Middle-upper Menswear Segment

The PRC menswear market can be categorized into four segments: high end, middle-upper end, mid end and low end. According to the Frost & Sullivan Report, in addition to the strong link between product pricing and brand classification, brand classification is also a reflection of other factors, including brand proposition, target customers, store image and location, product offering and distribution channel strategy. To illustrate one of the key basis for brand classification, the table below sets forth the price range of menswear for the four segments:

(Unit: RMB)	High-end	Middle-upper end	Mid-end	Low-end
Suits per set	>4,000	2,000-4,000	800-2,000	<800
One men's shirt ...	>1,000	500-1,000	250-500	<250
One pair of men's trousers ..	>800	400-800	200-400	<200

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The middle-upper menswear segment, which targets the growing middle class in the PRC, is the largest category with a 30.4% market share of the menswear market in 2013 and has also been the fastest growing segment historically. According to the Frost & Sullivan Report, total retail revenue generated from the middle-upper menswear segment in the PRC increased from approximately RMB82.7 billion in 2009 to approximately RMB156.8 billion in 2013, representing a CAGR of 17.4% during that period. Dominance of the middle-upper segment is expected to continue supported by the following reasons set out below:

i. *Rising middle class and affluent consumers*

The growing middle class in the PRC is expected to increase the customer base for the middle-upper menswear market. These customers are generally less sensitive to price and may seek to purchase increasingly more discretionary items.

ii. *Growing consumer preference for high quality, branded menswear products*

As male consumers in the PRC become more educated and sophisticated about menswear fashion, they have become more focused on product quality, branding and design when making their purchasing decisions. Driven by an increasing number of social and business occasions as well as ongoing brand education, menswear products have also generally transitioned from solely being a necessity to an expression of individuality in public occasions.

iii. *Continuous branding and investments made by middle-upper menswear companies*

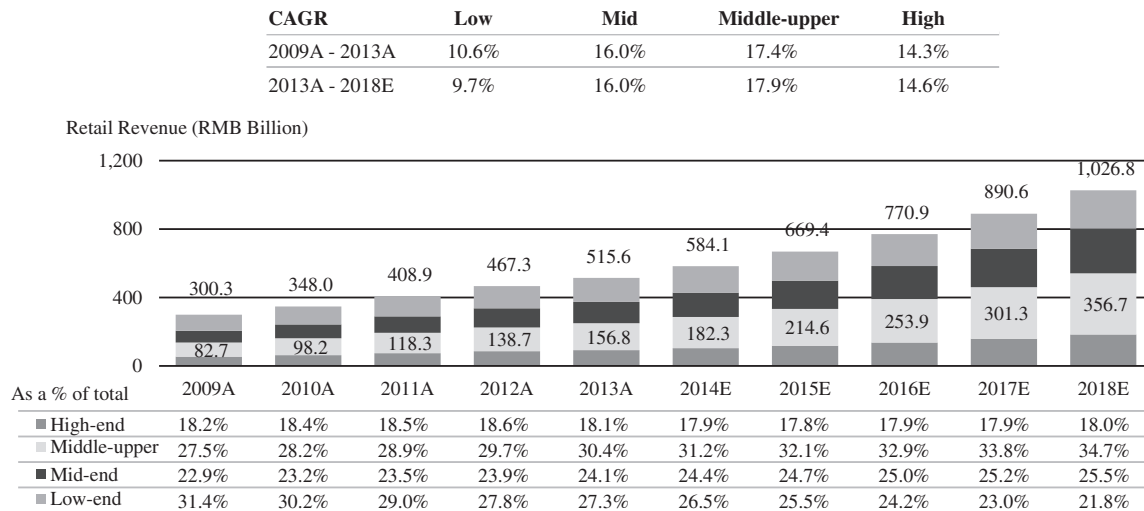
To capture growth opportunities in the middle-upper menswear market, local companies have continued to invest in branding and product design in order to elevate their brand status and improve penetration into higher-end distribution channels. As consumers become increasingly receptive towards local brands positioned in the middle-upper menswear segment, local brands are expected to gain popularity, especially in the lower tier cities.

Supported by the reasons set out above, the middle-upper end menswear market is forecasted to be the highest growth price segment during the forecasted period. Frost & Sullivan projects retail revenue of the middle-upper menswear segment in the PRC to grow at a CAGR of 17.9% from 2013 and 2018 to reach approximately RMB356.7 billion in 2018.

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The following chart illustrates the total retail revenue of menswear in the PRC by price tier for the period indicated:

Menswear Market by Price Tier in the PRC (2009A to 2018E)



Source: Frost & Sullivan.

Note: "A" denotes actual data and "E" denotes estimates.

Key Distribution Channels for Middle-upper Menswear Products

Key distribution channels for middle-upper menswear market mainly comprise of, among others, (i) in-shop stores, (ii) street stores, and (iii) internet.

In-shop stores are defined as stores located within department stores and shopping malls. It is an important distribution channel in the middle-upper menswear market and currently constitutes approximately 45.7% of the middle-upper menswear market in 2013. Department stores generate the majority of revenue that arises from in-shop stores as shopping malls are still at a relatively early stage of development in the PRC. The total number of department stores amounted to approximately 8,800 in the PRC in 2013, up from approximately 5,900 in 2008. Due to the relative underdevelopment of commercial real estate in most cities in the PRC, department stores and shopping malls have historically been and will continue to be an important growth avenue for middle-upper menswear brands as the in-shop store channel allows brand owners to achieve growth and tap into new markets by expanding through the department store and shopping mall network, in particular in Third-tier cities and Fourth-tier cities. Despite rapid expansion of department stores and shopping malls historically, it is expected that favorable macroeconomic factors, mostly pertaining to urbanization and rising disposable income of urban households, will sustain the expansion of department stores and shopping malls in lower tier cities. Retail revenue of the middle-upper end menswear market from in-shop stores is forecasted to grow at a CAGR of 18.6% from 2013 to 2018 to approximately RMB168.4 billion in 2018, making it one of the highest growth distribution channels. As of the end of 2013, approximately 74.5% of Fordoo's stores were located in department stores or shopping malls and according to the Frost & Sullivan Report, Fordoo has a higher ratio of in-shop stores than other reputable middle-upper menswear brands, such as Septwolves, Joeone and Lilanz.

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Street stores are defined as street-level retail stores and are the primary distribution channel for middle-upper end menswear products with a 47.7% market share in 2013. Street stores typically have relatively larger shopping areas and an enhanced in-store experience, and are considered to be positive to brand building. However, customer traffic is largely dependent on the store's location.

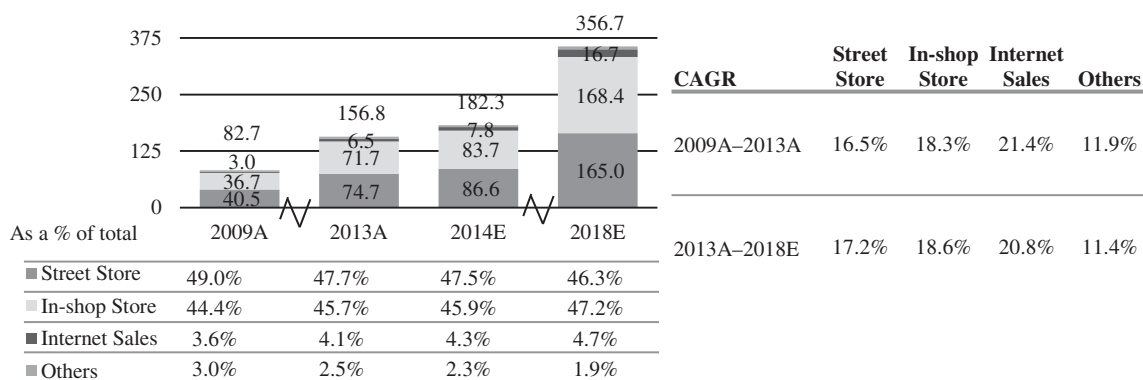
Internet sales of middle-upper end menswear has witnessed strong growth historically. According to the Frost & Sullivan Report, total retail revenue from internet sales grew from RMB3.0 billion in 2009 to RMB6.5 billion in 2013, representing a CAGR of 21.4% during that period. Although internet sales only constitute approximately 4.1% of total middle-upper menswear retail sales, the segment is expected to experience rapid growth at a CAGR of 20.8% from 2013 to 2018 and reach approximately RMB16.7 billion in retail sales by 2018.

Other distribution channels include supermarkets, hypermarkets and wholesale stores. Sales from other distribution channels accounted for approximately 2.5% of middle-upper menswear retail sales in 2013.

The following chart illustrates retail revenue of each distribution channel for middle-upper menswear in the PRC as of the period indicated:

Middle-upper Menswear Market by Distribution Channel in the PRC (2009A to 2018E)

Retail Revenue (RMB Billion)



Source: Frost & Sullivan.

Note: Revenue from in-shop stores consists of menswear retail sales occurred in department stores and shopping malls. "A" denotes actual data and "E" denotes estimates.

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Overview of Distribution Model of Middle-upper Menswear Brands

The PRC's apparel and menswear markets are characterized by broad geographic reach and regional differences. The common distribution model adopted by most middle-upper menswear brand owners is a third-party distributorship model which generally involves two levels of third party distributors. Brand owners sell most of their products to third-party distributors dedicated to their assigned province or region in the PRC. These distributors have the flexibility to further engage sub-distributors in order to penetrate into more remote or rural markets.

Most middle-upper menswear companies adopt a distributorship model in order to leverage local distributors' regional expertise and to optimize their cost structure. This business model allows brand owners to achieve rapid expansion of retail outlets at lower costs and potentially less execution risk. According to the Frost & Sullivan Report, approximately 61.6% of middle-upper menswear retail revenues in the PRC are attributable to stores operated by third-party distributors, while sales from self-operated retail outlets comprise the remaining 38.4%.

Competitive Landscape

The middle-upper menswear market in the PRC is relatively fragmented, with the top ten players accounting for approximately 28.0% market share in terms of retail revenue in 2013. The segment, with the exception of Jack & Jones, is predominantly led by domestic brands as they benefit from first mover advantage and their established distribution network in the PRC. According to the Frost & Sullivan Report, "FORDOO" brand was ranked sixth with a 2.9% market share in the middle-upper menswear market in terms of retail sales in 2013.

The following table sets forth market share by retail revenue in the middle-upper menswear market in the PRC in 2013:

Top Ten Players in Middle-upper Menswear Market in the PRC in Terms of Retail Revenue

Ranking	Brand	Retail Revenue in 2013A (RMB billion)	Market Share in 2013A (%)
1	Septwolves	6.6	4.2%
2	Jack & Jones	6.4	4.1%
3	Lilanz	6.2	4.0%
4	Joeone	5.8	3.7%
5	Seven Brand	5.7	3.7%
6	Fordoo	4.6	2.9%
7	Baoxiniao	2.4	1.5%
8	Cabbeen	2.2	1.4%
9	K-boxing	2.1	1.3%
10.....	Sinoer	1.8	1.2%

Source: Frost & Sullivan

Note: "A" denotes actual data.

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Key Barriers to Entry

Key barriers to entry in the PRC menswear industry include brand awareness and access to distribution channels. Existing menswear players with strong brand recognition and distinctive brand identity are likely to deter new entrants as the time, resources and costs associated with building a brand and customer loyalty is substantial. In addition, the scarcity of prime locations in shopping destinations in China and geographical difference among regions also make it difficult for new entrants to gain access to the market.

Challenges faced by Competitors in the China's Menswear Market

High Inventory Level

Both brand owners and distributors in the PRC face pressure from rising inventory levels due to an overall slowdown in consumption and overexpansion of retail networks historically. As such, some brand owners are forced to sell their products at discounts in order to clear aged inventory, which may have an adverse impact on brand reputation and profitability, and the overall market.

Product Homogeneity and Escalating Competition from Foreign Players

International brands continue to expand in the PRC in order to capture growth opportunities in the menswear market. International players generally have developed distinctive brand identities, strong R&D capabilities as well as efficient value chain management which enables them to more efficiently meet rapid changes in fashion trends and evolving consumer demand. On the contrary, some domestic brands have struggled from the lack of product differentiation, inferior product design, as well as strong brand identities.

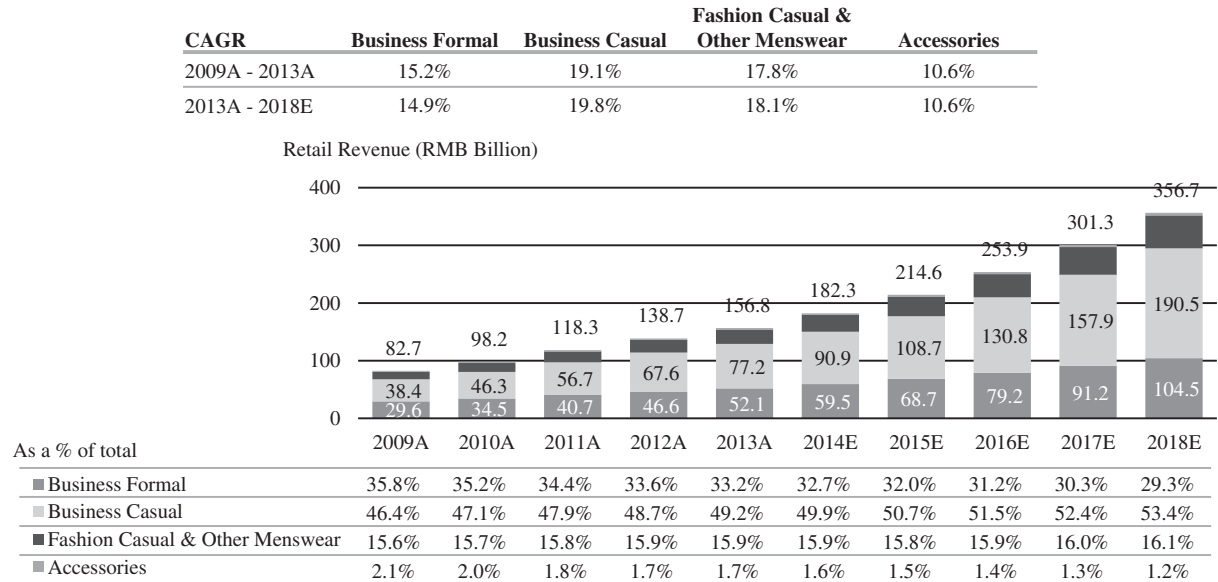
OVERVIEW OF MIDDLE-UPPER BUSINESS FORMAL AND BUSINESS CASUAL MENSWEAR MARKETS IN THE PRC

According to the Frost & Sullivan Report, the middle-upper menswear market can be further categorized into four product styles: (i) business formal, (ii) business casual, (iii) fashion casual and other menswear, and (iv) accessories. Business casual and business formal are the most relevant fashion categories within the middle-upper menswear market, and accounted for approximately 82.4% of the market in 2013. Both segments enjoy strong brand loyalty and pricing power. In addition, the business menswear market has traditionally been less susceptible to fashion risk. These characteristics will potentially enable brand owners positioned in these segments to further capitalize on these trends.

INDUSTRY OVERVIEW

The following chart illustrates the total retail revenue of menswear in the PRC by product style for the period indicated:

Middle-upper Menswear Market by Product Style in the PRC (2009A — 2018E)



Source: Frost & Sullivan.

Note: "A" denotes actual data and "E" denotes estimates.

Business casual is the largest and the fastest-growing category within the middle-upper menswear segment. According to the Frost & Sullivan Report, total retail revenue generated from the middle-upper business casual menswear market in the PRC grew from approximately RMB38.4 billion in 2009 to approximately RMB77.2 billion in 2013 at a CAGR of 19.1%. In 2013, business casual segment contributes approximately 49.2% of total middle-upper menswear retail sales. Driven by the growing popularity of the business casual dress code at work and other social and business occasions, the segment is forecasted to reach a market size of approximately RMB190.5 billion by 2018 and grow at a CAGR of 19.8% from 2013 to 2018, exceeding growth of all other product styles as well as price segments in the menswear market in the PRC during the same period.

Business formal is the second most relevant product style within the middle-upper end menswear segment. Its market size stood at approximately RMB52.1 billion and constituted approximately 33.2% of the middle-upper menswear market in 2013. Despite evolving fashion trends, business formal is still one of the most featured product style in the workplace and is mandatory in certain occasions. According to the Frost & Sullivan Report, total retail sales generated from the middle-upper business formal menswear market in the PRC grew at a CAGR of 15.2% from 2009 to 2013 and growth from 2013 to 2018 is projected to be relatively stable at 14.9%.

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Competitive Landscape

Fordoo is ranked #5 in both the middle-upper business casual and the business formal menswear segments. According to the Frost & Sullivan Report, our “FORDOO” brand held an approximately 4.0% and 2.9% market share in the middle-upper business casual menswear and the middle-upper business formal menswear segments, respectively in terms of retail sales in 2013.

The following tables set forth market share by retail revenue in the middle-upper business casual and business formal menswear market in the PRC in 2013:

Top Five Players in Middle-upper Business Casual Menswear Market in 2013A				Top Five Players in Middle-upper Business Formal Menswear Market in 2013A			
Ranking	Brand	Retail Revenue	Market Share	Ranking	Brand	Retail Revenue	Market Share
		(RMB in billions)	(%)			(RMB in billions)	(%)
1	Lilanz	5.3	6.9%	1	Joeone	2.8	5.3%
2	Septwolves	5.0	6.5%	2	Baoxiniao	1.7	3.2%
3	Seven Brand	4.2	5.4%	3	Septwolves	1.6	3.1%
4	Joeone	3.1	4.0%	4	Seven Brand	1.5	3.0%
5	Fordoo	3.1	4.0%	5	Fordoo	1.5	2.9%

Source: Frost & Sullivan.

Note: “A” denotes actual data; Retail sales of business casual menswear products include sales derived from denim wear and shorts, which only represent a small portion of total companies’ sales.

OVERVIEW OF THE MEN’S TROUSERS SEGMENT IN THE PRC

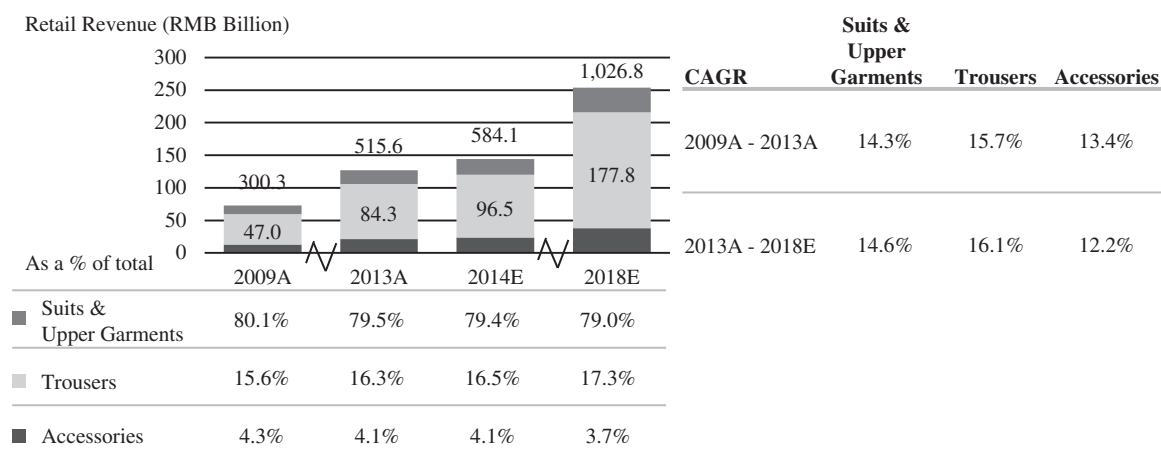
In 2013, the trousers segment represented approximately 16.3% of the overall menswear market in the PRC in terms of retail revenue. Although the trousers segment is a relatively small category compared to suits and upper garments, trousers is expected to become increasingly relevant in men’s fashion according to the Frost & Sullivan Report during the forecasted period given the rising sophistication of the male consumer. Men are becoming more fashion conscious and aware of the various styles, designs and quality of trousers available in the market. The growing range of trousers and designs in different colors, cuts (e.g., low-rise, high-rise, straight cut), fabric (e.g., denim, wool), length (e.g., ankle length, crop pant), prints and style for different occasions, is expected to further stimulate demand of branded and quality trousers in the forecasted period.

From 2009 to 2013, retail revenue generated from the trousers segment according to the Frost & Sullivan Report grew from approximately RMB47.0 billion to approximately RMB84.3 billion representing a CAGR of 15.7% during the period. From 2013 to 2018, trousers is forecasted to be the highest growth category among menswear product categories and the trousers market by retail revenue is expected to reach approximately RMB177.8 billion by 2018 and grow a CAGR of 16.1% from 2013 to 2018, exceeding forecasted growth of suits and upper garments as well as accessories.

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The following table sets forth market share by retail revenue in the trousers market in the PRC for the periods indicated:

Menswear Market Size and Forecast by Product (2009A to 2018E)



Source: Frost & Sullivan.

Note: "A" denotes actual data and "E" denotes estimates.

The men's trousers market in the PRC is fragmented, and the top five men's trousers brands only accounted for approximately 12.0% of total men's trousers retail revenue in the PRC in 2013. We had been consistently a top two men's trousers brand in the PRC from 2011 to 2013. Our trousers sales have continued to outpace industry growth, and we have witnessed market share gains in the men's trousers market in the PRC, growing from approximately 2.6% in 2011 to approximately 3.0% in 2013.

The following table sets forth market share in the men's trousers segment by retail revenue from 2011 to 2013:

Top Five Players in Men's Trousers from 2011A to 2013A

Ranking	2011		2012		2013	
	Brand	Market Share	Brand	Market Share	Brand	Market Share
1	Joeone	3.9%	Joeone	3.8%	Joeone	3.5%
2	Fordoo	2.6%	Fordoo	3.0%	Fordoo	3.0%
3	Septwolves	1.8%	Septwolves	1.9%	Heilan	2.2%
4	Seven Brand	1.6%	Seven Brand	1.5%	Seven Brand	1.7%
5	K-boxing	1.3%	K-boxing	1.1%	Lilanz	1.6%

Source: Frost & Sullivan

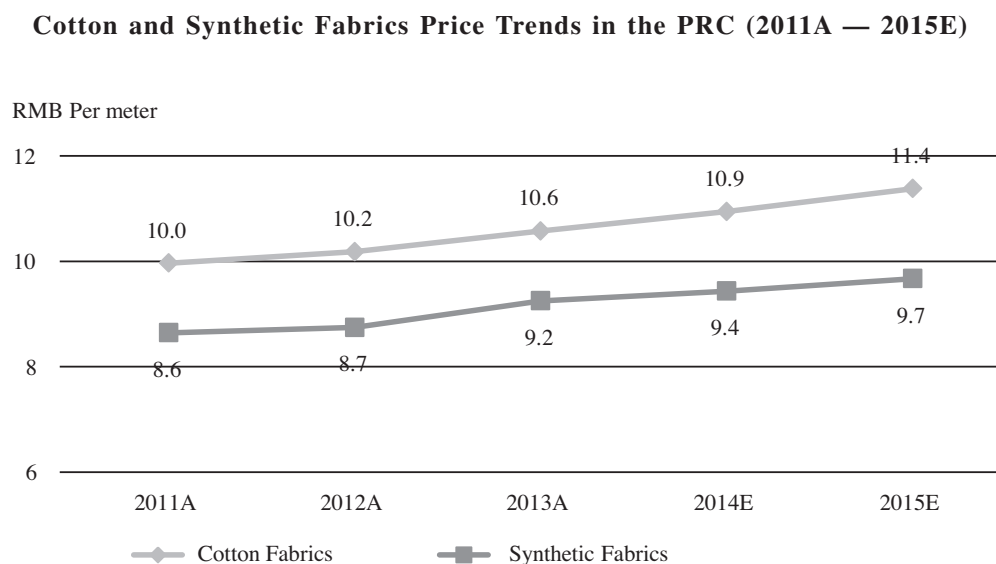
Note: "A" denotes actual data.

INDUSTRY OVERVIEW

HISTORICAL AND PROJECTED PRICE TREND OF KEY RAW MATERIALS

Major raw materials used in apparel production include cotton fabrics and synthetic fabrics, and their prices are subject to national supply and demand dynamics. Average price of cotton and synthetic fabrics rose from RMB10.0 per meter and RMB8.6 per meter in 2011 to RMB10.6 per meter and RMB9.2 per meter in 2013, respectively. Due to increases in demand, rising production costs as a result of higher labor costs, inflation as well as higher waste treatment costs, the price of cotton and synthetic fabrics are projected to increase at a CAGR of 3.7% and 2.2% from 2013 to 2015, respectively.

The chart below illustrates historical and projected price development of cotton and synthetic fabrics in the PRC for the years indicated:



Source: Frost & Sullivan

Note: Price estimates exclude tax. "A" denotes actual data and "E" denotes estimates.

REGULATIONS

Set out below is a brief overview of the PRC laws and regulations relating to the business operations of our Company within the territory of the PRC.

POLICIES FOR THE FOREIGN INVESTMENT INDUSTRY

The establishment and organizational structure of companies in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on December 29, 1993 and became effective on July 1, 1994. The PRC Company Law was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, respectively. The PRC Company Law provides for, among other things, the establishment, organization, qualifications and obligations of company directors, supervisors and senior managers. The PRC Company Law also applies to foreign-invested limited liability companies and joint stock limited companies. However, if the procedures of such companies are otherwise governed by laws regarding foreign investment, then those provisions shall preside.

The establishment procedures, approval procedures, organizational structure, registered capital requirements, foreign exchange matters, financial matters, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the “**FIE Law**”), which was promulgated on April 12, 1986 and amended on October 31, 2000, and the Implementing Rules for the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法實施細則》) (the “**FIE Implementing Rules**”), which was promulgated by the Ministry of Foreign Economy and Trade (對外經濟貿易部) on December 12, 1990 and amended by the State Council (國務院) on April 12, 2001.

The Catalogue for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) (the “**Catalogue**”), jointly published by the National Development and Reform Commission and MOFCOM on December 24, 2011, was divided into the Encouraged Foreign Investment Industries, the Restricted Foreign Investment Industries and the Prohibited Foreign Investment Industries. The industries that are not listed in the Catalogue shall be classified as the Permitted Foreign Investment Industries. According to the Catalogue, garment production is classified as a project for which foreign investment is permitted.

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**”), promulgated on February 22, 1993 and amended on July 8, 2000 by the NPC, applies to all production and marketing activities within the territory of the PRC.

Pursuant to the Product Quality Law, a producer shall:

- (1) be responsible for the quality of the products it produces;
- (2) ensure that the labels on the products or the package of the products are true to fact;

REGULATIONS

- (3) ensure that, for products that are fragile, flammable, 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 package thereof meets the corresponding requirements and includes warnings written in Chinese or other warning signs in accordance with the relevant provisions of PRC law;
- (4) not produce products that PRC laws or decrees prohibit from being produced;
- (5) not fabricate the origin of a product, or falsely use the names and addresses of other producers;
- (6) not forge or falsely use product quality marks such as authentication marks; and
- (7) not adulterate their products, substitute a fake product for a genuine one or a defective product for a high quality one or pass off a substandard product as a qualified one in the course of production.

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

- (1) to implement the system of examination and acceptance of goods procured, to verify the product quality certificates and other marks;
- (2) to take measures in keeping products for sale in good quality;
- (3) not to sell expired or deteriorated products or products that have been prohibited by decrees of the PRC;
- (4) to sell products with labels that comply with the relevant provisions;
- (5) not to fabricate the origin of a product, or to falsely use the names and addresses of other producers;
- (6) not to forge or falsely use product quality marks such as authentication marks; and
- (7) not to adulterate the products for sale, substitute a fake product for a genuine one or a defective product for a high quality one or pass off a substandard product as a qualified one in the sale of products.

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.

REGULATIONS

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.

The Tort Liability Law of the PRC (《中華人民共和國侵權責任法》) was promulgated by the Standing Committee of NPC on December 26, 2009 and became effective on July 1, 2010, where a defective product causes any harm to another person, the victim is entitled to claim against either the manufacturer or the seller, regardless the harm is caused by the faults of the manufacturer, the sellers or third parties (such as transporters or storekeepers).

PROTECTION OF CONSUMER RIGHTS

The Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the “**Consumer Protection Law**”) was promulgated on October 31, 1993 and amended on October 25, 2013 by the NPC. Business operators must abide by this law when manufacturing or selling commodities or when rendering services to consumers.

The Consumer Protection Law sets out obligations that business operators must fulfill in their dealings with consumers, including the following:

- (1) commodities and services provided to consumers must comply with the Product Quality Law and other relevant laws and regulations, including requirements for personal and property safety;
- (2) consumers must be provided with authentic information without false or misleading propaganda concerning their commodities and services, as well as truthful and definite replies to inquiries concerning the quality and use of commodities or services provided to them;
- (3) purchase invoices or service vouchers must be issued to consumers in accordance with relevant national regulations or commercial practices;
- (4) the quality and functioning of the commodities or services under normal business operations must be ensured, and the actual quality of the commodities or services must be consistent with what is displayed in advertising materials, product descriptions or product samples;
- (5) responsibilities such as guaranteed repair, replacement and return must be properly performed in accordance with national regulations or agreements with consumers; and
- (6) unreasonable or unfair terms on consumers or terms or practices that exclude the business operator from civil liability or undermine the legal rights and interests of consumers by means of, among others, standard contracts, circulars, announcements or shop notices, should not be imposed.

REGULATIONS

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 infringed upon during the purchase or use of commodities may claim compensation from the seller. Where the responsibility lies with the manufacturer or another seller that provides the commodities 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 victims who suffer personal injury or property damage 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.

FOREIGN EXCHANGE

The PRC State Council promulgated the Administrative Regulation of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulations**”) on January 29, 1996. It was amended on August 1, 2008 and implemented on August 5, 2008. On June 20, 1996, the People’s Bank of China further promulgated the Administrative Regulation on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) (the “**Settlement Regulations**”), which came into effect on July 1, 1996. Pursuant to the Foreign Exchange Regulation and the Settlement Regulation, foreign exchanges required for distribution of profits and payment of dividends may be purchased from designated foreign exchange banks in the PRC upon presentation of a board resolution authorizing distribution of profits or payment of dividends. The Settlement Regulations remove the previous restrictions on convertibility of foreign exchange in respect of current account items, including the distribution of dividends, interest and royalty payments, trade and service-related foreign exchange transactions. Foreign exchange transactions in respect of capital account items, such as direct investment, loans, securities investment and repatriation of investment, remain subject to the approval of SAFE.

On October 21, 2005, the SAFE promulgated the Circular of the SAFE on Issues Concerning Foreign Exchange Administration in Equity Finance and Return Investment by Domestic Residents via 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 “**Circular No. 75**”).

According to the Circular No.75, if a domestic resident wants to use an overseas special purpose vehicle (i.e. an overseas enterprise directly established or indirectly controlled by the domestic resident for the purpose of overseas stock financing for the assets or interests held by him in the domestic enterprise) to conduct return investment in the PRC (i.e. direct investment in the PRC), the domestic resident shall, before establishing or controlling an overseas company, bring the required materials to the local branch of SAFE to apply for foreign exchange registration of overseas investments.

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On November 19, 2012, SAFE issued Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) that took effect since December 17, 2012 (the “Circular No. 59”), which provides more specific requirements on the registration relating to Circular No. 75.

DIVIDEND DISTRIBUTION

The principal laws governing dividend distributions by our PRC Subsidiaries include the PRC Company Law. Dividend distribution by Wholly Foreign-owned Enterprises (the “WFOEs”) are further governed by the FIE Law and the FIE Implementing Rules. Under these laws and regulations, PRC companies, including domestic companies and WFOEs, are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory surplus reserve until the cumulative amount of such reserve reaches 50% of their registered capital. Furthermore, WFOEs may also be required to set aside funds for employee bonus and welfare, at the discretion of such PRC companies and as stipulated in their articles of association. WFOEs shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Violation of the abovementioned laws, regulations or rules may result in orders to make full allocation of required funds, and imposition of fines.

TAXATION

Under the EIT Law, the ordinary income tax rate for all PRC resident enterprises, including foreign-invested enterprises, is 25%. There was a transitional period for enterprises that previously received preferential tax treatments granted by relevant tax authorities. Enterprises that were subject to an enterprise income tax rate lower than 25% continue to enjoy the lower rate as they gradually transition to the new tax rate within five years of implementation of the EIT Law. After the implementation of the EIT Law, in cases where enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until the exemptions or reductions expire.

Under the EIT Law, enterprises established outside of China that have “de facto management bodies” located in China are considered “resident enterprises,” and are generally subject to the universal 25% enterprise income tax rate on their global income.

Pursuant to the Circular on Several Preferential Policies on Enterprise Income Tax (《關於企業所得稅若干優惠政策的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on February 22, 2008, accumulative undistributed profits of foreign-invested enterprises generated before January 1, 2008 that are later distributed to foreign investors shall be exempt from enterprise income tax.

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According to the EIT Law, income such as dividends and profits distribution sourced within the PRC by a non-resident enterprise which does not have an establishment or place of business in the PRC or, where despite the existence of establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC, is subject to a 20% enterprise income tax.

In accordance with the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which became effective on January 1, 2007, if a Hong Kong enterprise owns at least 25% of the capital of a PRC enterprise, the dividends paid by the PRC enterprise to the Hong Kong enterprise are subject to a withholding tax of 5%.

In accordance with the Circular on Issues Relevant to the Implementation of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued by the State Administration of Taxation on February 20, 2009, in order to enjoy the benefits offered by tax treaties, the proportion of interest in the PRC resident enterprise directly owned by the tax resident at any time during the 12-month period prior to the receipt of dividends shall remain compliant with that provided in the tax treaties.

Pursuant to the Interim Regulations of the PRC on the Value Added Tax (“VAT”) (中華人民共和國增值稅暫行條例) promulgated by the State Council on December 13, 1993 and amended on November 5, 2008, together with its implementation rules, any entity or individual engaged in the sales of goods, the provision of specified services or the importation of goods in China is generally required to pay VAT on the added value derived during the process of manufacture, sale or service provided. Unless otherwise stated, for VAT payers who are selling or importing goods and providing processing, repairs and replacement services in the PRC, the tax rate shall be 17%.

Pursuant to the Interim Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) issued by the State Council on November 10, 2008 and the implementation rules thereunder, a business tax must be levied on all entities and individuals engaged in taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the taxable items attached to the regulation.

TRADEMARK LAW

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982 and amended on February 22, 1993, October 27, 2001 and August 30, 2013 by the NPC, the following acts shall constitute an infringement of the exclusive right to use a registered trademark:

- (1) using a trademark that is identical or similar to a registered trademark of the same type of commodities or similar commodities without a license from the registrant of that trademark;
- (2) selling commodities that infringe upon the exclusive right to use a registered trademark;

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- (3) forging or manufacturing without authorization the marks of a registered trademark, or selling marks of a registered trademark that are forged or manufactured without authorization;
- (4) changing another party's registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark;
or
- (5) other conduct that would hinder another party's exclusive right to use its registered trademark.

In the event that disputes arise from any of the above acts, the parties shall negotiate toward a resolution. If any party refuses to negotiate or if the negotiation proves futile, the registrant of that trademark or the interested persons may file a suit before a People's Court or refer the case to the administrative department of industry and commerce. If the administrative department of industry and commerce concludes that an infringement is constituted, it may order an immediate end to the infringement, and may confiscate or destroy the infringing commodities and the tools used especially for the manufacturing of those commodities and the forging of marks of the registered trademark, and may impose a fine.

PATENT LAW

Under the revised Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated on December 27, 2008 and became effective on October 1, 2009, there are three types of patents, namely, invention patents, design patents and utility model patents. Invention patents are valid for 20 years, while design patents and utility model patents are valid for 10 years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

COPYRIGHT LAW

The Copyright Law of the PRC (《著作權法》) was promulgated on September 7, 1990 and amended on October 27, 2001 and February 26, 2010 to widen the scope of works eligible for copyright protection. In addition, there is a voluntary registration system administered by the China Copyright Protection Center.

PROPERTY LAW

The properties we lease and own in the PRC are subject to the Property Law of the PRC (《中華人民共和國物權法》), which was promulgated on March 16, 2007 and became effective on October 1, 2007. Pursuant to the Property Law of the PRC, property rights are the exclusive rights of direct control with over a specific property, which include ownership, usufruct rights and collateral rights

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to the property; except as otherwise provided by law, any creation, modification, transfer or termination of immovable property rights becomes effective only upon registration in accordance with the relevant laws. Ownership of all lawful properties of the state, collective organizations, individuals and any other right holders are protected by the Property Law.

LABOR AND PRODUCTION SAFETY

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the NPC on July 5, 1994, which went into force on January 1, 1995 and amended on August 27, 2009, the employer shall not pay laborers wages lower than local standards on minimum wages. In addition, the employer shall abide by the rules on working hours and periods of rest and leave.

In accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which came into effect on January 1, 2008 and amended on December 28, 2012, an employing unit establishes a labor relationship with a laborer from the starting date of its use of labor services. Both parties must enter into a written labor contract by that date. The employing unit must notify employees of the job specifications, working conditions, place of work, occupational hazards, work safety status, remuneration and other information requested by the employees. The employing units and employees must fully perform their respective obligations in accordance with the provisions stipulated in the labor contracts.

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which came into effect on July 1, 2011, the PRC has established a social insurance system that covers basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Under this system, employees shall participate in such insurance packages as pension, medical and unemployment insurance, for which premiums shall be paid by both the employing units and the employees. Employees shall also participate in work-related injury and maternity insurance, for which contribution is the sole responsibility of the employing units under the relevant laws.

In accordance with the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), which came into effect on April 3, 1999 and was amended on March 24, 2002, enterprises in the PRC shall complete the registration of a housing provident fund with the competent housing fund management center and open housing provident fund accounts for employees with designated banks. The payment and deposit rates for the housing provident funds of both employees and employers shall not be less than 5% of the average monthly salary of the individual employee in the previous year. The housing provident fund to be paid and deposited by an individual employee shall be withheld from his or her salary by the employer for which he serves.

In accordance with the Production Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the NPC on June 29, 2002 and came into force on November 1, 2002 and amended on August 27, 2009, together with other relevant laws and regulations, enterprises engaged in production activities are required to: (i) comply with relevant laws and regulations on production safety, (ii) strengthen managerial control over production safety, (iii) improve on safety precautions at the production sites, and (iv) establish or improve accountability systems with regard to safety incidents to ensure workplace safety at the production sites. Entities that do not satisfy the relevant

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safety requirements may not engage in production activities. Further, entities that engage in production in disregard of the relevant production safety laws and regulations may be subject to administrative sanctions, such as penalties, orders for rectification within a set limited period or suspension of business operations. Such illegal production activities may also violate criminal statutes and be subject to criminal liabilities.

ENVIRONMENTAL PROTECTION

In accordance with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which came into effect on December 26, 1989, all enterprises that cause environmental pollution and other public hazards are required to , establish an environmental protection responsibility system and adopt effective measures to prevent and control pollution of the environment by waste gases, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities.

Installations for the prevention and control of pollution at a construction project shall be designed, built and commissioned together with the principal part of the project. No permission shall be granted for a construction project to be commissioned until its installations for the prevention and control of pollution have been examined and confirmed to meet applicable standards by the competent administrative department of environmental protection that examined and approved the environmental impact statement.

In accordance with the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), effective as of November 29, 1998, and the Law of the PRC on Environmental Impact Appraisal (《中華人民共和國環境影響評價法》), effective as of September 1, 2003, the PRC has set up a system to appraise the environmental impact of construction projects and practiced classified control over the environmental protection of construction projects based on the extent of their environmental impact.

For those construction projects that may result in material impact on the environment, an environmental impact report is required. This report serves as a comprehensive and detailed appraisal of the pollution generated and the environmental impact caused by the construction project. For those construction projects that may result in gentle impact on the environment, an environmental impact statement is required. This statement serves as an analysis or special-purpose appraisal of the pollution generated and the environmental impact caused by the construction project. For those construction projects that may only result in slight impact on the environment and are not required to undergo environmental impact appraisal, the filing and submission of an environmental impact registration form is required.

Entities responsible for the construction projects must submit the aforesaid environmental impact appraisal documents to the competent departments of environmental protection administration for examination and approval. If the entities fail to submit the aforesaid environmental impact appraisal documents in accordance with PRC laws and regulations, or if the documents are not approved after examination by the relevant administrative departments, the construction entities shall not commence construction.

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REGULATION IN RELATION TO OVERSEAS LISTING

On August 8, 2006, six PRC regulatory agencies, namely, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), SAT, the 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), the China Securities Regulatory Commission (中國證券監督管理委員會) (the “CSRC”), and SAFE, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), which became effective on September 8, 2006 and were subsequently amended on June 22, 2009. The M&A Rules include provisions that purport to require offshore special purpose companies, controlled directly or indirectly by PRC companies or individuals with a view to listing on an overseas stock exchange with their operating companies or assets in China, to obtain the approval of the CSRC prior to the listing and trading of their securities on any overseas stock exchange.

HISTORY AND DEVELOPMENT

Overview

With over 20 years of brand history, we have grown to become a reputable menswear player in the PRC, according to Frost & Sullivan.

Mr. Kwok, our founder and Chairman, first engaged in the manufacturing and sale of men's trousers in 1988 through Quanzhou Xincheng Trousers And Clothing Factory (泉州市新城西褲服裝廠), which primarily manufactured and sold trousers on a wholesale basis to department stores in the PRC. To capitalize on favorable industry dynamics in the branded menswear market in the PRC, Mr. Kwok launched the Chinese brand name “虎都” in conjunction with the English brand name “Tiger Capital” in the early 1990s and began to sell branded products through directly-operated concessions in department stores primarily located in provincial capitals.

In 1996, we established Tiger Capital HK and acquired Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司). We continued to operate Mr. Kwok's menswear business which resided with Xincheng Trousers And Clothing Factory (新城西褲服裝廠) in 1988. As part of our continued efforts to further enhance the brand image, we made the strategic decision to change the English brand name from “Tiger Capital” to “FORDOO” in the early 2000s, which we believed would more appropriately align the Chinese brand name with the English brand name. Around mid-1990s, we began to adopt a wholesale distributorship model as we believed such a business model would allow us to accelerate growth, and focus on our core competency of brand management, design, product development and production in the most cost efficient manner.

As the brand gradually established its reputation as a national domestic brand offering high quality, comfortable and well-fitted trousers, in 1996, we expanded our product offering to include business formal wear, business casual wear and accessory products to offer our customers a “one-stop” shopping experience. Our participation in the drafting of industry standards and our numerous industry awards are testament to our design and product development capabilities and our emphasis on product quality. For example, in November 2008, we were one of the few enterprises participating in the drafting and formulation of China's industry standards for the design and manufacture of pants. From 2009 onwards, we have received numerous industry awards including “Quality Award” by the China National Garment Association (中國服裝協會), “Top 10 (Industry) Most Credible Brand in Asia” and “Top 500 Asia Brand” by the Asia Brand Ceremony (亞洲品牌盛典), “Top 10 Menswear Brand” by Brand China Industry Union (品牌中國產業聯盟), a “Well-known Trademark of China” by SAIC and “Top 500 Most Competitive Textile and Garment Enterprises” by the National Textile and Apparel Council.

We have undergone various corporate restructuring to streamline and rationalize our organizational structure. In the PRC, Fordoo Clothing, which was established in 2007 and acquired by us in 2008, is currently our primary operating subsidiary and has taken up the operations which can be traced back to various companies, including Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司), which we acquired in 1996, and Tiger Capital Fashion, which was established in 2004. In April 2011, Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) was transferred to an Independent Third Party. Tiger Capital HK was established under

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the laws of Hong Kong as the immediate holding company of our PRC subsidiaries. In anticipation of the Listing, our Company and Bigtime Global were incorporated under the laws of the Cayman Islands on December 23, 2013 and under the laws of the BVI on June 6, 2013, respectively, to serve as the holding company and intermediate holding company of our Group, respectively.

IMPORTANT MILESTONES

The following illustrates our historical business development and milestones:

Year	Event
1990	Our founder and chairman, Mr. Kwok launched the Chinese brand name “虎都” in conjunction with the English brand name “Tiger Capital” which was subsequently changed to “FORDOO”.
1996	Tiger Capital HK was established and acquired Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) which was established in 1995.
2004	Tiger Capital Fashion was established under the laws of the PRC.
2007	We moved to Fordoo Industrial Park with an aggregate area of approximately 45,465 sq.m.
2008	We acquired Fordoo Clothing, which was established under the laws of the PRC in 2007. We were one of the few enterprises being invited by National Technical Committee on Garment Standardisation (西褲國家標準審定會) to participate in the drafting and formulation of China’s industry standards for trousers making and design.
2010	Our “Fordoo” brand was awarded “Top 10 Menswear Brand” (十大男裝品牌) by Brand China Industry Union (品牌中國產業聯盟). Our “Fordoo” brand was accredited as “Well-known Trademark of China” (中國馳名商標) by the State Administration for Industry and Commerce of the PRC (國家工商行政管理總局).
2012	We were recognized as “Top 10 (Industry) Most Credible Brand in Asia” (亞洲(行業)十大公信力品牌) and “Top 500 Asia Brand” (亞洲品牌500強) by the Asia Brand Ceremony (亞洲品牌盛典) We obtained the laboratory accreditation certificate for our testing center from China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會).
2014	We received the “Quality Award” by the China National Garment Association (中國服裝協會).

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OUR HISTORY

History of our PRC Subsidiaries

As of the Latest Practicable Date, our Group had a number of operating subsidiaries in the PRC. Among our PRC incorporated subsidiaries, we consider Tiger Capital Fashion and Fordoo Clothing material to the performance of our Group during the Track Record Period.

Tiger Capital Fashion

Tiger Capital Fashion was established as a WFOE on March 2, 2004 with an initial total investment amount of HK\$100 million and an initial registered capital of HK\$50 million to primarily engage in the business of manufacturing and sale of menswear apparel products. Following the completion of all relevant government registration procedures, Tiger Capital Fashion commenced business in January 2005. Mr. Kwok financed the establishment of Tiger Capital Fashion with his own financial resources generated from the menswear businesses engaged by him prior to the establishment of Tiger Capital Fashion. At the time of its establishment, Tiger Capital Fashion was wholly-owned by Tiger Capital HK, which was 90% owned by Mr. Kwok and 10% owned by Ms. Wang Hsiu Chin (王秀勤), the mother of Mr. Kwok. Tiger Capital Fashion transferred its major capital assets and businesses to Fordoo Clothing respectively in 2008 and 2009 as part of our internal restructuring as at the time, we considered the initial operation period of Tiger Capital Fashion, which was then due to expire in March 2014 (we subsequently extended its operation period to March 2017 upon the expiry of its initial operation period), posed uncertainties to our business. We considered that arranging Fordoo Clothing, which operation period will only expire in February 2027, to take up such capital assets and businesses, was beneficial to our long-term development.

Tiger Capital Technology

Tiger Capital Technology was established as a limited liability company on July 28, 2006 under the initial name of Weizu Investment Management Company Limited (福建省威族投資管理有限公司) (“**Weizu Investment Management**”) with an initial registered capital of RMB30 million. At the time of its establishment, Weizu Investment Management was wholly-owned by Tiger Capital Fashion, which was in turn wholly-owned by Tiger Capital HK.

At the time of establishment, it was intended that Weizu Investment Management would be used to acquire and hold a piece of land at Zi Shan Town Ding Chi Tu Village (紫山鎮頂赤塗村) (the “**Land**”) for future development of our Group. However, as our Group did not have specific development plans on the Land since its acquisition, Weizu Investment Management has not commenced any business operations since its incorporation. In order to better utilize our Group’s management resources, Tiger Capital Fashion and Weizu Century, which was then owned by Kwok Sha Lee (郭莎莉), the daughter of Mr. Kwok, entered into an equity transfer agreement dated March 30, 2011, pursuant to which Tiger Capital Fashion transferred 100% equity interest in Weizu Investment Management to Weizu Century for a consideration of RMB30 million, which was determined by reference to the net assets of Weizu Investment Management as valued by an independent valuer at the

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relevant time. Upon completion and settlement of such transfer, Weizu Investment Management became a wholly-owned subsidiary of Weizu Century. On April 19, 2011, Weizu Investment Management changed its name to Weizu Zhiye Company Limited (福建威族置業有限公司) (“**Weizu Zhiye**”).

In late 2011, we considered the Land would be suitable for our expansion and development of a research and development center and our future development. Therefore, on October 17, 2011, Weizu Century and Tiger Capital Fashion entered into another equity transfer agreement, pursuant to which Weizu Century transferred 100% equity interest in Weizu Zhiye back to Tiger Capital Fashion for a consideration of RMB30 million, which was the same amount of the transfer from Tiger Capital Fashion to Weizu Century, and which was also determined by reference to the net assets of Weizu Zhiye as valued by an independent valuer as of September 30, 2011. Upon completion and settlement of such transfer, Weizu Zhiye became a wholly-owned subsidiary of Tiger Capital Fashion again. On April 20, 2012, Weizu Zhiye changed its name to Tiger Capital Technology.

In view that the majority of the capital assets and businesses of Tiger Capital Fashion have been transferred to Fordoo Clothing in 2008 and 2009 pursuant to our internal restructuring, on December 13, 2012, Tiger Capital Fashion and Fordoo Clothing entered into a share transfer agreement pursuant to which Tiger Capital Fashion transferred 100% equity interest in Tiger Capital Technology to Fordoo Clothing for a consideration of RMB30 million, which was determined by the net assets of Tiger Capital Technology as valued by an independent valuer as of November 30, 2012. Upon completion and settlement of such transfer, Tiger Capital Technology became a wholly-owned subsidiary of Fordoo Clothing.

Fordoo Clothing

Fordoo Clothing was established as a WFOE on February 14, 2007 under the initial name of “Shishi Hengdahui Dress Weaving Co., Ltd (石獅恒達輝服飾織造有限公司)” (“**Hengdahui**”) with an initial total investment amount of HK\$5 million and an initial registered capital of HK\$5 million, to engage in the business of manufacturing and wholesale of apparel products. At the time of its establishment, Hengdahui was wholly-owned by Mr. Choi Cheung Kun (蔡長權), an Independent Third Party. As our Group has been in discussion with Mr. Choi Cheung Kun (蔡長權) regarding the acquisition of the equity interest in Hengdahui since the end of 2007, in order to expedite the relevant administrative procedures in connection with the transfer of equity interest of Hengdahui, it was agreed that Hengdahui shall effect a change of corporate name at our Group’s discretion and a change of the registered office address from Shishi, Quanzhou to Fengze District, Quanzhou, where our headquarters are located, prior to the signing of equity transfer agreement between the parties. Against such background, on May 7, 2008, Hengdahui changed its name to Fordoo (China) Men’s Clothing Ltd. (虎都(中國)男裝有限公司). On May 10, 2008, Mr. Choi and Tiger Capital HK entered into a share transfer agreement pursuant to which he transferred 100% equity interest in Fordoo Clothing to Tiger Capital HK for a consideration of HK\$5 million, which was determined by reference to the then registered capital of in Fordoo Clothing. On June 4, 2008, the registered capital of Fordoo Clothing was further increased to HK\$60 million. Fordoo Clothing commenced our business in January 2009.

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Yindu Fashion

Yindu Fashion was established as a limited company on November 27, 2008 with an initial registered capital of RMB\$5 million to primarily engage in the business of sportswear products and commenced operations in January 2009. At the time of its establishment, Yindu Fashion was 55% owned by Tiger Capital Fashion and the remaining 45% owned by two individuals, both being Independent Third Parties other than being a shareholder of Yindu Fashion. We were a passive investor of Yindu Fashion with no board representation. As the business focus of Yindu Fashion was different from that of our Group, and in view that our initial investment in Yindu Fashion of RMB2,750,000 was relatively modest, we did not seek to control the daily operations of Yindu Fashion and agreed to leave the same to the other two individual shareholders who had the relevant expertise in sportswear. In addition, since its establishment and prior to its cessation of operation, Yindu Fashion had not convened any shareholders' meeting and was effectively controlled by its legal representative, who was one of the individual shareholders holding 30% interest, we did not have any actual control over the activities of Yindu Fashion. As the operating results of Yindu Fashion had not been satisfactory and the shareholders of Yindu Fashion were unable to come into agreement as to the development plans of Yindu Fashion, it ceased operations by May 2010. As the individual shareholder of Yindu Fashion who held 30% equity interest therein and was its legal representative could not be contacted, Yindu Fashion was unable to conduct annual inspection for 2010 within the statutory period, resulting in the business license of Yindu Fashion being revoked by the Administration of Industrial and Commerce of Quanzhou pursuant to the Decision on Administrative Penalty (《行政處罰決定書》) on November 21, 2012. Yindu Fashion was not required to pay any fines by reason of revocation of its business license.

Yindu Fashion has completed local tax deregistration and social insurance deregistration on April 23, 2010 and May 24, 2010 respectively. Its competent national tax bureau advised us on August 27, 2013 that the national tax deregistration of Yindu Fashion had been also completed. Yindu Fashion completed the deregistration in connection with administration for industry and commerce on April 9, 2014. As our Group's investment costs in Yindu Fashion of RMB2,750,000 had been written off in full during the year ended 31 December 2009, our Group is not expected to record any gain or loss in connection with the deregistration of Yindu Fashion. Our Directors also confirmed that, upon making reasonable enquiries, there are no outstanding liabilities or obligations of Yindu Fashion to be borne by our Group.

Our PRC legal advisors, King & Wood Mallesons, confirmed that, where applicable, all historical transfers in the shareholding of our PRC subsidiaries during the Track Record Period has complied with the relevant laws and regulations and have obtained all necessary approvals from the relevant authorities.

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History of our disposed PRC Subsidiary

Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司)

Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) was established as a WFOE on November 7, 1995 with an initial investment amount and initial registered capital both of HK\$5 million to engage in the manufacturing of garments. It was acquired by Tiger Capital HK in October 1996. Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) commenced operations in October 1996. Pursuant to an equity transfer agreement dated January 24, 2011, Tiger Capital HK disposed of 100% equity interest of Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) to an Independent Third Party for a consideration of HK\$21.5 million, which was equivalent to its registered capital amount. We decided to dispose of Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) as its registered office was situated at a different location from the major operations of our Group and we considered it was cost inefficient and inconvenient for us to manage its operations. As the operation period of Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) was due to expire in 2015 and we did not intend to renew upon expiry because of the aforementioned reason, we consider disposing of its equity interest and getting back the investment we made in Quanzhou Fordoo Garment Manufacturing Co., Ltd. (泉州虎都製衣有限公司) was beneficial to us.

History of our Company and other Offshore Subsidiaries

Our Company

Our Company was incorporated in the Cayman Islands on December 23, 2013 as a limited liability company with an authorized share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. It is an investment holding company. At the time of incorporation, Codan Trust Company (Cayman) Limited subscribed for one Share of the Company, representing 100% of its issued share capital, at par value. On the same day, Codan Trust Company (Cayman) Limited transferred its one Share in our Company to Mr. Kwok at par value and such transaction was settled. On January 13, 2014, Everkept acquired one share of our Company at par value of HK\$0.01. Upon settlement and completion of such transfer on the same day, our Company became a wholly-owned subsidiary of Everkept. For further details of the changes in the shareholding structure of our Company since its incorporation, see the paragraph headed “Corporate Reorganization” in this section below.

HISTORY AND DEVELOPMENT

Bigtime Global

Bigtime Global was incorporated in the BVI on June 6, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. It is an investment holding company. On July 3, 2013, each of Mr. Kwok and his wife, Ms. Wong Tung Yam (黃東吟), subscribed for 7 shares and 3 shares of Bigtime Global at par value of US\$1.0 each respectively. Upon settlement and completion of such subscription, Bigtime Global became held as to 70% by Mr. Kwok and 30% by Ms. Wong Tung Yam. On January 13, 2014, our Company acquired 7 shares and 3 shares of Bigtime Global for a consideration of US\$7.00 and US\$3.00 from Mr. Kwok and Ms. Wong Tung Yam respectively at par value of US\$1.0 each, representing 70% and 30% of the total issued share capital of Bigtime Global. Upon settlement and completion of such transfer on the same day, Bigtime Global became a wholly-owned subsidiary of our Company.

Tiger Capital HK

Tiger Capital HK (香港虎都集團有限公司, formerly known as Tiger Capital Fashion (Holdings) Company Limited 虎都服飾集團有限公司) was incorporated in Hong Kong on May 7, 1996 as a limited liability company with an authorized and issued share capital of HK\$10,000 divided into 10,000 shares of HK\$1.0 each. It is an investment holding company. At the time of incorporation, Mr. Kwok and Ms. Wang Hsiu Chin (王秀勤), the mother of Mr. Kwok, held 9,000 shares and 1,000 shares in the capital of Tiger Capital HK, representing 90% and 10% of its total issued share capital, respectively.

On January 15, 2014, Bigtime Global subscribed for 90,000 new shares of Tiger Capital HK for a consideration of HK\$90,000 at par value of HK\$1.0 each. Upon settlement and completion of such subscription, Tiger Capital HK became held as to 90%, 9%, and 1% by each of Bigtime Global, Mr. Kwok and Ms. Wang Hsiu Chin, respectively.

On January 21, 2014, Bigtime Global acquired 9,000 and 1,000 shares of Tiger Capital HK, representing 9% and 1% of the issued share capital of Tiger Capital HK for a consideration of HK\$9,000 and HK\$1,000, from Mr. Kwok and Ms. Wang Hsiu Chin respectively. Upon settlement and completion of such acquisitions on the same day, Tiger Capital HK became a wholly-owned subsidiary of Bigtime Global.

HISTORY AND DEVELOPMENT

ASSET DISTRIBUTION AMONG THE IMMEDIATE FAMILY MEMBERS OF MR. KWOK UNDER THE CORPORATE REORGANIZATION

Mr. Kwok distributed assets to his immediate family members, namely Ms. Wong Tung Yam, Ms. Kwok Sha Lee, Mr. Kwok Hon Fung and Mr. Kwok Hon Pan under the Corporate Reorganisation by way of transferring Shares to entities controlled by them directly or indirectly. Set out below is a summary of the particulars of his immediate family members, entities controlled by them and their shareholding in our Company.

<i>Name of Mr. Kwok's immediate family members</i>	Ms. Wong Tung Yam	Ms. Kwok Sha Lee	Mr. Kwok Hon Fung	Mr. Kwok Hon Pan
<i>Relationship with Mr. Kwok</i>	The spouse of Mr. Kwok	The daughter of Mr. Kwok and Ms. Wong Tung Yam, and the sister of Mr. Kwok Hon Fung and Mr. Kwok Hon Pan	The elder son of Mr. Kwok and Ms. Wong Tung Yam, and the brother of Mr. Kwok Hon Pan and Ms. Kwok Sha Lee	The younger son of Mr. Kwok and Ms. Wong Tung Yam, and the brother of Mr. Kwok Hon Fung and Ms. Kwok Sha Lee
<i>Extent of shareholding and in which company</i>	30% interest in Everkept, a Controlling Shareholder	100% in Upright Victor, an investment holding company incorporated in the BVI	100% in Equal Plus, an investment holding company incorporated in the BVI	100% in Key Tide, an investment holding company incorporated in the BVI
<i>Date of relevant agreement</i>	January 23, 2014, being the date of the instrument of transfer of shares in Everkept entered into between Ms. Wong Tung Yam and Mr. Kwok and between Ms. Wong Tung Yam and Ms. Wang Hsiu Chin	January 23, 2014, being the date of the application of Shares in our Company	January 23, 2014, being the date of the application of Shares in our Company	January 23, 2014, being the date of the application of Shares in our Company
<i>Consideration</i>	US\$3.00	HK\$3.33	HK\$14.00	HK\$12.67
<i>Payment date of the Consideration</i>	January 23, 2014	January 23, 2014	January 23, 2014	January 23, 2014
<i>Basis of determination of consideration</i>	Par value of the shares of Everkept acquired by Ms. Wong Tung Yam in the course of the Corporate Reorganization	Par value of the Shares being subscribed for in the course of the Corporate Reorganization	Par value of the Shares being subscribed for in the course of the Corporate Reorganization	Par value of the Shares being subscribed for in the course of the Corporate Reorganization

HISTORY AND DEVELOPMENT

<i>Approximate shareholding in our Company upon Listing (Assuming the Over-allotment Option is not exercised)</i>	51%	2.50%	10.50%	9.50%
<i>Lock-up</i>	Pursuant to a lock-up undertaking dated June 9, 2014, Mr. Kwok, Ms. Wong Tung Yam and Everkept have agreed that, save as the Shares to be sold by it upon exercise of the Over-allotment Option, all Shares held by Everkept will be locked up for 6 months from the Listing Date.	Pursuant to a lock-up undertaking dated June 9, 2014, Upright Victor has agreed all Shares held by it will be locked up for 6 months from the Listing Date.	Pursuant to a lock-up undertaking dated June 9, 2014, Equal Plus has agreed all Shares held by it will be locked up for 6 months from the Listing Date.	Pursuant to a lock-up undertaking dated June 9, 2014, Key Tide has agreed all Shares held by it will be locked up for 6 months from the Listing Date.
<i>Public Float</i>	Since Ms. Wong Tung Yam's interest in our Group is held via Everkept, our Controlling Shareholder and a connected person of our Company, the Shares held by Everkept would not be counted towards part of the public float.	Since Upright Victor is beneficially owned by Ms. Kwok Sha Lee, a connected person of our Company, the Shares held by it would not be counted towards part of the public float.	Since Equal Plus is beneficially owned by Mr. Kwok Hon Fung, a connected person of our Company, the Shares held by it would not be counted towards part of the public float.	Since Key Tide is beneficially owned by Mr. Kwok Hon Pan, a connected person of our Company, the Shares held by it would not be counted towards part of the public float.

HISTORY AND DEVELOPMENT

OUR PRE-IPO INVESTOR

In connection with the Corporate Reorganization, we have introduced ZHFA as our pre-IPO investor prior to the Listing.

A summary of the key particulars of the investment by the pre-IPO investor is set out below:

Name of investor	ZHFA
<i>Background of investor</i>	<p>Our Company first engaged Shanghai Zhonghui in October 2010</p> <p>Investment holding company incorporated in the BVI and is beneficially owned as to 50% by Mr. Li Ho Tan and 50% by Mr. Johnny Chen</p> <p>ZHFA was nominated by Shanghai Zhonghui to hold shares in our Company. Shanghai Zhonghui is a company established in the PRC which provides consulting services</p> <p>None of Mr. Li Ho Tan, Mr. Johnny Chen, Shanghai Zhonghui and ZHFA is a licensed person under the SFO, and each of them is independent from all professional advisers involved in the Listing. Other than the fact that ZHFA will hold 1.5% Shares upon the Listing (assuming the Over-allotment Option is not exercised and none of the options to be granted under the Share Option Scheme are exercised), each of Mr. Li Ho Tan, Mr. Johnny Chen, Shanghai Zhonghui and ZHFA is independent from our Company, our connected persons and their respective associates</p>
<i>Date of relevant agreement</i>	<p>October 15, 2010, being the date of the consultancy service agreement entered into between Fordoo Clothing and Shanghai Zhonghui and December 31, 2013, being the date of a supplemental agreement to the consultancy service agreement entered into between Fordoo Clothing, Shanghai Zhonghui and Mr. Kwok pursuant to which the parties confirmed, among other things, that the services provided by Shanghai Zhonghui to our Group have been completed, and January 23, 2014, being the date of application for Shares in our Company</p>

HISTORY AND DEVELOPMENT

Name of investor

ZHFA

Consideration

HK\$2.00 and non-cash consideration involving the provision of services as detailed in the paragraph headed “Services provided” below

Services provided

Certain corporate advisory and consultancy services by Shanghai Zhonghui including studies on listing feasibility and design of our listing plan, design of our business and corporate reorganization plan, introduction and shortlisting of professional advisors to our Group and prepare us for and assist us in the strategic planning and Listing for matters mainly involving internal coordination within our Group and which fall outside the normal responsibilities and services of the Sole Sponsor as required under the Listing Rules, including secondment of staff to our Group to assist us on the administrative and other support services, namely, the collection, organisation and distribution of information and documents prepared and provided by the management of our Group in response to the requests addressed to our Group from various professional parties involved in the listing application. Such administrative and other support services do not involve any allocation of work amongst or making arrangement with our external advisers involved in the application for the Listing and are not typically performed by a sponsor to a listing application

As confirmed by each of Shanghai Zhonghui, Mr. Li Ho Tan and Mr. Johnny Chen, each of them has not provided any service which is a regulated activity (namely, dealing in securities, dealing in future contracts, leveraged foreign exchange trading, advising on securities, advising on future contracts, advising on corporate finance, providing automated trading services, securities margin financing and asset management) which requires a license under the SFO and has not engaged and/or provided any service that is to be provided by a sponsor to a listing applicant

Reasons for engagement of Shanghai Zhonghui

As the business of our Group grows, which requires the undivided attention of our management, our Directors believe it is beneficial to our Group to engage Shanghai Zhonghui to our Company to assist in the administrative and other support services relating to the preparation and application for the Listing on a project basis

Payment date of the Consideration

January 23, 2014 in respect of the subscription amount in relation to application of our Shares and non-cash consideration involving the services provided by Shanghai Zhonghui from October 15, 2010 to December 31, 2013

HISTORY AND DEVELOPMENT

Name of investor

ZHFA

Basis of determination of consideration and reasons for adopting share-based payment

Arm's-length negotiations between the parties. When the consultancy service agreement was signed on October 15, 2010, our Company had not formulated its detailed plan for the Listing, including any timetable and the valuation of our Company at the time of the Listing. As such, there was no visibility of the monetary value of the Shares upon the Listing at that time, and the parties confirmed that the issuance of the Shares to ZHFA was not conditioned upon any minimum market capitalization of our Company at the time of the Listing. The Directors considered the arrangement to issue 2% of the issued share capital in our Company before the Listing to ZHFA (which would be further diluted to 1.5% upon the Listing) was commercially reasonable after taking into account: (i) in the event that the Listing does not take place, our Company is not required to make any other payment to Shanghai Zhonghui, and (ii) if the Listing does not take place before 31 December 2014, ZHFA will be obliged to return the 2% of the issued share capital in our Company to Mr. Kwok.

We decided to issue Shares as consideration in order to reduce our cash outflow in connection with the preparation of our Listing

The Shares to be issued to ZHFA upon the Listing at the direction of Shanghai Zhonghui is the only consideration our Group paid under the engagement of Shanghai Zhonghui. Our Group is not obliged to pay any consideration to Shanghai Zhonghui or ZHFA in the event that our Company fails to obtain a listing on the Stock Exchange.

Accounting treatment for share-based payment and basis

The Shares issued to ZHFA in consideration for the consultancy services provided by Shanghai Zhonghui constituted share-based payment. The fair value of these Shares is estimated and the amount related to the listing of the existing equity of our Company is recognized as an expense in the four years ended December 31, 2013 with an amount of RMB8.1 million and as an expense and reduction of share premium in the year ending December 31, 2014 with an estimated amount of RMB6.6 million. We determined the accounting treatment with reference to IFRS 2 Share-Based Payment.

Use of proceeds

General working capital of our Group, which has been fully utilized

HISTORY AND DEVELOPMENT

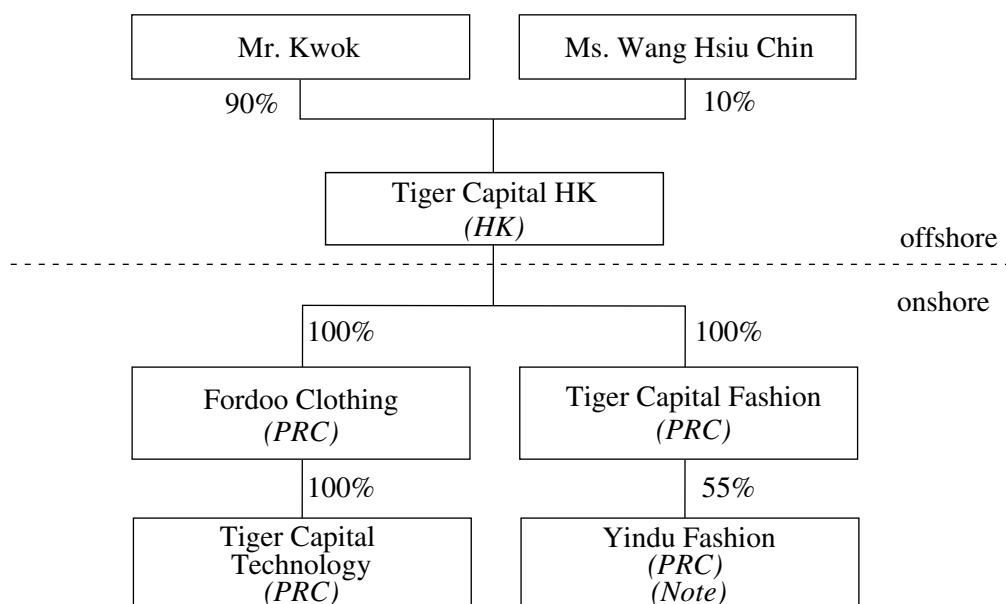
Name of investor	ZHFA
<i>Approximate shareholding in our Company upon Listing (Assuming the Over-allotment Option is not exercised)</i>	1.50%
<i>Strategic benefits to our Group</i>	Enlarge our shareholder base
<i>Special rights</i>	Nil
<i>Lock-up</i>	Pursuant to a lock-up undertaking dated June 9, 2014, ZHFA has agreed that, save as the Shares to be sold by it upon exercise of the Over-allotment Option, all Shares held by it will be locked up for 6 months from the Listing Date.
<i>Public Float</i>	Since the shareholding of ZHFA in our Company upon the Listing is less than 10%, the Shares held by ZHFA would be counted towards part of the public float.
<i>Other significant terms</i>	If the Listing does not materialize by December 31, 2014, ZHFA shall transfer all Shares it holds in our Company to Mr. Kwok for nil consideration.

The Sole Sponsor is of the view that the pre-IPO investment is in compliance with the Interim Guidance on pre-IPO investments issued by the Stock Exchange on October 13, 2010 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013. The Sole Sponsor is of the view that the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 is not applicable.

HISTORY AND DEVELOPMENT

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:



Note: The remaining 45% of the equity interest in Yindu Fashion is held by two individuals, both being Independent Third Parties other than being shareholders of Yindu Fashion. Yindu Fashion completed the deregistration in connection with administration for industry and commerce on April 9, 2014.

CORPORATE REORGANIZATION

Our Group underwent the Corporate Reorganization prior to the Listing which involved the following steps:

(1) Incorporation of Offshore Investment Vehicles

- a) Everkept was incorporated in the BVI on June 6, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each. On July 3, 2013, one share was allotted and issued to Mr. Kwok as fully paid at par value. On January 13, 2014, each of Mr. Kwok and his mother, Ms. Wang Hsiu Chin (王秀勤), subscribed for 8 new shares and 1 new share in the capital of Everkept at par value. Upon completion of such subscription, Everkept became held as to 90% by Mr. Kwok and 10% by Ms. Wang Hsiu Chin (王秀勤).
- b) Upright Victor was incorporated in the BVI on May 30, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each at par value. On July 3, 2013, Ms. Kwok Sha Lee (郭莎莉), the sister of Mr. Kwok Hon Fung (郭漢鋒) and Mr. Kwok Hon Pan (郭漢彬), subscribed for one share of Upright Victor at par value, and Upright Victor became wholly-owned by Ms. Kwok Sha Lee (郭莎莉).

HISTORY AND DEVELOPMENT

- c) Equal Plus was incorporated in the BVI on June 3, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each at par value. On July 3, 2013, Mr. Kwok Hon Fung (郭漢鋒), the brother of Ms. Kwok Sha Lee (郭莎莉) and Mr. Kwok Hon Pan (郭漢彬), subscribed for one share of Equal Plus at par value, and Equal Plus became wholly-owned by Mr. Kwok Hon Fung (郭漢鋒).
- d) Key Tide was incorporated in the BVI on May 31, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each at par value. On July 3, 2013, Mr. Kwok Hon Pan (郭漢彬), the younger brother of Ms. Kwok Sha Lee (郭莎莉) and Mr. Kwok Hon Fung (郭漢鋒), subscribed for one share of Key Tide at par value, and Key Tide became wholly-owned by Mr. Kwok Hon Pan (郭漢彬).
- e) ZHFA was incorporated in the BVI on January 18, 2011 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each a par value. ZHFA was held as to 50% by Mr. Li Ho Tan and 50% by Mr. Johnny Chen.

(2) Incorporation of Our Company and its Immediate Subsidiary

- a) Our Company was incorporated in the Cayman Islands on December 23, 2013 with an authorized share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each at par value. At the time of incorporation, our Company allotted and issued one Share at par value of HK\$0.01, representing its entire issued share capital, to Codan Trust Company (Cayman) Limited as nil paid. On the same day, Codan Trust Company (Cayman) Limited subsequently transferred the aforementioned Share to Mr. Kwok.
- b) Bigtime Global was incorporated in the BVI on June 6, 2013 with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each at par value. On July 3, 2013, each of Mr. Kwok and his wife, Ms. Wong Tung Yam (黃東吟), subscribed for 7 shares and 3 shares of Bigtime Global at par value, respectively. Upon settlement and completion of such subscription on the same day, Bigtime Global became held as to 70% by Mr. Kwok and 30% by Ms. Wong Tung Yam (黃東吟).
- c) On January 13, 2014, Everkept acquired one share of the issued share capital of our Company at par value of HK\$0.01. Upon settlement and completion of such transfer on the same day, our Company became a wholly-owned subsidiary of Everkept.
- d) On January 13, 2014, our Company acquired 7 shares and 3 shares of Bigtime Global from Mr. Kwok and Ms. Wong Tung Yam (黃東吟) respectively at par value of US\$1.0 each, representing 70% and 30% of the total issued share capital of Bigtime Global. Upon settlement and completion of such subscription on the same day, Bigtime Global became a wholly-owned subsidiary of our Company.

HISTORY AND DEVELOPMENT

(3) **Transfer of Entire Issued Share Capital of Tiger Capital HK by Mr. Kwok and Ms. Wang Hsiu Chin to Immediate Subsidiary of Our Company**

- a) On January 15, 2014, the authorized share capital of Tiger Capital HK was increased from HK10,000 to HK\$100,000.
- b) On January 15, 2014, Bigtime Global subscribed for 90,000 new shares of Tiger Capital HK at par value of HK1.00. Upon settlement and completion of such subscription on the same day, Tiger Capital HK became held as to 90%, 9%, and 1% by each of Bigtime Global, Mr. Kwok and Ms. Wang Hsiu Chin (王秀勤), the mother of Mr. Kwok, respectively.
- c) On January 21, 2014, Bigtime Global acquired 9% and 1% of the issued share capital of Tiger Capital HK from Mr. Kwok and Ms. Wang Hsiu Chin respectively for a consideration of HK\$9,000 and HK\$1,000 respectively. Upon settlement and completion of such acquisitions on the same day, Tiger Capital HK became a wholly-owned subsidiary of Bigtime Global.

(4) **Shareholding Change of Everkept**

On January 22, 2014, Ms. Wong Tung Yam (黃東吟), the spouse of Mr. Kwok, acquired 10% and 20% of the issued share capital of Everkept from Ms. Wang Hsiu Chiu and Mr. Kwok for a consideration of US\$1.00 and US\$2.00, respectively. Upon settlement and completion of such acquisitions on the same day, Mr. Kwok and Ms. Wong Tung Yam (黃東吟) held 70% and 30% of the issued share capital of Everkept, respectively.

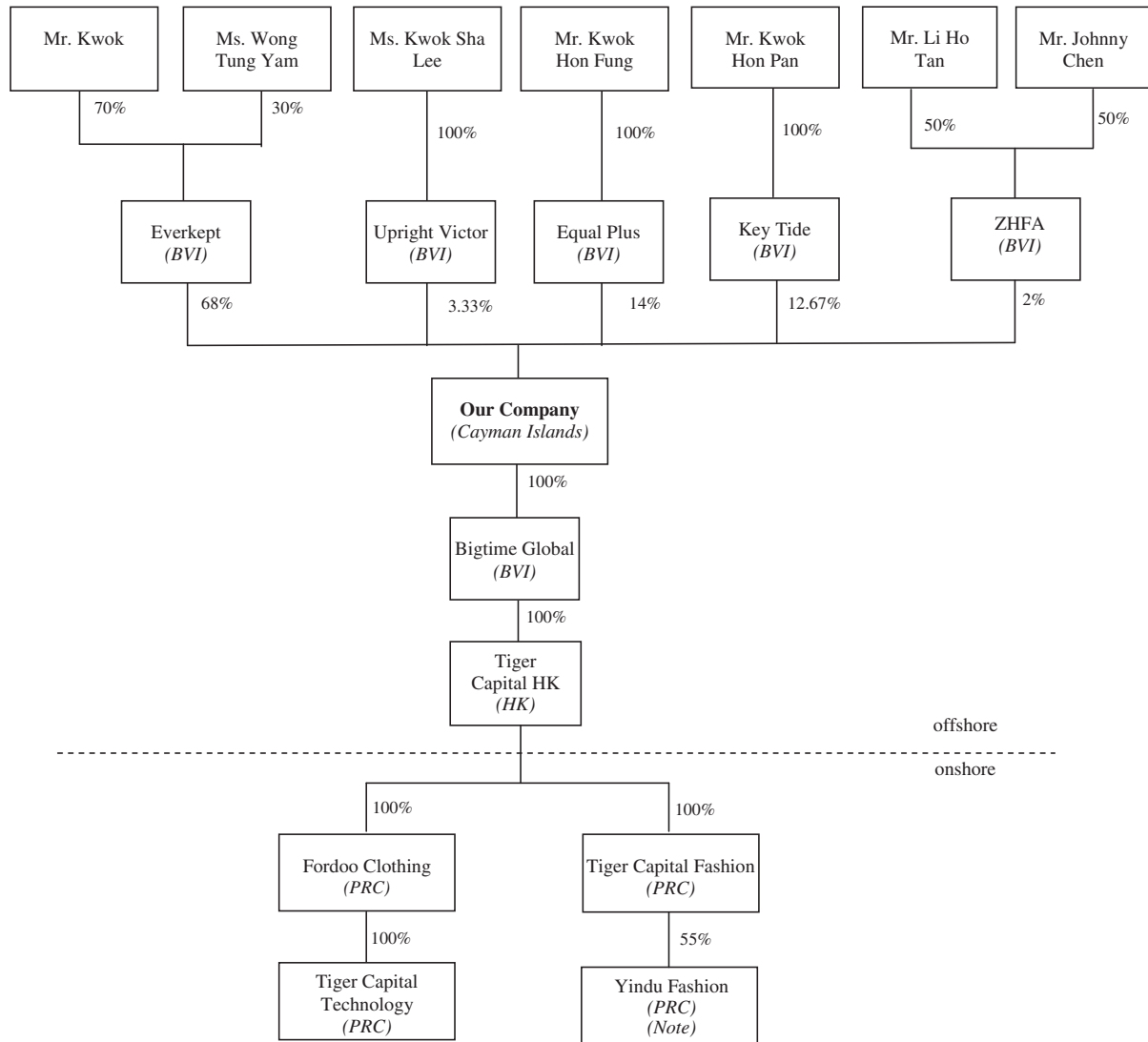
(5) **Shareholding Change of Our Company**

On January 23, 2014, Everkept, Upright Victor, Equal Plus, Key Tide and ZHFA subscribed for 6,799 Shares, 333 Shares, 1,400 Shares, 1,267 and 200 Shares in our Company for a consideration of HK\$67.99, HK\$3.33, HK\$14.00, HK\$12.67 and HK\$2.00 respectively. Upon completion and settlement of such acquisitions on the same day, our Company was held as to 68% by Everkept, approximately 3.33% by Upright Victor, 14% by Equal Plus, approximately 12.67% by Key Tide and 2% by ZHFA.

HISTORY AND DEVELOPMENT

GROUP STRUCTURE AFTER CORPORATE REORGANIZATION

The corporate structure of our Group after the Corporate Reorganization is set out below:

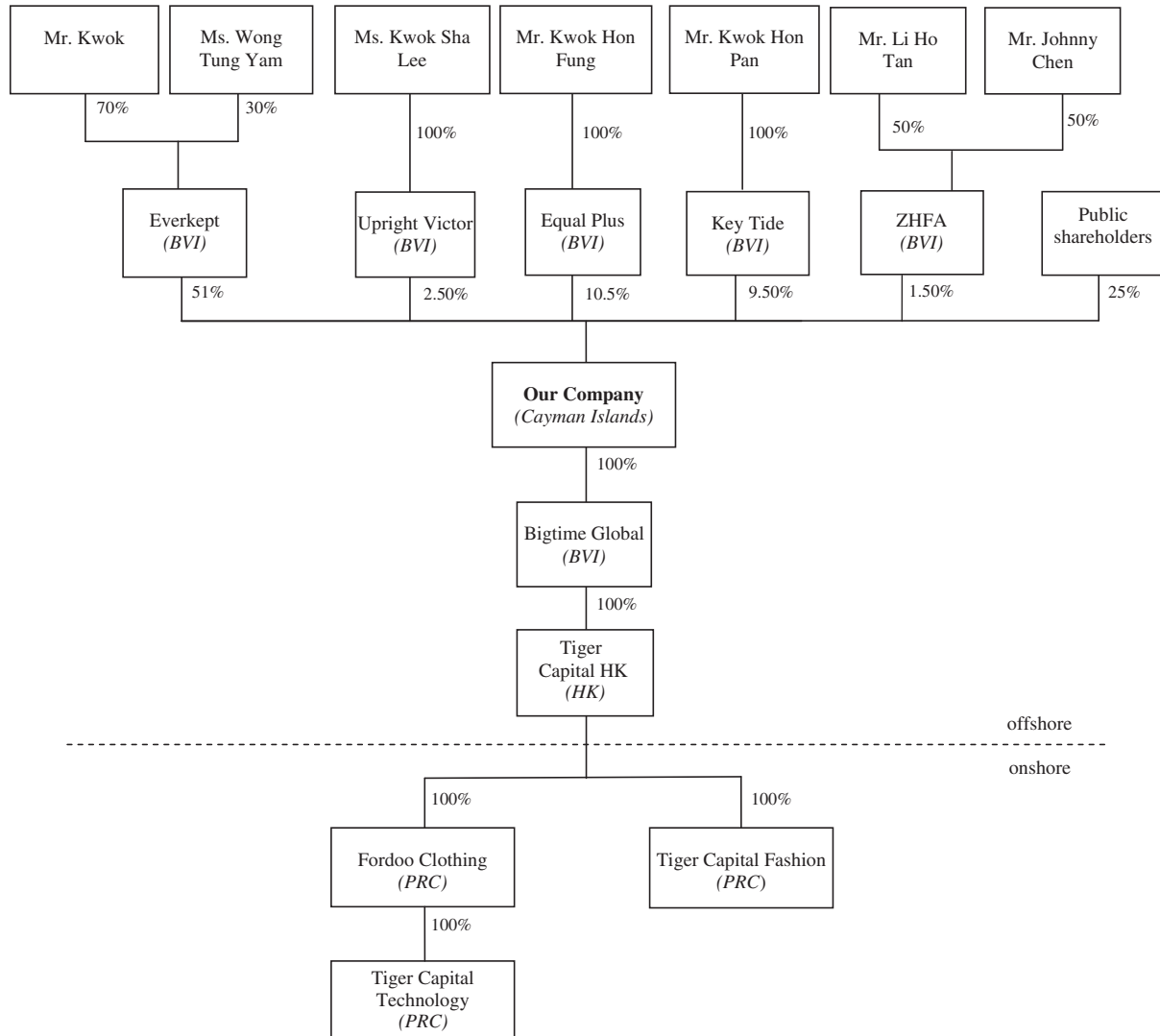


Note: The remaining 45% of the equity interest in Yindu Fashion was held by two individuals, both being Independent Third Parties other than being a shareholder of Yindu Fashion. Yindu Fashion completed the deregistration in connection with administration for industry and commerce on April 9, 2014.

HISTORY AND DEVELOPMENT

GROUP STRUCTURE IMMEDIATELY UPON COMPLETION OF THE GLOBAL OFFERING

The corporate structure of our Group immediately after the Corporate Reorganization and the Global Offering (assuming the Over-allotment Option is not exercised) and the Capitalization Issue is set out below:



HISTORY AND DEVELOPMENT

SAFE REGISTRATION

SAFE issued Circular No. 75 on October 21, 2005, which requires PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the Circular No. 75 as special purpose vehicles (“SPVs”). PRC residents who are shareholders of SPVs established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006. Further, PRC residents are required to file amendments to their registrations with the local SAFE branch within 30 days after such amendment happen if their SPVs undergo a material event involving changes in capital, such as changes in share capital, mergers and acquisitions, share transfers or exchanges, spin-off transactions or long-term equity or debt investments. On May 27, 2011, SAFE further issued Circular No. 19, effective on July 1, 2011, which further stipulates the procedures of registrations under Circular No. 75, and set out specific guidelines for the registration, deregistration and supplemental registration procedures for PRC residents engaging in capital financing and round-trip investment via SPVs.

Circular No. 19 specially provides that in addition to individuals who are PRC nationals, individuals who do not have lawful identity documents issued by the PRC but habitually reside in the PRC due to economic interests shall also be subject to the registration requirements under Circular No. 75. Circular No. 19 was later consolidated into a Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Policies on Administration of Foreign Exchange under Direct Investment issued by SAFE on November 19, 2012 (“**Circular No. 59**”). However, though both Circular No. 19 and Circular No. 59 list categories of individuals who fall into the scope of “habitually reside in the PRC due to economic interests”, what constitutes habitual residence is still not clear.

In November 2013, we filed an application with the SAFE authority in Quanzhou (“**Quanzhou SAFE**”), being the competent authority to receive the relevant application for SAFE registration in connection with our Listing. After reviewing our application, and taking into account of the fact that Mr. Kwok, the Controlling Shareholder of our Company, and his family members who were and/or would be ultimate shareholders of our Group both before and after the Corporate Reorganization, are Hong Kong permanent residents and holders of Hong Kong passports, the Quanzhou SAFE advised us that the Corporate Reorganization does not fall within the scope of the Circular No. 75 or require any registration with Quanzhou SAFE. Based on the result of our inquiry with Quanzhou SAFE, our PRC legal advisors, King & Wood Mallesons, is of the opinion that Mr. Kwok and the family members who are ultimate shareholders of our Company are not required to complete the registration under Circular No. 75 for the Corporate Reorganization.

HISTORY AND DEVELOPMENT

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

On August 8, 2006, six PRC Governmental and regulatory agencies, including the Ministry of Commerce and the CSRC, promulgated the Regulation on the Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Regulation”) which became effective on September 8, 2006 and was revised on June 22, 2009. Pursuant to the M&A Regulation, where a domestic individual person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of the Ministry of Commerce of the PRC; and the M&A Regulation require an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange.

Furthermore, our PRC legal advisors, King & Wood Mallesons, have confirmed that the above situations provided by the M&A Regulations are not applicable to the Corporate Reorganization because the Corporate Reorganization does not involve the acquisition of a related domestic company through an offshore company established or controlled by a PRC national. As our Corporate Reorganization did not directly involve any PRC entities, no material approvals from PRC governmental authorities necessary for the Corporate Reorganization were required.

BUSINESS

OVERVIEW

FORDOO is a reputable menswear brand in the PRC. We are positioned in the middle-upper menswear segment, which is the largest and fastest growing menswear segment in the PRC according to the Frost & Sullivan Report. We were ranked sixth with a market share of 2.9% in the middle-upper menswear market, which accounted for 30.4% of the overall menswear market in the PRC; we were ranked fifth in both the middle-upper business casual menswear segment with a market share of 4.0% and the middle-upper business formal menswear segment with a market share of 2.9%; and we were ranked second in the men's trousers category with a market share of 3.0%, all of which were in terms of retail sales in 2013, according to the Frost & Sullivan Report. We primarily target middle class men aged 30 to 60. We seek to promote an independent, successful and elite lifestyle through our brand. We manage and operate our business through a strategically integrated model, comprising brand management and marketing, design and product development, ordering process, procurement of raw materials, self-production and outsourced production and sales and distribution.

Our brand's history dates back to the early 1990's, when Mr. Kwok, our founder and Chairman, started manufacturing and marketing trousers. We have gradually established our reputation as a national domestic menswear brand offering comfortable, high quality and aesthetically pleasing trousers. Our strong brand recognition is evidenced by our numerous industry awards, including "Quality Award" by the China National Garment Association (中國服裝協會) in 2014, "Top 10 (Industry) Most Credible Brand in Asia" and "Top 500 Asia Brand" by Asia Brand Ceremony (亞洲品牌盛典) in 2012, "Top 10 Menswear Brand" by the Brand China Industry Union (品牌中國產業聯盟) in 2010, "Well-known Trademark of China" by SAIC since January 2010, "Top 500 Most Competitive Textile and Garment Enterprise" by the National Textile and Apparel Council in 2009, "Customer Satisfaction" by the China Association for Quality (中國質量協會) in 2009 and "China Top Brand" by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007.

We offer a wide spectrum of menswear apparel and accessory products through our FORDOO brand. Our products are primarily offered under our business casual and business formal product series, which are suitable for almost all business occasions. During the Track Record Period, we increased product offerings in the business casual category in order to meet the prevailing market trend and growing customer demand for business casual menswear. Our diversified product portfolio also allows us to address our customers' evolving needs and preferences. We introduced 933 SKUs at our sales fair in March 2013 for our autumn/winter collection and 755 SKUs at our sales fair in September 2013 for our spring/summer collection.

We believe we have strong in-house production and product development capabilities. We have a dedicated and experienced design and product development team, which, as of December 31, 2013, comprised 124 members, including key members with an average of 10 years of experience in fashion design. We have developed several patented technologies in the design and manufacture of menswear products, such as the eight-centimeter crotch curves standard (8cm內襠工藝), "trousers promoting health and wellness" ("健康型西褲"), "trousers using new zipper sewing technology" ("一種新型褲子") and an automatic infrared fly front sewing machine (一種紅外線自動上大小門襟機). As of December 31, 2013, we had obtained 15 patents for trousers, tops and molding devices. We have also successfully developed 11 advanced technical processes for our production of men's trousers, enabling us to offer trousers that combine comfort, functionality, style and quality.

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While we manufacture a substantial portion of our products at our own manufacturing facilities located in Quanzhou, Fujian Province, we also work with third-party OEM contractors as we continue to expand and diversify our product offerings. We outsource the production of all accessory products and certain apparel products. Selective outsourcing, we believe, allows us to focus on design and product development as well as brand management. As of December 31, 2013, we engaged 39 OEM contractors. We believe our flexible manufacturing process is complementary to our business and has enabled us to enhance our competitiveness while maintaining the quality of our products.

We primarily sell our products on a wholesale basis to our third-party distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors, who in turn sell the products to end customers at retail outlets operated by those sub-distributors. We sell a small quantity of our products to our online distributor. Our products are distributed through an extensive distribution network in the PRC. As of December 31, 2013, our distribution network comprised 45 distributors, 177 sub-distributors and 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We also have two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

We execute a multi-channel marketing strategy, which involves leveraging the look of our stores to promote our “FORDOO” brand and engaging in other marketing activities on a national and regional level to reinforce our brand image. We invest in multiple media channels, such as commercials on selected CCTV channels and rolling advertising in airports. We also incentivize and encourage our distributors to pursue effective marketing activities.

We achieved rapid growth in turnover and net profit during the Track Record Period. Our turnover increased by 35.5% from RMB818.5 million in 2011 to RMB1,109.0 million in 2012, and further increased by 31.0% to RMB1,452.8 million in 2013. Our net profit increased by 44.5% from RMB105.8 million in 2011 to RMB152.9 million in 2012, and further increased by 56.0% to RMB238.5 million in 2013.

COMPETITIVE STRENGTHS

Reputable brand in China’s middle-upper menswear market

FORDOO is a reputable menswear brand in the PRC. We are positioned in the middle-upper menswear segment, which is the largest and fastest growing menswear segment, representing 30.4% in terms of revenue sales in 2013, according to the Frost & Sullivan Report. We were ranked sixth in the middle-upper menswear market with a market share of 2.9%, fifth in both the middle-upper business casual menswear segment with a market share of 4.0% and the middle-upper business formal

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menswear segment with a market share of 2.9%, and second in the men's trousers category with a market share of 3.0%, all of which were in terms of retail sales in 2013, according to the Frost & Sullivan Report.

Our brand's history dates back to the early 1990's, when Mr. Kwok, our founder and Chairman, started manufacturing and marketing trousers. We have gradually established our reputation as a national domestic menswear brand offering comfortable, high quality and aesthetically pleasing trousers. The strength of our brand gave us a strong foundation to expand and diversify our business into other product categories and offerings.

We believe our success stems from our effective brand positioning. Our core competency has been in offering high-quality business formal and business casual apparel products to middle class men aged 30 to 60. As a reflection of our focus, we were ranked fifth in both the middle-upper business casual and business formal menswear segments in terms of retail sales in 2013, the two most relevant segments within the middle-upper menswear, comprising approximately 82.4% market share in 2013, according to the Frost & Sullivan Report. Middle-upper business casual is the fastest growing segment within the middle-upper menswear market as well as among all the price tiers within the menswear market in the PRC. According to the Frost & Sullivan Report, the middle-upper business casual segment is expected to grow at a CAGR of 19.8% from 2013 to 2018 and the middle-upper business formal segment is expected to grow at a CAGR of 14.9% during the same period. In addition, according to the Frost & Sullivan Report, our targeted segments traditionally benefit from higher brand loyalty and are less susceptible to fashion risk.

We were ranked second in the men's trousers category from 2011 to 2013 in terms of retail sales, according to the Frost & Sullivan Report. We believe our leadership in the men's trousers category has allowed us to further reinforce our brand image as being synonymous with quality and product comfort. We believe we have also been able to capitalize on our strength in the trousers category and replicate the success across a wide range of business formal and business casual apparel products.

We believe our multi-channel strategy has contributed to the success to our business. We leverage the look of our stores to promote our "FORDOO" brand and engage in other marketing activities on a national and regional level to reinforce our brand image. We invest in multiple media channels, such as commercials on selected CCTV channels and rolling advertising in airports. We also incentivize and encourage our distributors to pursue effective marketing activities.

Our strong brand recognition is also evidenced by our numerous industry awards, including "Quality Award" by the China National Garment Association (中國服裝協會) in 2014, "Top 10 (Industry) Most Credible Brand in Asia" and "Top 500 Asia Brand" by Asia Brand Ceremony (亞洲品牌盛典) in 2012, "Top 10 Menswear Brand" by Brand China Industry Union (品牌中國產業聯盟) in 2010, "Well-known Trademark of China" by SAIC since January 2010, "Top 500 Most Competitive Textile and Garment Enterprise" by the National Textile and Apparel Council in 2009, "Customer Satisfaction" by the China Association for Quality (中國質量協會) in 2009 and "China Top Brand" by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007.

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As a result of our brand's strength, during the Track Record Period, we achieved revenue growth at a CAGR of 33.2% from 2011 to 2013, which exceeds the PRC middle-upper menswear industry growth at a CAGR of 15.1%, according to the Frost & Sullivan Report, propelling us into a top 10 position in most menswear segments in which we compete.

Strong design and product development capabilities

We believe our commitment to quality and product comfort and our ability to innovate has been integral to our success.

Our participation in the development of industry standards in our core product categories in the PRC is a testament to our design and product development capabilities and our focus on product quality. In particular, we believe that our leadership and long-standing reputation in the men's trousers industry in the PRC, as evidenced by our second highest ranking in the men's trousers market from 2011 to 2013, are critical to our strong financial performance during the Track Record Period. Our reputation in men's trousers stems from our focus on product comfort, details and quality, which we believe can influence customer purchasing decisions and are important to enhance customer loyalty. For example, in November 2008, we participated in the drafting and formulation of China's industry standards for the design and manufacture of trousers. We have also developed internally several advanced patented technologies in the design and manufacture of menswear products, such as the eight-centimeter crotch curves standard (8cm內襠工藝), a special design for trousers that helps to provide comfort while retaining stylish design. We have also successfully developed 11 advanced technical processes for our production of men's trousers, enabling us to offer trousers that combine comfort, functionality, style and quality. During the Track Record Period, we strategically increased product offerings in the business casual category in order to meet the prevailing market trend and growing customer demand for business casual menswear, and we have successfully applied some production techniques used in business formal trousers to business casual pants.

We have also developed and implemented stringent quality control procedures to ensure that every stage of production adheres to our high quality standards, including tests on raw materials, semi-finished as well as finished products. We believe that our internal quality standard are more stringent than national standards and all of our products are required to pass the relevant national and internal quality tests before reaching to our customers.

As of December 31, 2013, we had a team of 124 members focusing on design and product development. The key team members have an average of 10 years of experience in the fashion industry. We have demonstrated our ability to address our customers' evolving needs and preferences by launching new products each season that cater to them. As of December 31, 2013, we had obtained 15 patents, in particular in the trousers and tops categories, such as "trousers promoting health and wellness" ("健康型西褲"), "trousers using new zipper sewing technology" ("一種新型褲子") and an automatic infrared fly front sewing machine (一種紅外線自動上大小門襟機) as well as other production technologies which enhance product comfort and design in our apparel offerings.

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The strength of our design and product development capabilities is integral to our ability to offer a broad product portfolio that appeals to our target customers. Our business formal and business casual product offerings are suitable for almost all business occasions. We introduced 933 SKUs at our sales fair in March 2013 for our autumn/winter collection and 755 SKUs at our sales fair in September 2013 for our spring/summer collection.

As a result of our strong design and product development capabilities, we continued to successfully drive strong product volume and sales growth during the Track Record Period.

Nationwide and strategically managed distribution network supported by our long-standing distributor relationships

Through our nationwide footprint, our distribution network gives us strong access to our target customers. As of December 31, 2013, our distribution network comprised 45 distributors and 177 sub-distributors, who operated an extensive retail network of 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We believe adopting a wholesale distributorship model has also enabled us to leverage the local market knowledge of our distributors and achieve rapid expansion in a relatively cost efficient manner. We also have two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

We believe our footprint and early entrance in First-tier cities and Second-tier cities provide us with a solid foundation to further penetrate into lower-tier cities. As of December 31, 2013, approximately 37.3% of the retail outlets were located in First-tier cities and Second-tier cities. Our distributors entered into Beijing, Shanghai, Shenzhen and Guangzhou in 1997, 2005, 2005 and 2006, respectively, and have been able to strengthen their retail presence in those cities since then. The remaining approximately 62.7% of the retail outlets operated by our distributors and their sub-distributors are located in Third-tier cities and Fourth-tier cities. We believe our balanced footprint provides us with a strong foundation to capture future growth opportunities arising from different regions in the PRC.

We believe that we have cultivated strong, stable and long-standing relationships with our distributors, which have been core to our brand building efforts as well as our strong operating track record. As of December 31, 2013, of our 45 distributors, 20 (including their predecessors) had business relationships with us for more than eight years. We view our distributors as our brand ambassadors and they must demonstrate a strong understanding of our brand proposition and consistently deliver our brand values to our target customers. As branding is essential to our success, we ensure our distributors are aligned with our vision and support brand building efforts. We work directly with them to continuously enhance the customer shopping experience through training, upgrading store appearances, encouraging them to introduce loyalty programs and offer other complimentary value-added services. In addition, to ensure a unified image across our stores and deliver a consistent shopping experience to customers across different region, we conduct on-site inspections to the retail outlets operated by distributors and sub-distributors to ensure our distributors adhere to our retail policies. As of the Latest Practicable Date, we had not encountered any material issues as it relates to our distributors.

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Out of the 1,300 retail outlets (including our two self-operated retail outlets in Quanzhou, Fujian Province) as of December 31, 2013, approximately 968 were department stores concessions or retail outlets located in shopping malls and the remaining approximately 332 retail outlets were stand-alone stores. According to the Frost & Sullivan Report, the in-store distribution channel, which is defined as department store and shopping malls, is one of the most relevant distribution channels in the middle-upper menswear market. According to the Frost & Sullivan Report, due to the relative underdevelopment of commercial real estate in most cities in the PRC, department stores and shopping malls have historically been and will continue to be an important growth avenue for middle-upper menswear brands as the in-store channel allows brand owners and menswear retailers to achieve growth and tap into new markets by expanding through the department store and shopping mall network, in particular in Third-tier and Fourth-tier cities. We also strategically maintain strong relationships with selected leading department stores in the PRC.

During the Track Record Period, we successfully drove strong revenue growth while our distributors drove strong retail outlet growth. Additionally, our sales growth of 35.5% from 2011 to 2012 exceeded our retail outlet growth of 11.1% and our sales growth of 31.0% from 2012 to 2013 exceeded our retail outlet growth of 7.9%, signaling the ongoing improvement in efficiencies of our distribution network.

Strategically integrated business model with advanced, efficient and flexible manufacturing capabilities

Our strategically integrated model allows us to seamlessly and efficiently connect each key component of our business operations, from brand management and marketing, design and product development, ordering process, procurement of raw materials, self-production and outsourced production to sales and distribution. We believe our strategically integrated model provides us with a platform to effectively address our customers' evolving needs and allows us to grow with enhanced operating efficiency, flexibility and supply chain management.

Our in-house production capabilities allow us to protect the integrity and quality of our core products and our brand proposition. We employ advanced manufacturing technologies and we have continued to pursue a high degree of automation in our manufacturing process to ensure consistent, high quality product delivery. Almost all of our production equipments are introduced from reputable international equipment providers, for example, our sewing machines are introduced from a leading German brand and our plate cutting machines are introduced from a leading U.S. equipment manufacturer. We have successfully developed 11 advanced technical processes for our production of men's trousers, enabling us to offer trousers that combine comfort, functionality, style and quality.

We believe our in-house production capabilities, coupled with our diversified network of third-party OEM contractors, enhance our flexibility and optimize our cost structure. We use our in-house production facilities to produce most of our core products in order to maintain our product quality and protect our intellectual property. We outsource production of all accessory products and certain apparel products as we believe outsourced production enhances cost efficiency and allows us to focus on design and product development as well as brand management. We believe our flexible manufacturing process has enabled us to enhance our competitiveness while maintaining the quality of our products.

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While we have strong relationships with our key raw material suppliers and OEM contractors, we maintain a relatively diversified network of raw material suppliers and OEM contractors, which gives us the ability to procure at more competitive prices. For the year ended December 31, 2013, purchases from our five largest raw material suppliers accounted for approximately 29.3% of our total purchase of raw materials. As of December 31, 2013, we engaged 39 OEM contractors and most of them had established business relationships with us for more than seven years, with the longest being 13 years.

Our efficient business model has, in part, allowed us to achieve margin expansion during the Track Record Period. Our gross profit margin increased from 28.5% in 2011 to 32.7% in 2012 and further increased to 34.2% in 2013. In conjunction with our gross profit margin improvement, our profit before tax margin increased from 14.8% in 2011 to 18.6% in 2012, and further increased to 22.1% in 2013.

Dedicated and highly experienced management team

We believe our management team has been critical to the development and success of our brand. Our vision, our dedication and our commitment to quality have taken our Company from its beginnings to a reputable middle-upper menswear player in the PRC. Our management team has extensive industry experience, operational expertise and in-depth understanding of the menswear industry in China. They have been at the forefront of building FORDOO's brand identity and market leadership. Our founder and Chairman, Mr. Kwok, has over 20 years of experience in the menswear market in China. In 2009, Mr. Kwok was appointed the deputy director of the third menswear's Expert Committee of the China National Garment Association (第三屆中國服裝協會男裝專業委員會副主任委員). Mr. Kwok is supported by a strong and experienced management team, all of whom have demonstrated a strong understanding and passion for the menswear industry in China. Our executive directors specialize in different aspects of production, sales and marketing in the menswear industry, as well as corporate management. Our executive Directors and key senior management members have served our Company for an average of over eight years and have been integral to the success and growth of our business.

BUSINESS STRATEGIES

Our principal goals are to strengthen our positions in the middle-upper menswear and the men's trousers markets in the PRC, enhance our control over distributors and sub-distributors and strengthen our design and product development capabilities. We seek to pursue an organic growth strategy, and currently, we do not have any acquisition plans or acquisition target. We believe the pursuit of the following strategies will allow us to achieve our goals, drive sustainable growth and create long-term values for our key stakeholders.

Strengthen our supply chain management and distribution network

We plan to continue to strengthen our control over our distributors and their sub-distributors. Starting from October 2013, our distributors are required to submit quarterly sales reports which contain information on their number of retail outlets, sales and inventory level of "FORDOO"

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products. Starting from October 2013, our marketing team also conducts monthly interviews with our distributors regarding their sales and inventory level of “FORDOO” products. We plan to continue to implement new policies among our distributors to enhance our ability to track their inventory levels and analyze sales data and customer behavior in a more efficient and effective manner.

Secondly, as our business continues to grow, we recognize the importance of effective and efficient management across our operating platform. To this end, we plan to implement an ERP system, which enables us to enhance management across each key component of the value chain, including design and production development, production, inventory control, marketing and advertising and sales and distribution. We plan to require our distributors and their sub-distributors to install the ERP system in all the retail outlets operated by them. The ERP system will provide real-time information on sales orders, sales and inventory level. We believe that our ERP system will strengthen our supply chain management and allow us to work with our distributors more efficiently and effectively to enhance our customer relationship management.

Thirdly, we intend to further penetrate into new and existing markets and strengthen access to our target customers by working with our distributors and leveraging our existing strategic relationships with commercial real estate developers to strengthen our presence in department stores and shopping malls in prime locations in the PRC. We continue to evaluate the performances of our existing distributors and identify new experienced distributors that would complement our current distribution network. We currently expect our distributors to add approximately 200 retail outlets in the PRC by December 31, 2014.

Lastly, we plan to continue to extend our “regional” distribution initiative in more regions by encouraging sub-distributors with good sales and operating track record to become our distributor and by continuing to attract new qualified distributors. We target to have a number of distributors covering different regions in each province. We piloted this initiative in certain regions, such as Shandong and Fujian Provinces. Through the extension of our “regional” distribution initiative in more regions, we believe we will be able to diversify our network of distributors, reduce reliance on one or a small number of distributors in each key province and enhance our control over distributors in more markets.

Continue to invest in multi-channel marketing and branding activities to enhance our brand awareness

We intend to enhance our brand awareness and brand differentiation of our FORDOO brand by strengthening our multi-channel marketing and branding efforts on a national, regional and store level.

On a national and regional level, we plan to continue to advertise through CCTV channels and in airports located in selected First-tier and Second-tier cities. We also plan to further explore, expand and diversify our advertising channels, including magazines, newspapers, outdoor advertisement channels and event sponsorship. We intend to participate in both domestic and international fashion shows to further elevate our brand awareness.

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In addition, we remain committed to delivering a unified brand image across retail outlets operated by our distributors and their sub-distributors. We endeavor to continue to gradually upgrade some of the retail outlets operated by our distributors and their sub-distributors through store renovation and improvement of in-store design and layout. We plan to renovate approximately 200 new and 100 existing retail outlets in 2014 in order to improve our customer's shopping experience and enhance our brand image. In addition, we will continue to encourage and support our distributors' advertising initiatives.

We believe that these marketing and promotion strategies will strengthen brand recognition and demand of our products. We also endeavor to leverage our enhanced brand equity to further strengthen our business relationships with our raw material suppliers, OEM contractors and distributors.

Continue to invest in research, product development and design

Our awards and patents received to date are a strong testament to our product quality, research and product development capabilities. As part of our overall business strategy, we believe in the importance of a strong design and product development platform to address evolving customer's preferences and growing consumers' sophistication.

To strengthen our research and product development capabilities, in January 2014, we entered into a three-year cooperation agreement with the CNIS, an institute directly under the China General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局). Under the cooperation agreement, the research and development center in Hui'an, Fujian Province will be designated as the center dedicated to establishing industry standards for the menswear industry in the PRC (男裝行業(虎都)標準化研發中心). Through this cooperation, we endeavor to enhance our research and development and product innovation efforts. The cooperation agreement grants us the intellectual property rights to research results related to this project and the right as the only partner to the CNIS in the joint development of the research and development center for the establishment and development of industry standards for menswear. We believe our partnership with the CNIS will help further promote our brand image in the menswear industry. In addition, we intend to continue to procure advanced manufacturing equipments and technologies, increase spending on product development and devote resources to research and the development of advanced production technologies in order to enhance our operating efficiencies, the quality of our product offerings and our product innovation capabilities.

In order to strengthen our design capabilities, we intend to expand our design and product development team and recruit experienced designers. We plan to invite representatives from leading fashion design institutes to provide training to our designers. We also intend to establish cooperative relationships with other reputable third-party design consultants and research institutes. Furthermore, we plan to send market surveys through the retail outlets operated by our distributors and their sub-distributors, which enables us to obtain first-hand feedback from our customers on their preferences.

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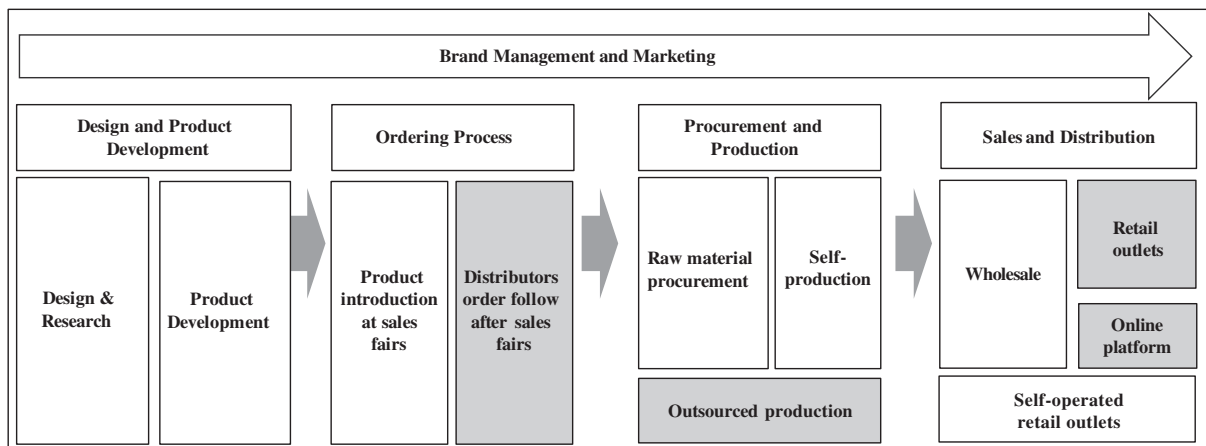
Expand and diversify our product offering

We remain committed to our existing product lines targeting middle class men aged 30 to 60. We intend to further refine our existing product lines and will continue to introduce more innovative designs to address our core customers evolving needs and preferences.

We intend to expand and improve our product portfolio in order to target a new customer group and diversify our sources of revenue. As part of our strategy, we intend to leverage our success in business formal and business casual apparel to launch a new casual fashion line targeting younger customers aged 18 to 30. We intend to develop this new product series through our in-house design and product development team. The new product series will initially be sold in a few of our distributors' and their sub-distributors' existing retail outlets. Depending on market reception and customer feedback, we will evaluate and tailor our expansion plan accordingly. We are optimistic about the potential of this new product series and we believe this complements our strategy to strengthen our strong position in the menswear industry.

OUR BUSINESS MODEL

We primarily design, market and sell men's apparel and accessory products under our "FORDOO" brand. The following diagram illustrates our business model:



Note: Unshaded components of our business model diagram represent those aspects of the value chain controlled by us, while shaded components represent those not controlled by us.

Our brand is centered around promoting an independent, successful and elite lifestyle. We manage and operate our business through a strategically integrated model, comprising brand management and marketing, design and product development, ordering process, procurement of raw materials, self-production and outsourced production and sales and distribution:

- *Brand Management and Marketing:* Through our third-party distributors, we maintain a unified store image at the retail level in order to promote our brand identity and deliver consistent brand experiences. We also organize and participate in marketing and advertisement events in order to raise our brand awareness;

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- *Design and Product Development:* We maintain a dedicated team for design and product development, who are responsible for researching, designing and developing each season's collections;
- *Ordering Process:* We introduce new products to our distributors at our bi-annual sales fairs held at our headquarters. Our distributors place their orders directly for the next season after these sales fairs;
- *Procurement and Production:* Our products are produced either in our own manufacturing site or by OEM contractors. For self-production, we procure raw materials from third-party suppliers and manufacture apparel products directly at our manufacturing site located in Quanzhou, Fujian Province. We also work with OEM contractors and outsource accessory and certain apparel products;
- *Sales and Distribution:* We primarily sell our products on a wholesale basis to our distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors. We sell a small quantity of our products to our online distributor, who then sells our products to end customers through different online platforms. We also sell a small portion of our products directly to end customers through our two self-operated retail outlets in Quanzhou, Fujian Province.

BRAND AND PRODUCT OFFERING

Our Brand

We market all of our products in the PRC under the “FORDOO” or “虎都” brand. We are positioned in the middle-upper menswear market, primarily targeting middle class men aged 30 to 60. Our brand and positioning are centered around promoting an independent, successful and elite lifestyle. We believe our brand logo together with our marketing slogan, “男人自有主張” (“For The Man Who Knows What He Wants”), communicate power and prestige and resonate well with our targeted male audience. FORDOO is one of the most recognized brands in the middle-upper menswear segment in the PRC. According to the Frost & Sullivan Report, we were ranked sixth with a market share of 2.9% in the middle-upper menswear market, which accounted for 30.4% of the overall China's menswear market; we were ranked fifth in both the middle-upper business casual and business formal menswear segments, all of which were in terms of revenue in 2013. Our strong brand recognition is also evidenced by our numerous industry awards, including “Quality Award” by the China National Garment Association (中國服裝協會) in 2014, “Top 10 (Industry) Most Credible Brand in Asia” and “Top 500 Asia brand” by Asia Brand Ceremony (亞洲品牌盛典) in 2012, “Top 10 Menswear Brand” by Brand China Industry Union (品牌中國產業聯盟) in 2010, “Well-known Trademark of China” by SAIC since January 2010, “Top 500 Most Competitive Textile and Garment Enterprises” by the National Textile and Apparel Council in 2009, “Customer Satisfaction” by the China Association for Quality (中國質量協會) in 2009 and “China Top Brand” by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007.

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Our brand's history dates back to the early 1990's, when Mr. Kwok, our founder and Chairman, started manufacturing and marketing trousers. We have gradually established our reputation as a national domestic menswear brand offering comfortable, high quality and aesthetically pleasing trousers. In November 2008, we were one of a few private enterprises that were invited by the National Technical Committee on Garment Standardization (全國服裝標準化技術委員會) to participate in the drafting of industry standards for trouser-making and design. We believe our trousers marketing slogan "Trousers Standards, Crafted by FORDOO (西褲標準，虎都打造)" adhere to our leadership in the men's trousers market in the PRC.

We continue to expand our product offerings to customers. From the mid-1990's, we introduced business formal menswear, business casual menswear and accessory products, to offer our customers a "one-stop" shopping experience. Going forward, we intend to further diversify our product portfolio to broaden our customer base, for instance, we plan to develop new product series which target at younger customers aged 18 to 30. See "— Business Strategies — Expand and diversify our product offering" above.

Product Offerings

We offer a wide range of menswear apparel and accessory products through our "FORDOO" brand. Our products are primarily offered under our business casual and business formal product series, which are suitable for almost all business occasions. According to the Frost & Sullivan Report, business casual is the fastest growing segment within the middle-upper menswear market. During the Track Record Period, we continued to enhance product offerings in business casual to meet the prevailing market trend and customer preference. For the years ended December 31, 2011, 2012 and 2013, our business casual menswear products accounted for approximately 46%, 56% and 59%, respectively, of our turnover.

Our diversified product portfolio allows us to address our customers' evolving needs and preferences, which are often associated with varying climate and customer habits across different region in the PRC. In 2013, we introduced 933 SKUs for our autumn/winter collection at our March sales fair and 755 SKUs for our spring/summer collection at our September sales fair, respectively. Products offered under our brand primarily include:

- *Men's trousers:* business formal trousers, business casual trousers, jeans and shorts.
- *Men's tops:* business formal jackets, dress shirts, casual shirts, polo shirts, vests, cotton jackets, down puffer jackets, fur coats, sweaters and overcoats.
- *Accessories:* ties, scarves, socks, belts, shoes, bags and wallets.

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The following table sets forth suggested retail price ranges⁽¹⁾ for our major products.

	<u>Suggested Retail Price Range</u>
	(RMB)
Men's trousers	
Business formal trousers	~360-2,600
Business casual trousers	~390-1,500
Jeans	~440-800
Men's tops	
Business formal jackets	~890-4,200
Jackets ⁽²⁾	~560-2,400
Shirts	~340-1,900
Polo shirts	~330-1,500
Accessories	~40-1,300

Notes:

(1) We do not fix retail prices for our distributors and their sub-distributors. However, we guide them to sell our products at three to five times of the wholesale price. For illustrative purposes, we have summarized suggested retail prices at four times (the mid-point of our suggested range) of the wholesale price based on our sales fair in September 2012 and our sales fair in March 2013.

(2) Fur jackets and nick garments were excluded due to their negligible contribution to our sales.

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Set forth below are the turnover, volume and average wholesale price of our main product series, namely, business casual, business casual, business formal and casual menswear, as well as their respective percentage of the total turnover for the periods indicated:

	For the year ended December 31,											
	2011				2012				2013			
	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)
Apparel												
Business casual.....	379,146	46.3	3,298,491	114.9	621,770	56.1	4,702,545	132.2	851,021	58.5	5,905,330	144.1
Business formal.....	345,421	42.2	2,556,056	135.1	388,291	35.0	2,704,697	143.6	457,459	31.5	2,990,709	153.0
Casual ⁽²⁾	85,724	10.5	930,997	92.1	86,842	7.8	782,670	111.0	125,693	8.7	1,023,113	122.9
Accessories	8,186	1.0	116,612	70.2	12,074	1.1	218,384	55.3	18,638	1.3	216,797	86.0
Total	<u>818,477</u>	<u>100.0</u>	<u>6,902,156</u>	<u>118.6</u>	<u>1,108,977</u>	<u>100.0</u>	<u>8,408,296</u>	<u>131.9</u>	<u>1,452,811</u>	<u>100.0</u>	<u>10,135,949</u>	<u>143.3</u>

Notes:

- (1) Average wholesale price per unit is calculated by dividing the attributable turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparel and accessories.
- (2) Casual product series include jeans and shorts.

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Set forth below are the turnover, volume and average wholesale price of our product categories for the periods indicated:

	For the year ended December 31,											
	2011				2012				2013			
	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)
Apparel:												
Men's trousers	487,346	59.5	4,732,311	103.0	633,464	57.1	5,476,896	115.7	802,593	55.2	6,403,739	125.3
Men's tops	322,945	39.5	2,053,233	157.3	463,439	41.8	2,713,016	170.8	631,580	43.5	3,515,413	179.7
Accessories	8,186	1.0	116,612	70.2	12,074	1.1	218,384	55.3	18,638	1.3	216,797	86.0
Total	818,477	100.0	6,902,156	118.6	1,108,977	100.0	8,408,296	131.9	1,452,811	100.0	10,135,949	143.3

Note:

(1) Average wholesale price per unit is calculated by dividing the attributable turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparel and accessories.

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SALES AND DISTRIBUTION

Overview

Our products are primarily distributed through our network of distributors and their sub-distributors who operate an extensive distribution network in the PRC. We primarily sell our products on a wholesale basis to our third-party distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. As of December 31, 2013, our distribution network comprised 45 distributors and 177 sub-distributors who operated 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We sell a small quantity of our products to our online distributor, who then sells our products to end customers through different third-party online platforms. For the years ended December 31, 2011, 2012 and 2013, sales to our distributors accounted for approximately 99.4%, 99.5% and 99.6%, respectively, of our total turnover. We also sell a small portion of our products directly to end customers through our two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

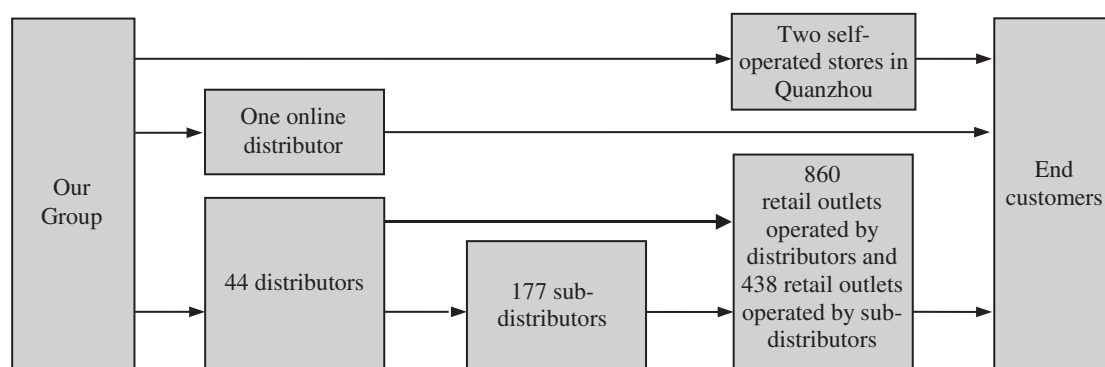
The PRC's apparel and menswear markets are characterized by broad geographic reach and regional differences. As a result, wholesale distribution models are commonly used by brand owners in the PRC as a means to leverage the local market knowledge of our distributors and their sub-distributors to drive geographical expansion and regional market penetration. We believe adopting a wholesale distributorship model allows us to focus on our core competency in brand management, design and product development and production and has enabled us to achieve rapid expansion in a relatively cost efficient manner. We believe that we have cultivated strong, stable and long-standing relationships with our distributors which have been efforts as well as our strong operating track record. As of December 31, 2013, of our 45 distributors, 20 (including their predecessors) had business relationships with us for more than eight years.

The expansion of our distribution network is reflected in the continued increase in the number of the retail outlets during the Track Record Period. As of December 31, 2011, 2012 and 2013, there were 1,085, 1,205 and 1,300 retail outlets, respectively, including our two self-operated retail outlets.

We manage our distributors and their operation of the retail outlets through various measures, including but not limited to, providing retail pricing guidance, standardizing brand image at retail outlets, requiring distributors to seek approval prior to store openings as well as requiring them to submit quarterly sales reports as stipulated in the revised distribution agreement effective from January 1, 2014. Although we do not have direct contractual relationships with sub-distributors, we conduct on-site inspections at retail outlets operated by our distributors and their sub-distributors from time to time to assess their operations.

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The following diagram illustrates our distribution model as of December 31, 2013:



Our Distribution Network and Distribution Model

As of December 31, 2011, 2012 and 2013, our distribution network comprised 42, 44 and 45 distributors, respectively, and 147, 164 and 177 sub-distributors, respectively. As of December 31, 2013, our distributors and sub-distributors operated a distribution network of 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. Out of the 1,298 retail outlets, 968 were concessions in department stores or retail outlets located in shopping malls and the remaining 330 were stand-alone stores, as of December 31, 2013. We also operate two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

We currently have one online distributor to sell our products through different third-party e-commerce websites, such as Tmall.com, and JD.com. During 2011, one of the distributors we engaged with was authorized to sell our products through both retail outlets and online platforms. In 2012, we ceased authorizing that distributor to distribute our products online and engaged another Independent Third Party as our online distributor. The products sold online are different from those sold in retail outlets and hence, our online distributor does not directly compete with the physical retail outlets operated by our distributors and their sub-distributors or with our two self-operated retail outlets. For the years ended December 31, 2011, 2012 and 2013, sales from our online distributor amounted to RMB4.7 million, RMB14.2 million and RMB9.3 million, respectively, representing approximately 0.6%, 1.3% and 0.6%, respectively, of our turnover for the corresponding periods.

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The table below sets forth the number of our distributors, their sub-distributors and retail outlets (including our two self-operated retail outlets) as of the dates and the turnover for the periods indicated:

	As of and for the years ended December 31,		
	2011	2012	2013
Number of distributors at the beginning of the period	40	42	44
Number of distributors added during the period....	4	5 ⁽¹⁾	1
Number of distributors terminated during the period	2 ⁽²⁾	3 ⁽³⁾	—
Number of distributors at the end of the period...	42	44	45
Number of sub-distributors at the beginning of the period	136	147	164
Number of sub-distributors added during the period	14	19	21
Number of sub-distributors terminated during the period	3	2	8
Number of sub-distributors at the end of the period	147	164	177
Number of retail outlets at the beginning of the period	949	1,085	1,205
Number of retail outlets added during the period..	175	210	172
Number of retail outlets closed during the period .	39	90	77
Number of retail outlets at the end of the period .	1,085	1,205	1,300
Turnover (RMB in thousands)	818,477	1,108,977	1,452,811

Notes:

- (1) We added one online distributor in 2012.
- (2) The two distribution agreements entered into by and between the respective distributors and us expired in December 2010 and were not renewed for 2011. Nevertheless, we continued to sell some products to them in 2011 as a result of orders they placed after our sales fairs in 2010 under the previous purchase agreements entered into in 2010.
- (3) All of the three distribution agreements entered into by and between the respective distributors and us expired in December 2011 and were not renewed for 2012. Nevertheless, we continued to sell some products to them in 2012 as a result of orders they placed after our sales fairs in 2011 under the previous purchase agreements entered into in 2011.

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Throughout the Track Record Period, we engaged and collaborated with new distributors in order to further drive expansion of our distribution network. The increase in sub-distributors has also allowed us to further enhance our penetration into regional markets. In 2007, we started to implement a “regional” distribution initiative to reduce reliance on one or a small number of distributors in each province by further dividing markets with identified growth potential and assigning a smaller geographical area to each distributor within each province. Currently, some distributors are sole distributors of their assigned province. We piloted this initiative in certain regions, such as Shandong and Fujian Provinces. In Shandong Province, we increased the number of our distributors from one in 2007 to six as of December 31, 2013 and in conjunction with the increase of distributors, the number of retail outlets increased from 29 to 119 in the same province during the same period. Similarly, in Fujian Province, we increased the number of distributors from one in 2008 to four as of December 31, 2013 and in conjunction with the increase of distributors, the number of retail outlets increased from 71 to 135 (excluding our two self-operated retail outlets) in the same province during the same period.

We take a wide range of factors into consideration when we select new distributors and we invited sub-distributors with good sales and operating track record to become our distributors. For the years ended December 31, 2011, 2012 and 2013, we engaged one, two and one sub-distributors, respectively, as our distributors.

During the Track Record Period, we added a total of 10 new distributors to our distribution network and terminated business relationships with three distributors. In 2011, we appointed four new distributors, out of whom, one was our previous sub-distributor, one replaced the distributor that we terminated business relationship with in the same year and the other two were newly selected as our distributors. In the same year, we terminated business relationships with two distributors who changed business plans. In 2012, we added five distributors, out of whom, one was online distributor, two were previous sub-distributors, and two replaced the distributors that we terminated business relationship with in the same year and terminated distribution relationships with three distributors who changed their business plans. In 2013, we engaged one of our sub-distributors as our distributor and did not terminate any business relationship with any of our distributors.

For those distributors who we terminated business relationships with, each of them agreed to (i) continue to perform its obligations in relation to its placed orders under the sales and purchase agreement, (ii) make payments for the products which it had received prior to the termination, (iii) transfer all of its retail outlets and also its engagement with sub-distributors, if any, to the newly appointed distributor within the authorized geographical area, and (iv) transfer its inventories to such newly appointed distributors within the authorized geographical area under mutually agreed price. Subsequent to terminations, we usually appoint new distributors to replace and continue to manage and expand our distribution network.

As we continue to implement our “regional” distribution initiative in more regions and expand our geographical reach, we endeavor to increase the number of distributors and leverage the access of our distributors to different local markets to expand the breadth and depth of our market presence. We believe this business model also enables us to strengthen our management over our distributors. In

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addition, it also allows our distributors to better allocate their resource which in turn strengthen their sales performance in their respective designated region. We plan to continue with this model in the future. See “— Business Strategies — Strengthen our supply chain management and distribution network” above for further details.

The following table sets forth the number of our distributors, their sub-distributors and retail outlets by province (or autonomous region and central government-administrated municipalities)⁽¹⁾.

As of December 31,									
2011			2012			2013			
No. of Distributors	No. of Sub- distributors	No. of Retail Outlets	No. of Distributors	No. of Sub- distributors	No. of Retail Outlets	No. of Distributors	No. of Sub- distributors	No. of Retail Outlets	
Beijing	1	3	46	1	4	56	1	7	60
Tianjin	1 ⁽³⁾	—	10	1 ⁽³⁾	—	14	1 ⁽³⁾	—	9
Hebei	3 ⁽³⁾	14	67	3 ⁽³⁾	14	78	3 ⁽³⁾	17	90
Shanxi	1	3	25	1	3	24	1	3	28
Inner Mongolia	4 ⁽²⁾⁽³⁾	6	36	4 ⁽²⁾⁽³⁾	7 ⁽⁷⁾	48	4 ⁽²⁾⁽³⁾	8 ⁽⁷⁾	51
Heilongjiang	1 ⁽²⁾	4	17	1 ⁽²⁾	5	16	1 ⁽²⁾	5	18
Jilin	1 ⁽²⁾	1	9	1 ⁽²⁾	1 ⁽⁷⁾	6	1 ⁽²⁾	1 ⁽⁷⁾	4
Liaoning	2	6	28	2	6	41	2	7	47
Jiangsu	2	12	51	2	12	53	2	18	60
Shanghai	1	2	16	1	2	24	1	2	24
Zhejiang	1	2	16	1	3	15	1	3	22
Anhui	1	7	37	1	7	35	1	6	31
Fujian	3	25	113 ⁽⁸⁾	4	25	135 ⁽⁸⁾	4	25	137 ⁽⁸⁾
Shandong	6	11	109	6	14	115	6	15	119
Jiangxi	1	2	9	1 ⁽⁶⁾	3	12	1	3	32
Henan	2	4	55	2	7	68	2	7	71
Hubei	1	9	49	1	10	53	1	10	54
Hunan	1	3	14	1 ⁽⁶⁾	6	16	1	5	16
Guangdong	1	5	38	2	6	50	2	3	53
Guangxi	1	3	17	1	3	18	1	3	18
Hainan	1	1	14	1	1	15	1	1	14
Chongqing	1	5	33	1	5	36	1	7	41
Sichuan	2 ⁽⁵⁾	3	102	2 ⁽⁵⁾	4	96	2 ⁽⁵⁾	5	100
Guizhou	1	—	17	1	—	16	1	—	21
Yunnan	1	3	21	1	3	20	1	3	20
Tibet	1 ⁽⁵⁾	1	5	1 ⁽⁵⁾	2	5	1 ⁽⁵⁾	2	6
Shaanxi	1	5	50	1	5	50	1	5	52
Gansu	1 ⁽⁴⁾	—	18	1 ⁽⁴⁾	—	17	1 ⁽⁴⁾	—	18
Qinghai	1 ⁽⁴⁾	1	5	1 ⁽⁴⁾	1	4	1 ⁽⁴⁾	1	4
Ningxia	1	1	8	1	1	9	1	1	10
Xinjiang	2	5	50	2	5	60	2	5	70
Total	42⁽⁹⁾	147	1,085	44⁽⁹⁾⁽¹⁰⁾	164⁽⁹⁾	1,205	45⁽⁹⁾⁽¹⁰⁾	177⁽⁹⁾	1,300

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Notes:

- (1) The classification is based on designated geographic sales areas of our distributors and their sub-distributors.
- (2) One of our distributors had operations in Inner Mongolia, Heilongjiang and Jilin for the indicated period.
- (3) One of our distributors had operations in Tianjin, Hebei and Inner Mongolia for the indicated period.
- (4) One of our distributors had operations in Gansu and Qinghai for the indicated period.
- (5) One of our distributors had operations in Sichuan and Tibet for the indicated period.
- (6) One of our distributors had operations in Jiangxi and Hunan for the indicated period.
- (7) One of the sub-distributors had operations in Jilin and Inner Mongolia.
- (8) The number of retail outlets included two self-operated retail outlets in Quanzhou, Fujian.
- (9) The total number of our distributors and their sub-distributors reflects the actual number of our distributors and their sub-distributors, and does not represent the sum of the number of distributors for each province, as some of our distributors had operations in a number of provinces. Please refer to Note (2) to (7) for details.
- (10) The total number of distributors included one online distributor.

In order to prevent overlapping of distributors, over-concentration of retail outlets and cannibalization within our distribution network, each distributor is permitted to sell our products exclusively within a defined geographical area.

Our Distributors

Our distributors and their sub-distributors directly oversee and supervise the operations of retail outlets. We select our distributors based on stringent criteria, including but not limited to their industry experience, business scale, working capital, retail capabilities, managerial skills, transportation and logistics capabilities and also their compliance with all applicable laws and regulations in relation to their operations. In addition, prior to engaging a new distributor, we conduct examinations on their business licenses and other relevant legal documents as well as on-site inspections to assess on their operating platform, inventory control as well as logistics support. 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, and we require our distributors to seek our approval prior to the opening and closing of retail outlets.

We believe our distributors are highly experienced in the menswear retail industry. We have cultivated strong, stable and long-standing relationships with our distributors which have been core in our brand building efforts as well as our strong operating track record. As of December 31, 2013, out of our 45 distributors, 20 (including their predecessors) had business relationships with us for more than eight years.

We are in a seller-buyer relationship with our distributors. We retain no ownership control over the products sold to our distributors, and all significant risks and rewards associated with the products are transferred to the distributors upon delivery to and acceptance by the distributors.

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Distribution agreements with our distributors

We have direct contractual relationships with our distributors. We enter into distribution agreements with our distributors, typically for a term of one year, renewable at our discretion based on the performance and credit history of our distributors. We have also established a team dedicated to on-site inspections to ensure our distributors comply with our operating standards and policies. If a distributor fails to comply with the distribution agreement, we have the right to terminate the distribution relationship with the distributor.

During the Track Record Period, our distributors had complied with the distribution agreements in all material respects, and we are not aware of any non-compliance of a material nature.

Our distribution agreements contain the following key provisions, among other things:

- *Brands* — Distributors are authorized to sell FORDOO brand products within their respective designated geographical areas. Distributors are not allowed to use our FORDOO brand in business not related to us and are prohibited from infringing our trademark.
- *Product exclusivity* — Distributors are only permitted to sell FORDOO products in their retail outlets.
- *Designated geographic coverage area* — Distributors are only permitted to sell FORDOO products within a defined geographical area.
- *Distributors' Undertakings* — Distributors undertake to adhere to our store display standards to ensure a unified store image and not to sell competing brands and counterfeit products in their retail outlets. Distributors are also required to attend our sales fairs organized bi-annually in order to purchase our products.
- *Payment and delivery* — Distributors are required to make a deposit to us which amounts to 10% to 20% of their total order amount within 30 days from the date of the sale and purchase agreements. We grant our distributors credit terms ranging from 90 to 180 days and we regularly evaluate payment terms based on the size of their orders, credit history and years of business relationship with us. Our distributors are required to bear delivery costs of their purchase from our production facilities to their respective designation.
- *Return of goods* — Distributors are required to conduct quality checks on their purchase within five days upon receipt of our products and they may return defective goods to us if they provide a notice regarding the defect within 10 days of receipt. Distributors are deemed to have considered the goods as satisfactory in the absence of such notice. During the Track Record Period, the amount of defective goods returned was immaterial and our Directors were not aware of any return of our products for reasons other than defective goods.

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- *Sub-distribution* — Distributors are permitted to engage sub-distributors. Distributors are required to be fully responsible for the business activities of sub-distributors, and to undertake joint and several liabilities for sub-distributors' infringement of our trademarks, sale of counterfeits and other requirements under distribution agreement.
- *Promotion and advertising* — Our distributors should participate in regional promotion and advertising activities at our request. If we believe an advertising scheme initiated by our distributor is feasible and effective, we may reimburse 50% of the actual cost. Such advertising activities are subject to our prior written consent and are required to be in compliance with our internal requirements.
- *Right of termination* — If a distributor fails to comply with the distribution agreement, we have the right to terminate our distribution relationship with them.
- *Restriction on operations* — Distributors are prohibited from distributing our products online (except for our online distributor). Distributors are required to adopt our unified retail outlet design and layout.

To strengthen our management of our distributors, starting from January 2014, we have entered into distribution agreements with our distributors based on a revised form, which contains the following additional principal terms:

- *Quarterly sales reports and retail information* — Our distributors are required to provide us with quarterly sales reports which include information on their inventory level of FORDOO products and a list of retail outlets operated by themselves and their sub-distributors as of the end of the reporting period. We have the right to conduct on-site inspection and request our distributors to provide documents or assistance, if necessary, to verify the quarterly reports submitted to us.
- *Sub-distribution agreement* — Our distributors are required to enter into sub-distribution agreements with their sub-distributors, that are on substantially the same terms and conditions of the sub-distribution agreement template provided by us. Our distributors are required to notify us within one month after termination of any sub-distribution agreement or appointment of any new sub-distributor. Distributors are required to submit all legal documents entered between our distributors and their sub-distributors within one month upon execution of the agreement.
- *Management of retail outlets* — Our distributors are required to obtain our approvals prior to opening, furnishing, moving, or closing a retail outlet. After we grant the approval, our distributors are required to update us on the status of the retail outlet once every 30 days until such activity is completed. In addition, our distributors are required to submit to us the lease agreements entered into or renewed with the department stores or shopping malls in the case of department store concessions or shopping mall retail outlets, or the new or renewed business licenses in the case of stand-alone stores, within 15 days once the relevant documents become available. We have the right to claim damages up to RMB100,000 if our distributors fail to comply with the above requirements.

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We do not set minimum purchase requirements or policies for our distributors or allow for sales rebate, inventory repurchase or inventory swap between our distributors and us for our distributors. Our distributors typically place orders after attending the sales fairs and place their orders according to their needs. Excessive orders are discouraged as excessive orders may expose our distributors to financial risks. We believe our wholesale policies enable our distributors to better adapt to changing market conditions and reduce inventory accumulation risk at the retail level.

We believe that our distribution agreements with distributors generally enable us to sufficiently incentivize the distributors to actively market and sell our products and provide us with necessary control over the distribution network.

Management of Our Distributors

We facilitate our distribution network by dividing it into four regions in the PRC, namely, (i) Northern China and Northeastern China, (ii) Eastern China and Central Southern China, (iii) Southwestern China and (iv) Northwestern China. All distributors in these four regions are under the management and supervision of our marketing department. We have assigned a management team dedicated to each region and the team is responsible for soliciting and selecting potential distributor candidates, supervising and communicating with our distributors, monitoring and conducting on-site inspections of retail outlets within their respective region.

In addition, our marketing department monitors our distributors' and their sub-distributors' overall operation and performance as well as their retail outlets through on-site store inspections from time to time to ensure the consistency of store layout and product displays as well as to evaluate their sales performance and inventory level. See “— Sales and Distribution — Brand and Retail Outlet Management” below for further details.

Training, Assistance and Support to Our Distributors

We provide our distributors training and assistance on a variety of topics, including our brand history, brand image, marketing strategies, operational best practice of other distributors and also product knowledge. We also maintain contact with our distributors, seeking to understand their sales performance, answer their enquiries regarding our products and provide and collect market updates. To ensure a unified retail outlet design and layout, we engage third-party contractors at our own cost for storefront decoration of the retail outlets that meet our requirements based on our instructions. Upon completion of the decoration, our marketing department will conduct an on-site inspection of those retail outlets.

We may also support our distributors' marketing activities and encourage them to participate in promotion and advertising activities that have been pre-approved by us. See “— Marketing and Promotion” below.

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Monitoring of Inventory Levels

During the Track Record Period, we implemented the following inventory control policies in order to monitor the inventory levels of the retail outlets operated by our distributors:

- We conduct on-site visits at retail outlets operated by our distributors or their sub-distributors from time to time. Through inspections as well as interviews with the manager and sales staff, we are able to conduct an informal assessment on their performance and inventory level;
- We maintain regular communication with our distributors to keep abreast of their inventory levels; and
- At our bi-annual sales fairs, we make inquiries with our distributors as to their inventory levels and turnover of our products.

In addition, if we learn that a distributor is overstocked, we may refer it to other distributors who need to restock their products. Such practice helps prevent any excessive accumulation of inventory at our distributors and allows a better evaluation of their sales performance.

Starting from October 2013, we have introduced new policies to enhance our ability to monitor inventory and sales velocity of our products, including, among other things:

- Our distributors have begun submitting quarterly sales report to us; and starting from January 2014, as set out in the updated distribution agreement, our distributors are required to submit quarterly sales report, which contain information and updates regarding sales performance and inventory levels at our distributors; and
- Our marketing team conducts monthly interviews with our distributors and prepares the monthly interview minutes regarding the sales and inventory levels of the retail outlets operated by them or their sub-distributors.

We have taken the following steps to ensure the quarterly sales report for the three months ended December 31, 2013 submitted by our distributors are reliable:

- cross-checked and compared the purchase amount in those quarterly sales reports with the sales records (including breakdowns) of our management accounts to ensure consistency during the relevant periods;
- cross-checked and compared those quarterly sales reports with the monthly interview minutes conducted by our marketing team for the month ended October 31, November 30, and December 31, 2013;
- maintained regular communications with our distributors with respect to their inventory levels and sales; and

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- conducted on-site visits at the retail outlets operated by our distributors to understand their sales.

Based on the above steps taken by us, nothing has come to the attention of our Directors that the quarterly sales report is not reliable.

Going forward, we plan to implement an ERP system, which enables us to enhance management across each key component of the value chain, including among other things, inventory control, which will provide us real-time information on sales orders, sales and inventory level. See “— Business Strategies — Strengthen our supply chain management and distribution network” above.

Our Directors were not aware of any unusual or unreasonable buildup of inventory levels at our distributors during the Track Record Period.

On-going Performance Assessment

We have implemented various measures to assess our distributors’ on-going performance. We conduct annual assessment on our distributors in relation to their payment history, number of years of business relationship with us and sales track record. Based on our assessment results, we classify them into different creditworthiness ratings and adjust credit terms granted to them. In addition, we monitor our distributors’ sales and inventory levels through different measures, including, among other things, requiring them to provide us with quarterly sales reports, conducting monthly interviews with them, and making on-site visits at retail outlets operated by them. See “— Monitoring of Inventory Levels” and “Our Distributors — Distribution agreements with our distributors” above for details. Through these measures, we assess their sales performance, inventory levels and compliance with our requirements under the distribution agreements with us.

Sub-Distributors

We permit our distributors to engage sub-distributors in their designated geographical region in order to further regional penetration and we authorize the retail outlets operated by sub-distributors to sell our products. We do not have direct contractual relationships with sub-distributors and they place orders after our bi-annual sales fairs through our distributors. The sub-distributors are only allowed to sell our products to end-customers through their retail outlets and are prohibited from further engaging distributors or reselling to other parties. We have recently adopted new measures to strengthen the management of our distribution network, including our control over sub-distributors. Starting from January 2014, our distributors are required to enter into sub-distribution agreements with their sub-distributors on substantially the same terms and conditions of the sub-distribution agreement template provided by us. Our distributors are responsible for ensuring that their sub-distributors comply with the terms and conditions as set out in the sub-distribution agreement. Our distributors are also required to notify us within one month upon engagement of new sub-distributors or termination of an agreement with any of their existing sub-distributors. In addition, the distributors are required to seek our approval before sub-distributors open, furnish, move or close any retail outlets. For further details, see “— Retail Outlets — Brand and Retail Outlet Management” below. By allowing the engagement of sub-distributors by our distributors, we are able to manage our nationwide distribution network through directly management of 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.

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As of December 31, 2011, 2012 and 2013, there were a total of 147, 164 and 177 sub-distributors, respectively. The increase in the number of sub-distributors during the Track Record Period was primarily attributable to our strategic expansion of our distribution leveraging the resources and local access of sub-distributors.

During the Track Record Period, three, two and eight sub-distributors, respectively, terminated their business relationships with our distributors due to various reasons. In 2011, one sub-distributor became our distributor and the other two changed their business plans and their retail outlets were subsequently taken over by our distributors directly. In 2012, two sub-distributors became our distributors. In 2013, one sub-distributor became our distributor and the other seven sub-distributors terminated their sub-distribution relationship as a result of closures of their retail outlets.

Retail Outlets

As of December 31, 2011, 2012 and 2013, our retail outlet network consisted of a total of 1,085, 1,205 and 1,300 retail outlets, respectively, primarily operated by our distributors and sub-distributors. During the same period, our distributors and sub-distributors operated a total of 1,083, 1,203 and 1,298 retail outlets, respectively, and we had two self-operated outlets in Quanzhou, Fujian Province throughout the Track Record Period. The table below sets forth the number of retail outlets and changes as of the dates indicated:

	As of December 31,		
	2011	2012	2013
Total retail outlets at the beginning of the period	949	1,085	1,205
Number of retail outlets added.....	175	210	172
Number of retail outlets closed.....	39	90	77
Total retail outlets at the end of the period	1,085	1,205	1,300

The expansion of our distribution network is reflected in the continued increase in the number of the retail outlets during the Track Record Period. The closure of 39, 90 and 77 retail outlets, respectively, as of December 31, 2011, 2012 and 2013 was primarily due to their locations, expiration of lease agreements, increases in rent or unsatisfactory sales results.

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As of December 31, 2013, out of the 1,300 retail outlets, 968 outlets were located in department stores or shopping malls with the majority located in department stores. According to the Frost & Sullivan Report, in-store distribution channel, which is defined as department store and shopping malls, is one of the most relevant distribution channels in the middle-upper menswear market. We maintain strategic relationships with selected leading department stores in the PRC.

	As of December 31,		
	2011	2012	2013
Outlets located in department stores or shopping malls	786	894	968
Stand-alone stores	299 ⁽¹⁾	311 ⁽¹⁾	332 ⁽¹⁾
Total	1,085	1,205	1,300

Note:

(1) The number included our two self-operated stores.

We believe we have established a strong foothold across over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. As of December 31, 2013, approximately 37.3% of our stores were located in First-tier cities and Second-tier cities and the remaining retail outlets were located in Third-tier cities and Fourth-tier cities. We believe our footprint has provided us with a strong foundation to capture future growth opportunities arising from different regions in the PRC.

The table below sets forth the number of retail outlets (including our two self-operated retail outlets in Quanzhou, Fujian Province) in First-tier cities, Second-tier cities and lower-tier cities as of December 31, 2013:

	As of December 31, 2013	
Number of retail outlets in First-tier cities.....	126	9.7%
Number of retail outlets in Second-tier cities	359	27.6%
Number of retail outlets in Third-tier cities.....	448	34.5%
Number of retail outlets in Fourth-tier cities.....	367	28.2%
Total	1,300	100%

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The table below sets forth the number of retail outlets operated by our distributors and their sub-distributors, the turnover and the corresponding percentage of the turnover by regions for the periods indicated:

	For the year ended December 31,										
	2011			2012			2013				
	Operated by distributors	Operated by sub-distributors	Turnover (RMB in thousands)	Operated by distributors	Operated by sub-distributors	Turnover (RMB in thousands)	Operated by distributors	Operated by sub-distributors	Turnover (RMB in thousands)	% of turnover	% of turnover
Regions of PRC											
Northern China ⁽¹⁾	122	62	133,404	141	79	187,373	145	93	221,883	16.9	15.3
Northeastern China ⁽²⁾	30	24	45,161 ⁽³⁾	37	26	59,951 ⁽³⁾	40	29	90,419 ⁽³⁾	5.4	6.2
Eastern China ⁽⁴⁾	220	129	284,673	240	147	357,588 ⁽⁵⁾	262	161	489,799 ⁽⁵⁾	32.2	33.7
Central Southern China ⁽⁶⁾	130	57	103,492	149	71	176,104	158	68	229,099	15.9	15.8
Southwestern China ⁽⁷⁾	144	34	128,341	140	33	168,032	145	43	214,412	15.2	14.8
Northwestern China ⁽⁸⁾	91	40	113,793	99	41	140,205	110	44	191,945	12.6	13.2
Subtotal	737	346	808,864	806	397	1,089,253	860	438	1,437,557	98.2	99.0
Online distributor.....			4,727			14,190			9,303	1.3	0.6
Self-operated retail outlets			4,886			5,534			5,951	0.5	0.4
Total			818,477			1,108,977			1,452,811	100.0	100.0

Notes:

- (1) Northern China includes Inner Mongolia, Beijing, Tianjin, Hebei and Shanxi.
- (2) Northeastern China includes Liaoning, Jilin and Heilongjiang.
- (3) The turnover also included a small amount from Inner Mongolia derived from one distributor whose business operation was mostly in Heilongjiang.
- (4) Eastern China includes Shandong, Fujian, Anhui, Jiangxi, Zhejiang, Jiangsu and Shanghai.
- (5) The turnover also included a small amount from Hunan derived from one distributor whose business operation was mostly in Jiangxi.
- (6) Central Southern China includes Hunan, Guangdong, Hainan, Henan, Guangxi and Hubei.
- (7) Southwestern China includes Sichuan, Yunnan, Guizhou, Tibet and Chongqing.
- (8) Northwestern China includes Ningxia, Qinghai, Gansu, Xinjiang and Shaanxi.

BUSINESS

Brand and Retail Outlet Management

We believe the shopping experience in retail outlets is important, can influence purchasing decisions of our target customer and can also enhance our brand image. We have established our uniform standards for, among other things, storefront decoration, product display, marketing activities and daily operations and have dedicated resources to implement our brand management and retail policies under the supervision of our marketing team. Through collaboration with distributors, we manage various aspects of the retail outlets and key aspects, including:

- *Design and appearance:* Distributors and sub-distributors are required to use unified furniture and fixtures (such as lighting and shelves), decorations and design that are distinctive to our brand. For department store concessions or retail outlets located in shopping malls with an operating area over 30 sq.m. or stand-alone stores with an operating area over 70 sq.m., we designate third-party contractors to conduct storefront decoration in these retail outlets at our own costs to ensure a consistent visual image of the retail outlets. We will also conduct inspections on new retail outlets within two months upon completion of furnishing.
- *Sales personnel:* We conduct regular staff training in collaboration with our distributors and their sub-distributors on brand and product knowledge.

On-site Visit

Our regional management team conducts on-site inspections of the retail outlets operated by our distributors and their sub-distributors from time to time to ensure compliance with our brand and retail outlet guidelines. We also require our distributors to conduct on-site visit to the retail outlets operated by their sub-distributors to check whether our operational guidelines have been followed. If any such retail outlet does not comply with our brand and retail outlet requirements, we retain the discretion to require the relevant retail outlet to make rectifications within a stipulated time. To the best of our Directors' knowledge, all of the retail outlets had complied with our brand and retail outlet operating standards in all material respects during the Track Record Period.

Self-Operated Retail Outlets

As of December 31, 2013, we had two self-operated retail outlets in Quanzhou, Fujian Province, where our corporate headquarters is located, which are model stores to showcase our standards of a store environment and provide guidance to our distributors and sub-distributors in brand promotion and retail management. We believe that these two model stores, along with our other efforts, help unify and enhance our brand image at the retail outlet level.

Sales Fairs and Purchase Orders

We organize bi-annual sales fairs every year to display our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. Our sales fairs generally take place in September for the spring/summer collection and March for the autumn/winter collection.

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At the sales fairs, we organize fashion shows to present our new collections, introduce the concept and designs of our products, themes of our new collection, the production techniques and fabrics used and organize trainings for our distributors on sales and marketing. We also exchange ideas with our distributors about current and future trends in the China's menswear market and communicate with our distributors to understand their annual sales and retail outlets expansion plans. We believe that the sales fairs are one of our major channels to understand and respond to market demands.

After the sales fairs, we enter into sale and purchase agreements with our distributors who also order on the behalf of their sub-distributors, which set forth, among other things, price, volume and credit policies. We derive substantially all of our orders from the sales fairs. For the years ended December 31, 2011, 2012 and 2013, our distributors placed 99.4%, 99.0% and 98.2%, respectively, of the total purchase amount after the sales fairs, with the remaining 0.6%, 1.0% and 1.8%, respectively, being subsequent top-up orders.

Upon our receipt of purchase orders, our distributors are not allowed to cancel or reduce their order size. During the Track Record Period, none of our distributors had canceled any purchase orders that they placed with us.

Pricing Strategy

We implement a uniform pricing policy and sell each SKU at the same wholesale price to all of our distributors. Our pricing policy also involves setting different wholesale price points for different products and providing retail price guidance to our distributors and their sub-distributors. For the years ended December 31, 2011, 2012 and 2013, the average wholesale price per unit for our trousers was RMB103.0, RMB115.7 and RMB125.3, respectively; the average wholesale price per unit for our tops was RMB157.3, RMB170.8 and RMB179.7, respectively; and the average wholesale price per unit for accessories was RMB70.2, RMB55.3 and RMB86.0, respectively. We believe our wholesale price as a percentage of our suggested retail price is relatively low, which provides an incentive to our distributors and their sub-distributors by allowing them to make a relatively high profit for each product they sell. We believe our wholesale pricing strategy has been one of the growth drivers to our strong sales performance during the Track Record Period.

We conduct regular review of our pricing strategy and wholesale price for different products. Our assessment takes into account prevailing market conditions, brand positioning, product design, cost of raw materials, production costs as well as competition. While we do not fix retail prices for our distributors and their sub-distributors, we guide them towards selling our products at three to five times of the wholesale price. We believe that providing guidelines on retail price range instead of fixing retail price points provides our distributors with the flexibility to adjust retail price within a suggested price range, according to retail market dynamics, competition as well as customer demands in the regions which they operate. Our distributors and their sub-distributors are involved in promotional activity or seasonal sales from time to time to maintain brand awareness and reduce inventory levels. For concessions in department stores, our distributors and their sub-distributors may also follow promotional activities or seasonal sales organized by the department stores where their retail outlets are located during holidays or festivals. We generally request our distributors not to offer

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more than 20% discount at the beginning of the season. In addition, we require each distributor to sell our products exclusively within a defined geographical area to prevent cannibalization within our distribution network as well as price competition between our distributors. In general, we believe our retail price ranges are consistent within each distributor's sales region.

Credit Policy

We grant our distributors credit terms ranging from 90 to 180 days, taking into account their historical sales level, payment history, operational scale, number of years of business relationship with us and financial status. For example, distributors with longer business relationships with us generally enjoy longer credit terms as compared to relatively new distributors. In general, any distributor added into our distribution network is granted a credit period of 90 days. We then assess its credit period on a regular basis, usually at the end of each year, and may adjust its credit period based on the assessment result. If a distributor's assessed rating is relatively high, we may grant it a longer credit period. For the years ended December 31, 2011, 2012 and 2013, the average turnover days of our trade receivables were 93 days, 86 days and 102 days, respectively. Our Directors are of the view that we did not intend to use our offer of longer credit period to some distributors than that we offered to them in previous years to induce sales, nor was our offer of longer credit period to some distributors for the year ended December 31, 2013 a factor contributing to our sales growth in 2013.

For the years ended December 31, 2011, 2012 and 2013, we did not make any provisions for any bad and doubtful debts. Our accounting policy on provisions for bad and doubtful debts had been consistent during the Track Record Period.

Product Delivery

For distribution of our products in the PRC, our distributors are required to bear delivery costs of their purchase from our production facilities to their respective designation.

Major and Related Customers

As of December 31, 2013, our direct customers were our distributors and customers from our two self-operated retail outlets in Quanzhou, Fujian Province. For the years ended December 31, 2011, 2012 and 2013, sales attributable to our five largest customers, none of whom were our suppliers, were approximately RMB256.5 million, RMB374.2 million and RMB454.0 million, respectively, accounted for approximately 31.3%, 33.7% and 31.3%, respectively, of our turnover for the corresponding periods. Sales to our largest customer accounted for approximately 9.6%⁽¹⁾, 13.7%⁽²⁾ and 12.9%⁽²⁾, respectively, of our turnover for the years ended December 31, 2011, 2012 and 2013. The number of retail outlets operated by these five largest customers and their sub-distributors represented

(1) Our largest customer for the year ended December 31, 2011 consisted of two of our distributors, the majority equity interests of which were owned by the same shareholder.

(2) Our largest customer for the years ended December 31, 2012 and 2013 consisted of three of our distributors, the majority equity interests of which were owned by the same shareholder.

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approximately 24.7%, 34.3% and 29.7%, respectively, of the total number of retail outlets operated by all of our distributors and sub-distributors as of December 31, 2011, 2012 and 2013. For further details on the business relationship with our distributors, see “— Sales and Distribution — Our Distributors” above.

All of our existing distributors are Independent Third Parties and we do not have ownership or direct management control over our distributors and their sub-distributors. Neither our Directors nor any Shareholder or their respective associates who or which to the knowledge of our Directors hold more than 5% of the issued Shares had any interests in any of our distributors throughout the Track Record Period.

MARKETING AND PROMOTION

Our marketing and promotional strategy targets to enhance our brand image and to increase consumer awareness of our products in our markets. In addition to our efforts in creating a consistent retail experience through a unified store layout and design, we engage in different marketing activities to promote our “FORDOO” brand. Through nationwide, regional and store-level marketing activities, we intend to reinforce our brand positioning and elevate our brand image as a middle-upper menswear brand in the PRC. Our marketing department, which consisted of 40 members as of December 31, 2013, is in charge of formulating and coordinating overall sales and marketing activities.

As part of our efforts to enhance brand loyalty and awareness within our targeted markets, we market through multiple channels in the PRC. We promote our brand primarily through commercials in China Central Television, or CCTV, for example, CCTV Financial Channel (CCTV-2), CCTV International (CCTV-4), and CCTV Law and Society (CCTV-12). Starting from August 2013, we advertise in airports located in selected cities in the PRC, including Beijing, Shenzhen, Shenyang, Changsha, Nanchang, Hangzhou, Zhengzhou and Xiamen. We believe launching commercials in CCTV and advertising in airports will further extend our reach to targeted end customers. We also promote our brand through prints and other advertising channels, such as newspaper, outdoor LED monitors and billboards.

In addition, we support our distributors’ marketing activities, such as advertisements on billboards, advertising walls and other promotional pamphlets, by providing financial reimbursements. All local advertising activities initiated by our distributors require our written consent. If we believe their advertising plan is feasible and effective, we will reimburse 50% of the total cost of their proposed advertising activities. We believe that our reimbursements further incentivize our distributors to offer creative and effective advertising plans, which in turn, become a valuable addition to our national marketing activities. In addition, we prepare complimentary product catalogues and brochures for our distributors and sub-distributors.

To spur end customers’ demand for our products, our distributors and their sub-distributors may, from time to time, offer discounts and promotions, especially on their end-of-season and out-of-season inventory. For concessions in department stores, our distributors and their sub-distributors may also follow promotional activities or seasonal sales organized by the department stores during holidays or festivals. We generally request our distributors not to offer more than 20% discount at the beginning of the season.

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For the years ended December 31, 2011, 2012 and 2013, our advertising and promotion expenses amounted to RMB8.6 million, RMB14.3 million and RMB18.1 million, respectively.

DESIGN AND PRODUCT DEVELOPMENT

Our design and product development efforts primarily focus on improving our products and developing new production techniques. We have a dedicated and experienced in-house design and product development team, which, as of December 31, 2013, consisted of 124 members, including designers, production technicians as well as other supporting staff. The key team members, who plan, implement, supervise and manage our design and development efforts, have an average of 10 years of experience in the fashion industry. Through conversations with our distributors, our strategically integrated model has also enabled us to channel feedback and market information from the retail level to our design and product development team.

We offer a diversified product portfolio and we believe our ability and commitment to producing products of high quality and comfort has been integral to our strong track record. In 2013, we introduced 933 SKUs for our autumn/winter collection at our March sales fair and 755 SKUs for our spring/summer collection at our September sales fair.

We have engaged a third-party consultant, Shanghai Biaoding, a leading Shanghai apparel design company, since May 2011 as our fashion consultant to conduct industry research for us. Shanghai Biaoding is led by Mr. Wu Xuekai, who was awarded with “China Fashion Design Golden Award (中國服裝設計金頂獎)” in 2002, a highly regarded fashion designer award in the PRC. Our contractual relationship with Shanghai Biaoding is renewed on an annual basis. According to the consulting agreement entered into between Shanghai Biaoding and us, we possess the copyrights in relation to its products provided for us. We also entered into a five-year strategic cooperation arrangement with Donghua University based in Shanghai in 2011 to jointly conduct research on production technologies, textile, fabrics, among others. According to the arrangement, Donghua University will provide training to us on product development and production techniques upon our request. We will also conduct research and development together with Donghua University on selected technologies and products, the intellectual property right of which shall be owned by Donghua University and us jointly. Going forward, we endeavor to continue to partner with third-party consultants in order to explore additional cooperation opportunities on design and product development.

We are dedicated to product development in order to address our end customers’ evolving needs and preferences. Our strong innovation track record is evidenced by our patented products, such as “trousers with anti-theft pockets” (“防盜褲”), “trousers promoting health and wellness” (“健康型西褲”), “trousers using new zipper sewing technology” (“一種新型褲子”), “top using new chest liners sewing technology” (“一種新型胸襯”), “comfort and fit trousers” (“舒適型西褲”), “comfort and fit blazer” (“舒適型上衣”) and “trousers with buttons concealed” (“具有隱形鈕扣褲子”).

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Generally, our design and product development process comprises four key steps shown as follows:

- *Research* — Our design and product development team attends fashion shows, conducts visits abroad to France, Italy, Japan, Korea or other fashion-leading countries, conduct industry research, consult third parties, and communicate with our distributors, sub-distributors as well as end customers to keep themselves abreast of the latest fashion trends.
- *Design and product development proposal* — Our design team applies their findings from research, complemented by insights from our distributors and a fashion theme report provided to us by Shanghai Biaoding, a third-party fashion consultant, conceptualizes and develops product designs under the “FORDOO” brand, including designs for each SKU, fabrics, patterns, colors and price range. For each season, our design and product development team outlines a detailed proposal, including the desired number of SKUs and launch timetable.
- *Sample creation* — Once design proposals are finalized, our designers prepare samples and cost estimate for each product. We review the samples to ensure that those samples adhere to our design proposal and can be produced in a cost-effective way.
- *Sample selection* — once the product samples are made and approved by our internal committee, we will exhibit them to selected distributors, who select samples to be presented to the sales fairs according to six elements, namely, fabrics, colors, cuttings, styles, prices and launch time, and finally develop them into commercially viable products and exhibit them during our sales fairs.

For the years ended December 31, 2011, 2012 and 2013, our research and product development expenses were approximately RMB8.7 million, RMB13.4 million and RMB13.4 million, respectively.

PRODUCTION

Overview

Our products are produced either in our own manufacturing facilities or by third-party OEM contractors. While we manufacture a substantial portion of our products at our own manufacturing facilities located in Quanzhou, Fujian Province, we also work with OEM contractors as we continue to expand and diversify our product offerings. For the year ended December 31, 2013, cost of self-production and cost of outsourced production accounted for approximately 69.0% and 29.6%, respectively, of our total cost of sales.

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The table below sets forth our cost of sales in connection with our self-production and outsourced production for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Self-Production	526,702	90.0	568,536	76.2	659,964	69.0
Purchases from OEMs.	51,951	8.9	168,387	22.6	282,830	29.6
Other taxes and levies ⁽¹⁾	6,267	1.1	9,573	1.2	13,065	1.4
Total	584,920	100.0	746,496	100.0	955,859	100.0

Note:

(1) Other taxes and levies include urban construction tax and other levies, which are charged by PRC local government.

For a sensitivity analysis relating to our costs of raw materials, see the section entitled “Financial Information — Key Factors Affecting Our Business, Results of Operations and Financial Condition — Price Volatility of Raw Materials — Sensitivity Analysis” in this prospectus.

We use our in-house production facilities to produce most of our core products in order to maintain our product quality and protect our intellectual property. We outsource production of all accessory and certain apparel products as we believe outsourced production enhances cost efficiency and allows us to focus on design and product development as well as brand management. We believe our flexible manufacturing process has enabled us to enhance our competitiveness while maintaining the quality of our products.

Upon completion of product planning, design and development processes, we display product samples at our seasonal sales fairs to our distributors and their sub-distributors. We obtain and confirm orders from our distributors after the sales fairs and place orders thereafter with raw material suppliers and OEM contractors. For products manufactured at our own production facilities and outsourced products, final products will be delivered to our distributors after our final quality inspection. During the Track Record Period, we did not experience any inventory shortage as a result of this efficient order and production process.

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Self-Production

We believe we have strong in-house production capabilities. We have developed several patented technologies in the design and manufacture of menswear products, such as the eight-centimeter crotch curves standard (8cm內襠工藝), “trousers promoting health and wellness” (健康型西褲) and “trousers using new zipper sewing technology” (一種新型西褲). As of December 31, 2013, we had obtained 15 patents for trousers, tops and molding devices including, among other things, a collar-shaping device (衣領成型裝置), an automatic infrared fly front sewing machine (一種紅外線自動上大小門襟機), an automatic binding machine (一種自動包縫機), an advanced waist-shaping device (一種腰面一次成型機械), a pocket shaping device (袋蓋成型裝置) and an integrated ironing device (一種整燙模壓機). We have also successfully developed 11 advanced technical processes for our production of men’s trousers, enabling us to offer trousers that combine comfort, functionality, style and quality. We also outsource certain components of production to OEMs contractors, for example, special wash or embroideries.

As of the Latest Practicable Date, we operated four workshops which specialized in the production of (i) business formal trousers, (ii) business casual and casual trousers, (iii) business formal tops as well as (iv) business casual and casual tops, respectively.

We employ advanced manufacturing technologies and have continued to pursue a high degree of automation in our manufacturing process to ensure consistent, high quality product delivery. Almost all of our production equipments are purchased from highly recognized international equipment providers, for example, our sewing machines are from a leading German brand, which we use to sew zippers, fly fronts and side seams and attach pockets of trousers; our plate cutting machines are from a leading U.S. equipment manufacturer, which replace manual cutting; and our seaming machines are from a reputable U.S. equipment manufacturer. Not only does our programmed automatic controlling system enable us to achieve automated production and significantly enhance production efficiency, it also ensures the accuracy and consistency of our production and improves the quality of our products.

We manufacture a large portion of our apparel in our production facilities located in Quanzhou, Fujian Province, which has a gross floor area of approximately 51,670.2 sq.m. As of December 31, 2013, we had in total 2,665 tailoring machines, including 1,485 general sewing machines and 1,180 special sewing machines, and 2,997 production staff. For the years ended December 31, 2011, 2012 and 2013, our production average utilization rate was 77.7%, 77.4% and 86.1%, respectively, for men’s trousers and 77.5%, 76.5% and 94.5%, respectively, for men’s tops. The increase in our production average utilization rate was primarily attributable to (i) an increase in our production staff, (ii) an increase in market demand for certain apparel products, such as business formal trousers, and (iii) our adjustment to certain production facilities as a result of an expansion of our product offering.

As of the Latest Practicable Date, all of our production equipment and facilities were owned by the Company. We have a designated team to conduct regular inspection and maintenance of our production equipment and facilities. Generally, the life cycle of our major equipment is on average over 10 years.

Our Production Capacity

The table below sets forth the designed annual production capacity, actual annual production volume and production average utilization rate of our production facilities for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Designed annual production capacity	Actual production volume	Production average utilization rate	Designed annual production capacity	Actual production volume	Production average utilization rate
Men's trousers	5,940,000	4,615,959	77.7%	5,940,000	4,599,661	77.4%
Men's tops	1,215,080 ⁽¹⁾	942,057 ⁽²⁾	77.5%	1,215,080 ⁽¹⁾	929,031 ⁽²⁾	76.5%
				5,940,000	5,115,923	86.1%
				1,215,080 ⁽¹⁾	1,148,700 ⁽²⁾	94.5%

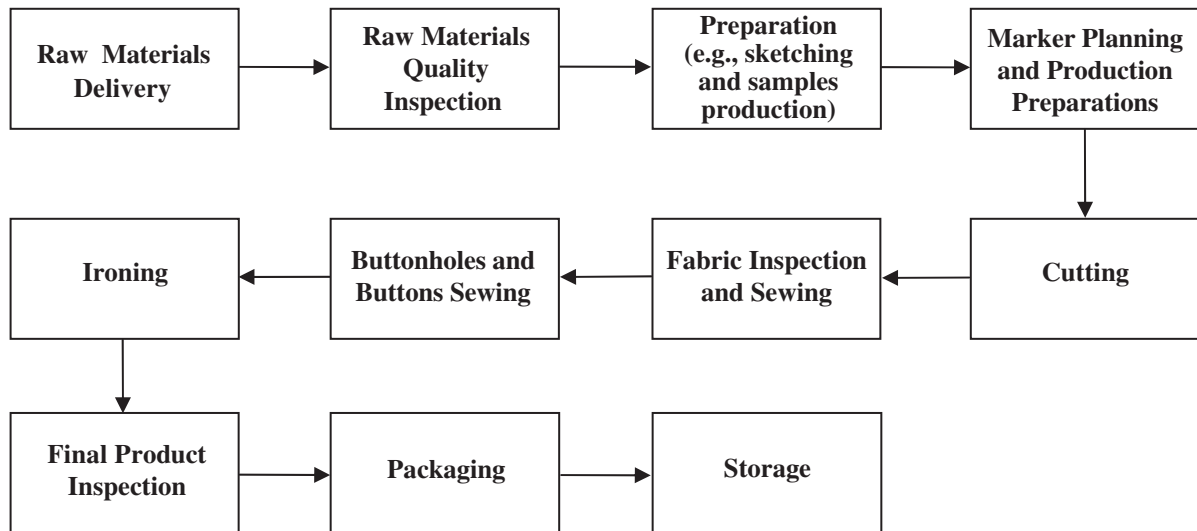
Notes:

- (1) The designed annual production capacity for men's tops is calculated based on the designed production capacity for business suits.
- (2) The actual production volume for men's tops is based on the pro forma volume of business suits after converting the actual production volume of T-shirts, shirts and jackets at a ratio of 4.5:1, 3.5:1 and 1:1, respectively.

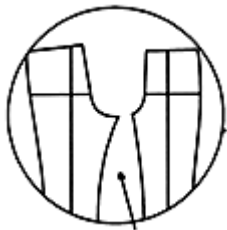
Our Self-Production Operating Procedures

We have developed comprehensive and standardized operating procedures to ensure consistency and accuracy during our production process. The general lead time in production from receipt of raw materials to finished products is around 10 days.

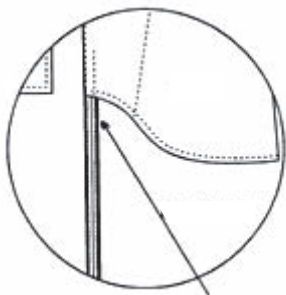
The flowchart below illustrates the key production steps for our menswear products:



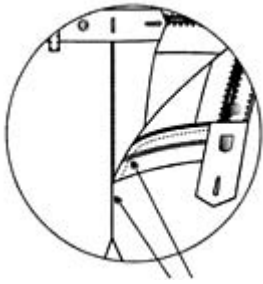
In particular, we have successfully developed 11 advanced technical processes for our production of men's trousers, enabling us to offer trousers that combine comfort, functionality, style and quality. Below sets forth details of the 11 key components:



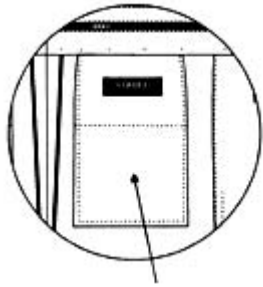
I. Automated Cutting System (裁剪自動體化) — Automation of cutting process is used to reduce cut time and minimize errors.



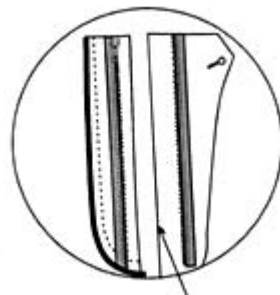
II. Binding (包邊工藝) — Our seams are neat and secured. We adopted widely recognized German automatic technology to prevent raveling of raw material edges and other potential issues.



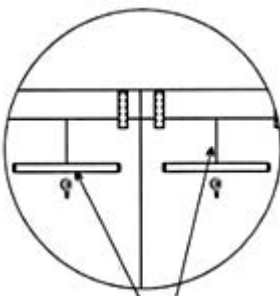
III. *Zipper (車拉鏈工藝)* — Our zippers are flexible and stretchable, which maximize comfort. The zipper will naturally curve when the wearer of the trousers sits down so as to ensure an aesthetically pleasing appearance.



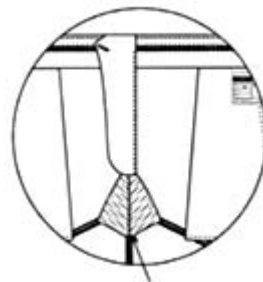
IV. *Back Pocket Opening (後袋自動化開袋技術)*— We employ sewing technologies that allow invisible seams when making open back pockets. Width of the rear pockets are also kept consistent.



V. *Advanced Zipper Sewing Technology (綉拉鏈工藝)* — Zippers are made of two tapes and they are sewn separately to ensure a smooth line.

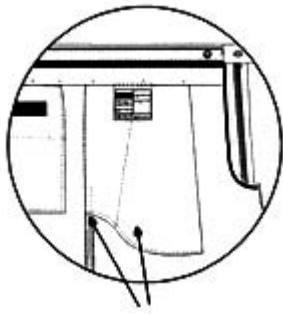


VI. *Back Waist Dart (省位)* — Folds are sewn into the fabric in order to tailor the garment to the wearer's body shape using specialized sewing equipments and technologies.

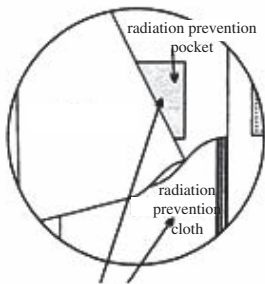


VII. *Crotch Cloth (襠布)* — We employ our patented eight-centimeter crotch curve standards (8cm內襠工藝) which maximize comfort for our target customers.

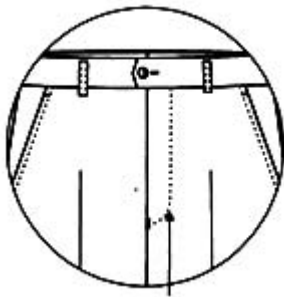
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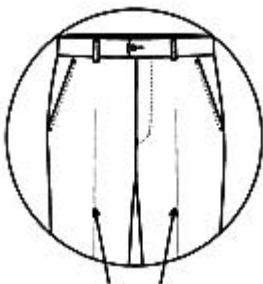
VIII. *Side Seam (側縫袋口工藝)* — We employ advanced sensor technologies which automate the stitching operations of side pockets in order to enhance accuracy and ensure smoothness.



IX. *Anti-radiation Treatment (健康護理)* — We use fabrics that are radiation and electrostatic protective, providing customers with additional protection.



X. *Fly Front (門襟線)* — We adopt advanced German computer control system to ensure accuracy and quality of fly insertion, in particular crotch curve. The system uses a digital sensor to control the number of stitches to ensure the length and size of each fly front are consistent.



XI. *Minimize deformation (不易變形)* — we use 32 different devices in conjunction with other fabric pressing technologies to help preserve the design and quality of the trousers.

Outsourced Production

We engage OEM contractors who are Independent Third Parties in the PRC to manufacture certain products, including all accessory and certain apparel products, such as sweaters and leather apparel products. Those products are produced in the factories operated by our OEM contractors under our technical supervision, and the final products are sold under our “FORDOO” brand once the products pass our quality control inspection. As of December 31, 2013, we engaged 39 OEM contractors and most of them had established business relationships with us for more than seven years with the longest being 13 years.

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We select our OEM contractors based on stringent criteria, including historical performance, production facilities, management competency, quality control, technical know-how and financial status. In addition, all of our OEM contractors are subject to an annual evaluation, which includes an assessment on their product quality, production costs and product delivery time.

We enter into OEM agreements with our OEM contractors twice a year after each of our two bi-annual sales fairs. Agreements with OEM contractors set out terms, including product details, production requirements, products inspection and acceptance criteria, agreed price and payment, purchase quantity, delivery terms and intellectual property rights protection. Subject to OEM contractors' production facilities and our production needs, we have different arrangements with our OEM contractors. We are responsible for the procurement of raw materials for some of our OEM contractors while the rest of OEM contractors are responsible for the procurement of raw materials. The payments we make to our OEM contractors reflect the relevant costs of production, including raw materials if OEM contractors are responsible for raw materials procurement, labor, processing and other production costs as well as a fee in relation to the OEM services provided. Typically, OEM contractors request advanced deposits of 20% of the purchase price and the outstanding payment balance will be settled in accordance with the terms agreed in the OEM agreement. During the Track Record Period, some OEM contractors canceled the deposit requirements for our outsourced production as a result of our increased OEM orders, a reflection of our well-maintained and long-term relationship, our enhanced bargaining power and their strengthened trust in us.

We adopt strict quality control over our OEM contractors and our quality control team conduct on-site visits to their manufacturing sites to supervise and monitor production. In accordance with the OEM agreements, if we find product manufactured by an OEM contractor unsatisfactory, we have the right to request the relevant OEM contractor to rectify the issues prior to accepting the products. Our OEM contractors are not allowed to manufacture the products over our specific orders, nor are they allowed to sell any outsourced products under our "FORDOO" brand. For any outsourced products that are defective and cannot be repaired, we require the relevant OEM contractors to destroy them.

For the years ended December 31, 2011, 2012 and 2013, purchases from our five largest OEM contractors accounted for approximately 63.6%, 65.8% and 41.5%, respectively, of our total purchases from OEM contractors; and purchases from our largest OEM contractor accounted for approximately 21.1%, 28.6% and 13.8%, respectively, of our total purchases from OEM contractors for the corresponding periods. Our Directors confirmed that none of our Directors, or their respective associates, or any Shareholder (who or which to the knowledge of the Directors) holding more than 5% of the issued Shares had any interests in any of these five largest OEM contractors throughout the Track Record Period.

As of the Latest Practicable Date, we had not encountered any material disruption to our business as a result of failure to obtain OEM-supplied products and we had not experienced and do not envisage that we will experience any material difficulties in obtaining the required outsourced products. Our continued use of OEM contractors to outsource a portion of production is subject to certain risks. See the section entitled "Risk Factors — Risks Relating to Our Business — We depend on OEM

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contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors” in this prospectus. As of the Latest Practicable Date, we were not aware of any violation by our OEM contractors of material laws and regulations applicable to them.

Raw Materials

The raw materials used in our production include clothing fabrics (such as cotton fabrics and synthetic fabrics), textile auxiliaries and other accessory materials including button, zippers and labels. For the year ended December 31, 2013, we purchased raw materials from 92 suppliers. In general, we do not enter into long-term agreements but only raw material purchase agreements with our raw materials suppliers after our bi-annual sales fairs. The quantity of our raw material orders typically depend on orders received in the sales fairs and our existing raw materials inventory. For the years ended December 31, 2011, 2012 and 2013, our raw materials accounted for approximately 72.6%, 73.1% and 74.8%, respectively, of our cost of self-production.

We select our suppliers based on a wide range of criteria, including their qualifications, business scale, production capacity, product quality and industry reputation. In addition, all of our suppliers are subject to annual evaluation, which include an assessment on product quality, production costs and product delivery time.

Our raw material purchase agreements contain the following provisions, among other terms:

- *Raw material quality* — Suppliers are required to ensure that the quality of the raw materials is in compliance with GB18401, a national standard for all textile products, as well as other industry standards.
- *Delivery and transportation* — Suppliers are responsible for the delivery of raw materials to our warehouses or our designated places and the transportation expenses incurred.
- *Inspection and acceptance* — We conduct quality inspection within 10 days upon our receipt of the raw materials. If any defect is identified, the relevant supplier is required to rectify it within three days upon our notification of such defect.
- *Payment* — We will make payments to our suppliers within three months after we inspect and satisfactorily accept the raw materials.

We believe our ability to maintain a stable relationship with suppliers is important to our success. As of December 31, 2013, most of our raw material suppliers (including their predecessors) had established business relationship with us for more than 10 years, with the longest period of relationship being 18 years. For the years ended December 31, 2011, 2012 and 2013, our five largest raw material suppliers accounted for approximately 50.6%, 43.0% and 29.3%, respectively, of our total purchase of raw materials, and our largest raw material supplier accounted for approximately 24.1%, 18.0% and 9.9%, respectively, of our total purchase of raw materials for the corresponding

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periods. All of the five largest raw material suppliers are Independent Third Parties and none of our Directors, or their respective associates, or any Shareholder (who or which to the knowledge of our Directors) holding more than 5% of the issued Shares had any interests in any of these five largest raw material suppliers throughout the Track Record Period.

We have not encountered any material disruption to our business as a result of a shortage of raw materials, and we have not experienced and do not envisage that we will experience any material difficulties in sourcing raw materials for our requirements. During the Track Record Period, we were able to pass on majority of the increase in raw material prices to our customers. For details of price fluctuation of our raw materials, see the section entitled “Risk Factors — Risks Relating to Our Business — An increase in the prices of raw materials could adversely affect our profitability” in this prospectus.

Quality Control

We are strongly committed to product quality and have established a quality control system, which is one of the principal factors contributing to our success. We adopt internal product quality control procedures to ensure that our products meet national, industry and our internal standards. Our quality control measures cover various stages of our operations, including raw material procurement, sample creation and self-production and outsourced production. We have applied and maintained the GB/T 19001-2008/ISO 9001:2008, GB/T 28001-2011/OHSAS 18001:2007, GB/T 24001-2004/ISO 14001:2004 certifications for our design and production of men’s suits, trousers, slacks, jackets and T-shirts since 2004. These certifications are evidences that our quality control management system meets international standards. We have also set up a laboratory under our quality control department to conduct internal quality inspection in accordance with ISO/IEC17025 standard. We believe that our internal quality standard are more stringent than national standards and all of our products are required to pass the relevant national and internal quality tests before reaching to our customers. In March 2014, we were awarded “Quality Award” by the China National Garment Association, which is a testament to our commitment to quality. As of December 31, 2013, we had a team of 36 staff members in our quality control department with an average of two years of experience in quality control. Our quality control system includes the following processes:

- *Raw materials* — raw materials suppliers must pass our internal quality checks, external third party quality inspections, as well as certain national health, safety and environmental standards. Those that fail to meet these standards may be returned to the suppliers for rectifications or replacement.
- *Sample products* — Our quality control team carries out tests on all sample products before we show them at our sales fair for design defects and suitability of materials.
- *Production* — We carry out inspections at all important stages of our production process to ensure that our standards are met, including spot checks of semi-finished products and final inspections on finished products to ensure that the products comply with our specifications and are free of major defects.

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- *OEM products* — We conduct on-site inspections on our OEM contractors. We provide technical training to OEM contractors to assist them with quality control of the production process. We also inspect finished products produced by OEM contractors.

During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure of our quality control systems which had a material impact on us.

INVENTORY CONTROL

Inventory control is important to our operation and profitability. Our inventories include raw materials, work-in-progress goods and finished goods. The raw materials principally used in our production are clothing fabrics (such as cotton fabrics and synthetic fabrics), textile auxiliaries and other accessory materials including button, zippers and labels. We typically place orders with raw material suppliers and OEM contractors after we obtain and confirm orders from our distributors post our sales fairs. This enables effective inventory control and minimizes inventory obsolescence risk. We have average inventory turnover days of 43 days, 35 days and 22 days, respectively, for the years ended December 31, 2011, 2012 and 2013. We use a computerized inventory control system to keep track of our own inventory levels. As of the Latest Practicable Date, we operated nine warehouses in Quanzhou, Fujian Province.

For details in relation to monitoring of inventory levels at the retail level, please refer to “— Sales and Distribution — Our Distributors — Management of our distributors” above.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions since 2007. A selection of these awards and recognitions received during the Track Record Period and up to the Latest Practicable Date are set out below:

No.	Year	Award/Recognition	Issued Entity
1.	2014	Quality Award (品質大獎)	China National Garment Association
2.	2013	Top Brand in Fujian (福建名牌產品)	Fujian Provincial People’s Government
3.	2012	Top 500 Asia Brand (亞洲品牌500強)	Asia Brand Ceremony ⁽¹⁾
4.	2012	Top 10 (Industry) Most Credible Brand in Asia (亞洲(行業)十大公信力品牌獎)	Asia Brand Ceremony ⁽¹⁾
5.	2011	Customer Satisfaction of Fujian Province of the Year 2010 (2010年福建省用戶滿意產品)	Fujian Provincial Quality Association
6.	2010	Top 10 Menswear Brands (十大男裝品牌)	Brand China Industry Union
7.	2010	Well-known Trademark in China (中國馳名商標)	SAIC
8.	2009	Top 500 Most Competitive Textile and Garment Enterprises (中國紡織服裝企業競爭力500強)	National Textile and Apparel Council

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No.	Year	Award/Recognition	Issued Entity
9.	2009	Customer Satisfaction (用戶滿意產品)	China Association for Quality
10.	2007	China Top Brand (中國名牌產品)	General Administration of Quality Supervision, Inspection and Quarantine

Note:

- (1) Host agencies for Asia Brand Ceremony included Asia Brand Association, Global Times, China-Japan-Korea Economic Development Association, National Development and Reform Commission China Economic & Trade Herald, National Development and Reform Commission Macroeconomic Management and Economic Daily by China Economic Information.

INTERNAL CONTROL AND RISK MANAGEMENT

It is the responsibility of our Board of Directors to ensure that the Company maintains sound and effective internal controls to safeguard our Shareholders' investment and the Group's assets at all times. We have adopted, or expect to adopt before listing, a series of internal control and risk management policies, procedures and programs designed to provide reasonable assurance for achieving objective including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- *Employee Manual.* Our employee manual explicitly communicates to each employee our values and our ground rules for behavior. We also have whistleblowing policies to encourage all employees to speak up against any sub-standard behavior.
- *Internal Audit.* Our internal audit function regularly monitors key controls and procedures in order to assure our management and Board of Directors that the internal control system is functioning as intended. The Audit Committee in our Board of Directors is responsible for supervising our internal audit function.
- *Compliance with Listing Rules.* Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connection transactions and securities transactions by our Directors.

The following table sets out some of the primary risks our business faces and our existing risk management measures:

Risk Identified	Our Risk Management Measures and Procedures
Protection of product design	<ul style="list-style-type: none"> • Our employment agreement with our designers include confidentiality clauses. • Our agreements with our OEM contractors include clauses to protect our intellectual property rights.

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<u>Risk Identified</u>	<u>Our Risk Management Measures and Procedures</u>
Limited control over our distributors	<ul style="list-style-type: none">• We have a standardized distributor selection process.• We have a system of evaluating the credit history of our distributors to ensure that they are of good financial health.• We require our distributors to submit sales report quarterly since October 2013.• We require our distributors to enter into sub-distribution agreements with their sub-distributors on substantially the same terms and conditions of the agreement template provided by us since January 2014.• We require our distributors to notify us in a timely manner on changes in the number of their retail outlets and their sub-distributors.• Our marketing team frequently communicates with our distributors regarding the sales and inventory levels of our products.• Our marketing department carries out on-site inspections to ensure our distributors comply with our policies.
Quality of outsourced production	<ul style="list-style-type: none">• We have a standardized OEM contractor selection process.• We assess each OEM contractor from time to time, by on-site inspections, on its product quality, production cost and timely product delivery.• We provide technical training to OEM contractors to assist them with quality control of the production process.• We also inspect finished products produced by OEM contractors.

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

The ultimate goal of our risk management process is to bring focus and effort to the issues in our business operations that create impediments to our success. Our risk management process starts with identifying the major risks associated with our corporate strategy, goals and objectives. Based on our assessment of our risks in terms of their likelihood and potential impact, we then prioritize and pair

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each risk with a mitigation plan. We encourage an all-embracing culture of risk management that ensures all employees are aware of and responsible for managing risks. Each of our operating departments is responsible for identifying and analyzing risks associated with its function, maintaining a comprehensive risk register, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans, and reporting status of risk management. Our audit personnel, the Audit Committee in our Board of Directors, and ultimately our Board of Directors supervise the implementation of our risk management policy at the corporate level by bringing together each operating department, such as sales, marketing and procurement, to collaborate on risk issues among different functions. For details about the qualifications and experiences of the members of the Audit Committee in our Board of Directors and our Board of Directors, see the section entitled “Directors and Senior Management” in this prospectus. The key process points in our risk management include:

- *Identify.* We identify current and emerging risks in our business operations and categorize those risks into a reasonable profile based on timeframe, likelihood, intensity and impact severity. We establish four risk categories, including strategic risks, financial risks, operating risks and legal risks.
- *Assess.* We assess and prioritize risks so that the most important risks can be identified and dealt with. Based on both qualitative and quantitative analyses, we prioritize risks in terms of likelihood and impact severity.
- *Mitigate.* Based on our assessment of (i) the probability and impact severity of the risks and (ii) cost and benefit of the mitigation plans, we choose the appropriate option for dealing with risks, including risk elimination by suspending the associated business activities, risk reduction by adopting appropriate control measures, risk transfer by outsourcing or purchasing insurance policies, and risk acceptance by choosing to accept risks of low priority.
- *Measure.* We measure our risk management by determining if changes have been implemented and if changes are effective. In the event of any weakness in control, we follow up by adjusting our risk management measures and reporting material issues to our Board of Directors.

COMPETITION

The menswear market in the PRC is highly fragmented and competitive. We face competition from local brands in the middle-upper menswear market, such as Joeone, Lilanz and Septwolves. We have also been facing competition from international players as they continue to expand in the PRC in order to capture growth opportunities in the menswear market. For further details, please refer to the section entitled “Industry Overview — Challenges faced by Competitors in the China’s Menswear Market” in this prospectus.

However, we believe our market position in the middle-upper menswear industry, particularly in the middle-upper business formal and business casual markets, diversified product portfolio, extensive distribution network, strategically integrated model, experienced management and design and product development team provide us with competitive advantages in the industry in which we operate. In

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addition, we believe our wholesale price as a percentage of our suggested retail price is relatively low, which allows our distributors and their sub-distributors to make a relatively high profit for each product they sell. We do not set minimum purchase requirements or policies for our distributors or allows for sales rebate, inventory repurchase or inventory swap between our distributors and us and, thus, our distributors typically place their orders according to their needs. Excessive orders are discouraged as they may expose our distributors to financial risks. As a result of the foregoing, we achieved revenue growth at a CAGR of 33.2% from 2011 to 2013, which exceeds the PRC middle-upper menswear industry growth at a CAGR of 15.1%, according to the Frost & Sullivan Report. According to the Frost & Sullivan Report, we were ranked sixth in the middle-upper menswear segment in 2013; fifth in both the middle-upper business casual and business formal menswear segments in 2013; and second in the men's trousers category from 2011 to 2013, all of which were in terms of revenue sales.

For further details, please refer to the section entitled "Industry Overview — Overview of middle-upper Menswear Segment in the PRC" of this prospectus. For a description of the risk associated with the competition we face, see the section entitled "Risk factors — Risks Relating to Our Industry — We operate in a highly competitive market and may face increasing competition" in this prospectus.

EMPLOYEES

We place strong emphasis on recruiting quality personnel. We recruit talent from universities and technical schools and provide on-going training and development opportunities to our staff members. Our training programs cover topics such as sales and production, customer service, quality control, sales fairs planning and pre-employment training. We have also provided training on workplace ethics, fire protection and other areas relevant to the industry. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employee loyalty.

As of December 31, 2013, we had a total of 3,564 full-time employees in the PRC. The following table shows a breakdown of our employees by function as of December 31, 2013:

	<u>Number of employees</u>
Management and administration	268
Design and product development	124
Finance and accounting	34
Sales and marketing	75
Quality control.....	36
Procurement.....	30
Production	<u>2,997</u>
Total	<u><u>3,564</u></u>

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Welfare Contributions

Under the relevant PRC laws and regulations, we are required to contribute to social insurance funds (including pension insurance, unemployment insurance, medical insurance, work-related injuries insurance and maternity insurance) and housing provident funds for our employees. We started making social insurance fund contribution for our PRC employees in June 2000. During the Track Record Period, we did not make adequate contributions to the social insurance fund for our employees, as it is difficult in practice to make contribution to social insurance funds and housing provident funds for employees with relatively high turnover rate and, in particular, who are immigrant workers and not willing to participate in the social welfare schemes of the city to which they immigrate temporarily. Generally, those employees prefer a cash payment in lieu of their contribution to social welfare schemes. In addition, there is inconsistency in implementation and interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC.

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) which took effect on July 1, 2011, relevant authorities may require us to pay the outstanding amount within a given period. If we fail to do so, an additional late payment fee at daily rate of 0.2% of the outstanding amount may be imposed on us. 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 a given period with an additional late payment fee at the daily rate of 0.05% from the due date and, if we fail to do so, the relevant authorities may impose a fine on us a fine ranging from 100% and 300% of the total amount of the overdue contribution. See the section entitled “Risk Factors — Risks Relating to Our Business — We may be required to make up any unpaid contribution to social insurance and housing provident funds.” For further details on the legal consequences and our measures to ensure ongoing compliance in this regard, see “— Compliance — Non-compliance” below.

For the years ended December 31, 2011, 2012 and 2013, we paid and made provisions for social insurance in an amount of approximately RMB13.8 million, RMB14.2 million and RMB6.3 million, respectively. For the years ended December 31, 2011, 2012 and 2013, we also paid and made provisions for housing provident funds contributions in an amount of approximately nil, RMB1.1 million and RMB2.2 million, respectively.

Remuneration

We incurred staff costs of approximately RMB125.1 million, RMB142.1 million, RMB157.2 million, respectively, for the years ended December 31, 2011, 2012 and 2013, representing approximately 15.3%, 12.8% and 10.8%, respectively, of our turnover for the corresponding periods.

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Employee Relations

In accordance with PRC regulations, we have established an employee labor union, in which all our employees are eligible to participate. Our labor union organizes various activities and trainings for our employees. Our labor union has established a labor dispute committee to assist our employees in dealing with their potential labor disputes with our Company.

We maintain satisfactory working relationships with our employees and have not experienced any material issues with our employees or disruption to our operation due to labor disputes, staff retention problems or recruitment difficulties, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 95 trademarks registered in the PRC and three trademark applications pending approval. We also had 15 patents registered in the PRC. In addition, we use a number of trademarks, trade names, service marks, copyrights and domain names in connection with our business, see the section entitled “Statutory and General Information — C. Further Information about the Business — 2. Intellectual property rights of our Group” as Appendix VI to this prospectus.

We have also entered into employment contracts 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.

We had not been involved in any material intellectual property rights infringement claims or litigation during the Track Record Period.

PROPERTY AND FACILITIES

Owned properties

As of the Latest Practicable Date, we owned six properties, which are primarily used as our office, factories, warehouses, staff dormitory and two self-operated retail outlets, all of which are located in our industrial park in Quanzhou, Fujian Province, with a total gross floor area of approximately 129,294.2 sq.m. We have obtained the land use rights certificates and the relevant building ownership certificates for all of our six properties, and the building thereon.

We also have obtained the land use right certificate for a parcel of land (the “**Hui’an Land**”) in Hui’an, Fujian Province, with an aggregate site area of approximately 90,561 sq.m. In August 2006 and April 2009, we paid a part of the consideration for the Hui’an Land and commenced construction work in October 2009 in the belief that we had been entitled to the land use right. During 2008 and prior to October 2009, the capital expenditure incurred in relation to the Hui’an Land was primarily in relation to our assistance with the relevant governmental authority on the land requisition and conduction of land measurement as well as project design in respect of the Hui’an Land. Due to the change in city planning of the area involving the Hui’an Land, Hui’an Municipal Land Resources

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Bureau (惠安國土資源局) subsequently decided to change the original use of one parcel of the land with a site area of approximately 57,228 sq.m. (the “**Hui’an Land A**”) from industrial use to commercial and service use and reclaim the other parcel of the land with a site area of approximately 33,333 sq.m. (the “**Hui’an Land B**”). We suspended our construction work on the Hui’an Land in June 2012. As of the Latest Practicable Date, we were waiting for the issuance of the new land use right certificate for the Hui’an Land A from the relevant governmental authority and the reclamation of the Hui’an Land B. As of the Latest Practicable Date, we had not obtained the relevant construction work commencement permit. For further details, see the sections entitled “Business — Compliance — Non-compliance” and “Risk Factors — Risks Relating to Our Business — We may be subject to fines or penalties due to the commencement of construction work prior to obtaining the relevant construction work commencement permits” in this prospectus.

Our Directors, upon communication with the competent governmental authority, expect to obtain the relevant land use right certificate for Hui’an Land A and the construction work commencement permit in August 2014. In addition, our construction plan was originally made for the Hui’an Land and, due to the change in relation to the Hui’an Land, we will make adjustment to our original construction plan suitable for the Hui’an Land A. As advised by our PRC legal advisors, King & Wood Mallesons, our construction plan will not violate the changed land usage of the Hui’an Land A. Based on such expectation, we plan to resume the construction work since then and complete the construction in 2016. The total budgeted capital expenditure was approximately RMB460.9 million, of which approximately RMB203.1 million had been incurred as of December 31, 2013. For further details, see the section entitled “Financial Information — Capital Commitments” in this prospectus. In view of the contracts and communication between the competent governmental authority and us, we expect no material hindrance in obtaining the relevant land use right certificate and construction work commencement permit and to get fair compensation (at a consideration of the initial purchase price for the land and the fair value for buildings on the land based on valuation from an independent third-party property valuer) for land reclamation, and therefore, we have not made provisions in relation to the land.

Details of these properties are set out in “Property Valuation” as Appendix IV to this prospectus.

Leased properties

As of the Latest Practicable Date, we did not have any leased properties in the PRC.

ENVIRONMENTAL AND SAFETY MATTERS

Environmental Matters

We are subject to PRC environmental laws and regulations, including the Environmental Protection Law, the Law on the Prevention and Control of Water Pollution, the Law on the Prevention and Control of Atmospheric Pollution, the Law on the Prevention and Control of Pollution From Environmental Noise and the Law 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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According to these environmental laws and regulations, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water, solid waste, dust, malodorous gas, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities.

Companies are also required to carry out an environmental impact assessment before commencing construction of production facilities to install pollution treatment facilities which meet the relevant environmental standards and to treat pollutants before discharge. During the Track Record Period, we believe we have fully complied with the relevant environmental laws and regulations. We have carried out the relevant environmental impact assessments before commencing construction of our production facilities and have obtained all the required permits and environmental approvals for our production facilities.

For the years ended December 31, 2011, 2012 and 2013, our expenditure in respect of applicable environmental protection requirements was approximately RMB1,032,392, RMB146,774 and RMB143,110, respectively. Our Directors believe that the chances of encountering potential future environmental risks are minimal and therefore do not plan to undertake any additional measures to address the environmental risks.

Our production facilities currently in operations have obtained the discharge permit and the necessary approvals materials for the operation. It is further confirmed by our PRC legal advisors, King & Wood Mallesons, that, pursuant to the confirmation provided by relevant environmental protection authority, during the Track Record Period, we had not been subject to any penalties by local authorities for material violation of laws and regulations in relation to environmental protection.

Safety

During the Track Record Period, we complied with all applicable labor and safety laws and regulations in all material respects, and strictly implemented internal safety guidelines and operating procedures. Since the commencement of our business, none of our employees has been involved in any major accident in the course of their employment and we have not been subject to disciplinary actions with respect to labor protection issues.

In order to ensure the safety of our employees, we implement operational procedures and safety standards for our manufacturing process. We also provide our employees with occupational safety education and training to enhance their safety awareness. We have also set up an engineering team of ten members, to carry out equipment maintenance on a regular basis to ensure the safety of our employees. We will continue our efforts in ensuring the safety of our employees and compliance with relevant regulations.

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INSURANCE

Our insurance coverage includes property insurance and automobile insurance. None of the members of our Group maintains general product liability insurance nor any third-party liability insurance for any of our products. See the section entitled “Risk Factors — Risks Relating to Our Business — We may be subject to product liability claims relating to our defective products and, as a result, our reputation and operating results may be adversely affected” in the prospectus. Nevertheless, we believe that our practice is in line with the general practice in the PRC as product liability insurance is not required under PRC laws. Our Directors have confirmed that we had not been subject to any material product liability or personal injury claims against us or experienced damages of a material nature to administrative or production facilities or to our properties during the Track Record Period.

COMPLIANCE

Licenses and Certificates

During the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite business licenses and relevant certificates in accordance with relevant PRC legal regulations and requirements necessary for our business operation. Our PRC legal advisors, King & Wood Mallesons, have confirmed that we had obtained all such licenses, permits and certificates as of the Latest Practicable Date.

Non-Compliance

Except as disclosed below, we complied with the law and regulations applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date. The table below sets forth summaries of certain incidents of historical non-compliance with applicable law and regulations during the Track Record Period. Our Directors believe that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us.

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Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
<p>Hong Kong Companies Ordinance non-compliance</p> <p>Tiger Capital HK failed to convene annual general meetings since its incorporation up to and including 2013 and lay the annual audited accounts before its shareholders at its annual general meetings since its incorporation up to the financial year ended December 31, 2012</p>	<p>The omission was inadvertent on the part of Mr. Kwok Kin Sun and Ms. Wang Hsiu Chin, the director and the then director of Tiger Capital HK respectively, due to their unfamiliarity of the relevant Hong Kong laws and regulations</p>	<p>A company and each officer of the company (meaning any officer of the Company, or any shadow director of the Company, who knowingly and willfully authorizes or permits the default, refusal or contravention mentioned in the provision) who is in default of Section 111 of the predecessor Companies Ordinance (now Section 610 of the Companies Ordinance) may be liable to a maximum fine of HK\$50,000, and each director of a company who fails to take all reasonable steps to comply with the provisions of Section 122 of the predecessor Companies Ordinance (now Section 429 of the Companies Ordinance) may be liable to a maximum fine of HK\$300,000 and, if the court is of the opinion that such offence was committed willfully, imprisonment up to 12 months</p>	<p>Tiger Capital HK made an application to the High Court of Hong Kong by way of Originating Summons filed on February 21, 2014 for an order, inter alia, to convene a general meeting which shall be deemed to be the annual general meeting of Tiger Capital HK since its incorporation up to and including 2013 and to extend the period of nine months to lay the annual audited accounts before its shareholders. The High Court of Hong Kong adjourned the hearing of the said Originating Summons <i>sine die</i> on May 20, 2014.</p>	<ul style="list-style-type: none"> To avoid further non-compliance, our Company has taken additional measures to improve our corporate governance and internal control to ensure full compliance with applicable laws and regulations. Upon identification of the non-compliance, we have taken steps to rectify the same where possible Our Directors will ensure our Hong Kong subsidiary will adhere to sections 111 and 122 of the predecessor Companies Ordinance and the current Companies Ordinance by designating our newly appointed company secretary, Mr. Chung Ming Kit, who is also our chief financial officer, to (i) monitor the regulatory requirements in respect of our Hong Kong subsidiary, (ii) work closely with the external legal advisors engaged by our Group, and (iii) keep abreast of the regulatory requirements under sections 111 and 122 of the predecessor Companies Ordinance and the current Companies Ordinance. Prior to the Listing, we have arranged our Hong Kong legal advisers to provide training to our Directors, and such training covered, among other things, the detailed requirements for preparation of audited accounts and convening of annual general meetings under the predecessor Companies Ordinance and the current Companies Ordinance. We will also update the progress in our interim or annual reports after our Listing. We will engage Hong Kong legal advisers to provide advice on ongoing compliance with Hong Kong laws and regulations applicable to us after the Listing

Internal control measures to prevent future breach and ensure ongoing compliance

Rectification actions taken and status

Legal consequences and potential maximum and other financial liabilities

Reason(s) for the non-compliance

Historical non-compliance

Social insurance fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), and other relevant regulations, our PRC Subsidiaries are required to provide our employees with welfare schemes covering social insurance. We started making social insurance fund contribution for our PRC employee in June 2000. During the Track Record Period, our PRC subsidiaries, including Fordoo Clothing and Tiger Capital Fashion, did not make adequate contribution to social insurance fund for our employees. The aggregate outstanding amount incurred and accrued during the Track Record Period and as of December 31, 2013 was approximately RMB36.9 million

Ms. Wu Bao Mian (吳寶棉), Mr. Xiao Shao Yu (蕭少鬱) and Ms. Pei Min Ya (裴敏雅) were responsible for social insurance fund contribution matters during the Track Record Period. It is difficult in practice to make contribution to social insurance fund for employees with relatively high turnover rate and, in particular, who are immigrant workers and not willing to participate in the social welfare schemes of the city to which they immigrate temporarily. Generally, those employees prefer a cash payment in lieu of their contribution to social insurance fund. In addition, there is inconsistency in implementation or interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC

We received confirmation letters dated January 16, 2014 from Human Resources and Social Welfare Bureau of Fengze District, Quanzhou (泉州市豐澤區人力資源和社會保障局), the competent governmental authority in Quanzhou, Fujian Province for the local social welfare scheme. The letter confirms that, as of the date of the issuance of the confirmation letter, we had made social insurance fund contribution for our employees and the relevant governmental authority was not aware of any violation of relevant laws and regulations by us in this regard

Our PRC legal advisors, King & Wood Mallesons, are of the view that, since we received the above confirmation letters from the competent governmental authority, the likelihood of fines or penalties imposed on us in this regard should be low

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We will, on a regular basis, update the competent governmental authority on the progress of the Five-year Scheme. We will also update the progress on the Five-year Scheme in our interim or annual reports after our Listing

•

We will settle the unsubscribed social insurance contribution with any employees as required by them or by any relevant government authority

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Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
				<p>We will enhance our human resources policy requiring our human resources department, headed by Ms. Zeng Qiumei (曾秋妹) since September 2013, to establish a register to keep track of the contribution schedules of social insurance. The register should include information such as a name list of employees eligible for social insurance schemes, expected contribution amount and contribution date. Our human resources department will examine the compliance of social insurance contribution on a monthly basis</p> <p>Ms. Yuan Mei Rong, our executive Director, is responsible to supervise the implementation of the policy and check the register on a regular basis. Our Directors consider it is appropriate for Ms. Yuan Mei Rong to carry out such duties as she has a deep understanding of the internal affairs of our Group and she has received legal training on relevant PRC laws, regulations and internal controls in preparation for the Listing. Our Directors consider her continued supervision would ensure efficiency in our administration affairs and implementation of the various enhanced internal control measures. If there is any delay in the social insurance contribution, Ms. Yuan Mei Rong will discuss with our human resources department and governmental authorities, if necessary</p> <p>Prior to the Listing, we have arranged our PRC legal advisors, King & Wood Mallesons, to provide legal training to our Executive Directors and relevant senior management and such training covered, among other things, the detailed requirements for provision of welfare schemes covering social insurance to employees under the relevant PRC laws and regulations</p>

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Internal control measures to prevent future breach and ensure ongoing compliance	Legal consequences and potential maximum and other financial liabilities	Reason(s) for the non-compliance	Rectification actions taken and status	Historical non-compliance
<ul style="list-style-type: none">We appointed Mr. Zhang Zhaodong, who is an associate professor of Huaqiao University School of Law, as an independent non-executive Director, to enhance our legal compliance measures. For more details, see the section entitled “Directors and Senior Management — Directors” in this prospectus. We will consult Mr. Zhang Zhaodong, an independent non-executive Director of our Company, for advice on our contribution to social insurance and housing provident funds and invite him to provide training to our senior management and employees on the relevant PRC laws and regulations.If necessary, we will consult with our PRC legal advisors for their adviceWe will engage PRC legal advisors to provide advice on ongoing compliance with PRC laws and regulations applicable to us after the Listing				

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
<p>Housing provident fund contribution</p> <p>According to the Administrative Regulations on the Housing Provident Fund of the PRC (《住房公积金管理条例》) and other relevant regulations, we are required to provide our employees with housing funds and housing benefits. During the Track Record Period, we did not make adequate contribution to housing provident fund for our employees. The aggregate outstanding amount incurred and accrued during the Track Record Period and as of December 31, 2013 was approximately RMB3.1 million.</p>	<p>Ms. Wu Bao Mian (吴宝棉), Mr. Xiao Shao Yu (肖少懿) and Ms. Pei Min Ya (裴敏雅) were responsible for housing funds and benefits matters during the Track Record Period. It is difficult in practice to make contribution to housing provident fund for employees with relatively high turnover rate and, in particular, who are immigrant workers and not willing to participate in the housing benefit schemes of the city to which they immigrate temporarily or for whom we have provided accommodation. In addition, there is inconsistency in implementation or interpretation of the relevant PRC laws and regulations among governmental authorities in the PRC</p>	<p>According to the relevant PRC laws and regulations, the relevant governmental authority may require us to make the unsubscribed contribution within a given period, and, if we fail to do so within the given period, may impose a fine ranging from RMB10,000 to RMB50,000 and may apply from a PRC court for an order to enforce the payment</p> <p>We had made provisions for the accrued but unsubscribed contribution to housing provident funds in the aggregate amount of approximately RMB3.1 million as of December 31, 2013</p>	<p>We opened housing provident fund accounts with Quanzhou Municipal Housing Fund Administration Center (泉州市住房公积金管理中心), the competent governmental authority in Quanzhou, Fujian Province for the local housing provident fund scheme, in June 2012 and have started making housing provident fund contribution since then</p> <p>We received a confirmation letter dated January 20, 2014 from the Quanzhou Municipal Housing Fund Administration Center, which confirms that, as of the date of the issuance of the letter, we had been in compliance with the PRC laws and regulations in relation to housing provident fund contribution since June 2012 and had timely made housing provident fund contribution and the relevant governmental authority was not aware of any administrative penalty imposed on us for our violation in this regard</p> <p>Our PRC legal advisors, King & Wood Mallesons, are of the view that, since we received the above confirmation letter from the competent governmental authority, the likelihood of fines or penalties imposed on us in this regard should be low</p>	<ul style="list-style-type: none"> We will enhance our human resources policy requiring our human resources department, headed by Ms. Zeng Qiumei (曾秋妹) since September 2013, to make housing provident fund contribution for our new employees going forward and to establish a register to keep track of the contribution schedules of housing provident fund. The register should include information such as a name list of employees eligible for housing provident fund schemes, expected contribution amount and contribution date. Our human resources department will examine the compliance of housing provident fund contribution on a monthly basis Ms. Yuan Mei Rong, our executive Director, is responsible to supervise the implementation of the policy and check the register on a regular basis. Our Directors consider it is appropriate for Ms. Yuan Mei Rong to carry out such duties as she has a deep understanding of the internal affairs of our Group and she has received legal training on relevant PRC laws, regulations and internal controls in preparation for the Listing. Our Directors consider her continued supervision would ensure efficiency in our administration affairs and implementation of the various enhanced internal control measures. If there is any delay in the housing provident fund contribution, Ms. Yuan Mei Rong will discuss with our human resources department and governmental authorities, if necessary We will keep communication with the competent governmental authority with respect to housing provident fund contribution. We will settle the unsubscribed housing provident fund contribution with any employee as required by them or by any relevant governmental authority

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Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
				<ul style="list-style-type: none"> • Prior to the Listing, we have arranged our PRC legal advisors, King & Wood Mallesons, to provide legal training to our Executive Directors and relevant senior management and such training covered, among other things, the detailed requirements for provision of housing funds and benefits to employees under the relevant PRC laws and regulations • We appointed Mr. Zhang Zhaodong, who is an associate professor of Huaqiao University School of Law, as an independent non-executive Director, to enhance our legal compliance measures. For more details, see the section entitled “Directors and Senior Management — Directors” in this prospectus. We will consult Mr. Zhang Zhaodong, an independent non-executive Director of our Company, for advice on our contribution to social insurance and housing provident funds and invite him to provide training to our senior management and employees on the relevant PRC laws and regulations. • If necessary, we will consult with our PRC legal advisors for their advice • We will engage PRC legal advisors to provide advice on ongoing compliance with PRC laws and regulations applicable to us after the Listing

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
<p>Yindu Fashion</p> <p>The business license of Yindu Fashion, one of our PRC subsidiaries, was revoked by Quanzhou Municipal Administration of Industry and Commerce (泉州市工商局) on November 21, 2012, due to its failure in arrangement for annual inspection for year 2010. Yindu Fashion is in the process of de-registration with the competent governmental authority, which de-registration has passed the required deadline for completion of de-registration</p>	<p>Yindu Fashion was jointly owned by two individuals, who are Independent Third Parties, and us. We have no representative on its board or were not involved in its daily operation. Due to various reasons, Yindu Fashion ceased operation by May 2010 notwithstanding various attempts by Mr. Kang Jin Gui (康金贵), an officer of the Administration Department our Group who was in charge of the administrative affairs of Yindu Fashion. The legal representative of Yindu Fashion, who is also one of the individual shareholders of Yindu Fashion, cannot be contacted in relation to Yindu Fashion's annual inspection for year 2010 and de-registration with Quanzhou Municipal Administration of Industry and Commerce. For further details, see the section entitled "History and Development" — Our History — Introduction — History of our PRC subsidiaries — Yindu Fashion" in this prospectus</p>	<p>Under the relevant PRC law, a fine ranging from RMB10,000 to RMB100,000 may be imposed on a company for its failure in arranging for annual inspection within a given period and, if it fails to do so, the company's business license may be revoked by the relevant governmental authority</p> <p>On November 21, 2012, Yindu Fashion received an administrative letter issued by the Quanzhou Municipal Administration of Industry and Commerce, deciding to revoke Yindu Fashion's business license</p>	<p>In July 2013, Yindu Fashion consulted with Quanzhou Municipal Administration of Industry and Commerce on its requirements and administrative procedures for the de-registration</p> <p>On December 11, 2013, the competent governmental authority accepted Yindu Fashion's filing application in relation to its liquidation. Yindu Fashion has completed the de-registration process on April 9, 2014</p> <p>Our PRC legal advisors, King & Wood Mallesons, are of the view that, since Yindu Fashion has completed the de-registration process, the likelihood for fines imposed on Tiger Capital Fashion in this regard should be low</p>	<p>Our Company has established an internal system of long-term equity investments to regulate the internal review procedures, investigation of partners, methods of due diligence and how to handle special matters for long-term equity investments</p> <p>Our administration department, headed by Mr. Chen Yube, is responsible for all industrial and commercial annual inspection, and filing of business license upon its renewal, and will consult with legal advisors in relation to the relevant legal issues from time to time</p> <p>The administration department is required to submit the photocopies of all the industrial and commercial documents for filing to the general manager office, which is responsible to supervise and examine the implementation by the administration department of the said duties</p> <p>We will engage PRC legal advisors to provide advice on ongoing compliance with PRC laws and regulations applicable to us after the Listing</p> <p>We appointed Mr. Zhang Zhaodong, who is an associate professor of Huaqiao University School of Law, as an independent non-executive Director, to enhance our legal compliance measures. For more details, see the section entitled "Directors and Senior Management — Directors" in this prospectus.</p>

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
<p><i>Commencement of Construction Work Before Obtaining the Land Use Right Certificate and Relevant Construction Work Commencement Permits</i></p> <p>We commenced construction work for our research and development center on a parcel of land (the "Hui'an Land") in Hui'an, Fujian Province with a site area of approximately 90,361 sq.m. before obtaining the land use right certificate and relevant construction work commencement permits</p>	<p>In May 2006, we entered into an investment project contract (the "2006 Contract") with a company controlled by the People's Government of Zishan Town, Hui'an in relation to the Hui'an Land. After the execution of the contract, Hui'an Project Land was under the process of requisition and reservation by the relevant government authorities</p> <p>In August 2006 and April 2009, we paid a part of the consideration for the Hui'an Land as required under the 2006 Contract and at the request of the relevant governmental authority. In consideration of the facts that we had made the above payment, we believed that we had been entitled to the land use right of the Hui'an Land and commenced construction work on the Hui'an Land in October 2009. With insufficient understanding of the relevant PRC laws and regulations at that time, we were not aware that construction work could not be commenced until the land use certificate and the relevant permits have been obtained. During 2008 and prior to October 2009, the capital expenditure incurred in relation to the Hui'an Land was primarily in relation to our assistance with the relevant governmental authority on the land requisition and conduct of land measurement as well as project design in respect of the Hui'an Land</p>	<p>Pursuant to the relevant PRC laws and regulation, the relevant governmental authority may impose a fine of not more than approximately RMB34.6 million on us, require us to stop construction work on the land or demolish the buildings on the land and confiscate proceeds arising from the construction, if applicable, in relation to our non-compliance</p>	<p>We have obtained the land use right certificate for the land, which is subject to change and reclamation, and suspended construction work on the land and communicated and consulted with our relevant governmental authorities on the situation</p> <p>On February 12, 2014, we received a confirmation letter from Hui'an Municipal Land Resources Bureau, confirming its plan in relation to the two parcels of land. We also received a confirmation letter from Hui'an Housing and Urban Planning Bureau (惠安縣住房和城鄉規劃局) on February 17, 2014, confirming that we have the ownership for the project under construction on the two parcels of land and it will not impose penalty or fine on us in relation to our commencement of construction work before obtaining construction work commencement permit</p> <p>Our PRC legal advisors, King & Wood Mallesons, are of the view that, since we have obtained the land use right certificate for the Hui'an Land, subject to conversion of land use and reclamation, received the above confirmation letters from the competent governmental authorities to confirm the legitimacy of the project under construction and the competent governmental authority was aware of our preparation and construction on the land but did not impose any fine or penalty on us, the likelihood of fines or penalties imposed on us in this regard should be low</p>	<p>Mr. Kang Jin Gui (康金貴), an officer of the Administration Department of our Group, was in charge of the project to be constructed under the supervision of Ms. Yuan Mei Rong. Our Directors consider it is appropriate for Ms. Yuan Mei Rong to carry out such duties as she has a deep understanding of the internal affairs of our Group, given that she has been in charge of the administration affairs of our Group since 2009 and our Directors consider her continued supervision would ensure efficiency in our administration affairs and implementation of the various enhanced internal control measures. We will prepare a checklist, setting out all the requisite certificates, permits and approvals for commencement or completion of construction work. We will not commence construction work before obtaining construction work commencement permit or other requisite certificates and will examine whether we have obtained the construction work commencement work permit before our commencement of construction work for any project going forward</p> <p>Prior to the Listing, we have arranged our PRC legal advisors, King & Wood Mallesons, to provide legal training to our Executive Directors and relevant senior management for relevant PRC laws and regulations</p> <p>If necessary, we will consult with our PRC legal advisors for legal advice</p> <p>We will engage PRC legal advisors to provide advice on ongoing compliance with PRC laws and regulations applicable to us after the Listing</p> <p>We appointed Mr. Zhang Zhaodong, who is an associate professor of Huaqiao University School of Law, as an independent non-executive Director, to enhance our legal compliance measures. For more details, see the section entitled "Directors and Senior Management" in this prospectus.</p>

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
	<p>In 2012, we were aware that the relevant governmental authorities planned to change the original use for one parcel of the Hui'an Land with a site area of approximately 57,228 sq.m. (the "Hui'an Land A") from industrial use to commercial and service use and reclaim the other parcel the Hui'an Land with a site area of approximately 33,333 sq.m. (the "Hui'an Land B"), due to change in the city planning of the area involving the Hui'an Land. We suspended our construction work on the Hui'an Land in June 2012.</p>			
	<p>In November 2012, we entered into a project land agreement (the "2012 Agreement") with Hui'an Municipal Land Resources Bureau. According to the 2012 Agreement, the Hui'an Land would undergo a tender, auction and listing-for-sale procedure. Upon the completion of the aforementioned procedure for the Hui'an Land and the land use conversion from industrial use to commerce and service use for the Hui'an Land A, the competent governmental authority will issue us a new land use right certificate for the Hui'an Land A to supersede the original land use right certificate for the Hui'an Land, and will reclaim the Hui'an Land B and provide us a fair compensation (at a consideration of the initial purchase price for the land and the fair value for buildings on the land based on valuation from an independent third-party property valuer) in relation to the Hui'an Land B together with the buildings constructed on it.</p>			
				<p>In April 2013, we obtained the land use right certificates for the Hui'an Land through a tender, auction and listing-for-sale procedure. As of the Latest Practicable Date, we were waiting for the issuance of the new land use right certificate for the Hui'an Land A and the relevant construction work commencement permit before resuming our construction work on the land</p>

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Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum and other financial liabilities	Rectification actions taken and status	Internal control measures to prevent future breach and ensure ongoing compliance
<p>Delay in capital contribution</p> <p>During the Track Record Period, Tiger Capital HK did not make contribution to the capital increase of Fordoo Clothing within the required period according to the relevant approvals and PRC laws</p>	<p>As advised by our Directors, the delayed capital contribution was due to inadvertent oversight of Mr. Chen Yu He (陳餘荷), who is in charge of the administrative affairs of Tiger Capital HK</p>	<p>According to the relevant laws and regulations, the relevant governmental authority may revoke Fordoo Clothing's business license in relation to this non-compliance</p>	<p>Tiger Capital HK had made the required capital contribution in full by January 2011</p> <p>On January 14, 2014 we received a confirmation letter from Quanzhou Municipal Administration of Industry and Commerce and Foreign Trade and Economic Cooperation Bureau of Fengze District, Quanzhou (泉州市豐澤區對外貿易經濟合作局), respectively, confirming that as of the date of the issuance of the confirmation letters, no violation of laws and regulations by us had been identified</p> <p>Our PRC legal advisors, King & Wood Mallesons, are of the view that, given that Tiger Capital HK had made the required capital contribution in full by January 2011 and received the confirmation letter above, no penalty will be imposed on us in this regard</p>	<ul style="list-style-type: none"> We have implemented several internal control measures, including requiring our Hong Kong subsidiary and PRC subsidiaries to keep track of the payment schedules of capital contribution, if any, going forward Our administrative department, headed by Mr. Chen Yube, is responsible for checking capital contribution. Upon receiving approvals from the relevant governmental authorities for capital injection into a Hong Kong or PRC subsidiary, our administrative department will inform our finance department on the relevant payment schedule and monitor the payment We appointed Mr. Zhang Zhaodong, who is an associate professor of Huaqiao University School of Law, as an independent non-executive Director, to enhance our legal compliance measures. For more details, see the section entitled "Directors and Senior Management — Directors" in this prospectus. We will engage PRC and Hong Kong legal advisors to provide advice on ongoing compliance with PRC and Hong Kong laws and regulations applicable to us after the Listing

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We have engaged an international consulting firm as our independent internal control consultant to perform certain agreed-upon-procedures in connection with our internal control policies related to entity-level controls, compliances, finance and accounting procedures, cash management procedures, procurement and accounts payable procedures, inventory management procedures, sales and accounts receivable procedures, fixed assets management procedures and IT generals controls. The independent internal control consultant performed the work, which did not involve an assurance of engagement, in relation to our internal controls and put forward recommendations in July and August 2013. In particular, our internal control consultant has (i) identified that our Company did not make adequate contribution to social insurance fund for its employees, and (ii) recommended to our Company that it should assess and evaluate the legal risk associated with the issues arising from such non-compliance and take appropriate measures. Accordingly, we have implemented rectification or improvement measures, as the case may be, in response to these findings and recommendations and the independent internal control consultant has completed the follow-up procedures on our internal control system with regard to those actions taken by us. For further details, please refer to the sections entitled “— Non-Compliance — Social insurance fund” and “— Non-Compliance — Housing provident fund contribution” above.

After considering the above rectification and improvement actions taken by our Group, our business nature and operation scale, our Directors are satisfied that our internal control system is adequate and effective for our current operation environment and consider that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules. Save as disclosed above and considering the rectification and improvement actions taken by our Group, the Directors are of the view that there are no further material issues with regard to our Company’s internal controls.

The Sole Sponsor concurs with our Directors that the occurrence of the non-compliance incidents were not during the ordinary course of business and were principally due to the Directors’ unfamiliarity with the applicable legal requirements, rather than any material deficiency in our Group’s internal control system.

The Sole Sponsor is of the view that the historical non-compliance incidents of our Group 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 the Listing under Rule 8.04 of the Listing Rules on the following grounds:

- As part of the Listing process, the Directors (i) have undergone directors’ training in connection with, among other things, the duties of directors under the Listing Rules and the applicable laws provided by our legal counsel as to Hong Kong law, and (ii) have engaged Hong Kong and PRC legal advisors to advise them on the applicable legal and regulatory requirements.
- After making enquiries with the management of our Company and reviewing the findings provided by our internal control consultant regarding our Group’s internal control system, nothing has come to the Sole Sponsor’s attention that our Company’s enhanced internal control measures are inadequate or ineffective.

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LEGAL PROCEEDINGS

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us that may have a material adverse effect on our business, results of operations or financial condition of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

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 granted under the Share Option Scheme). Save as disclosed in this prospectus and except for their respective interests in 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.

NON-COMPETITION UNDERTAKING OF THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders have 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 10% 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; or
 - (iii) the Controlling Shareholders and/or their respective associates do not have the control over the board of such company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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.

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 three executive Directors and three independent non-executive Directors. Mr. Kwok, 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

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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.

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 six Directors, including three executive Directors and three independent non-executive Directors. The following table sets forth information regarding members of our Board.

Name	Age	Address	Position	Date of Appointment	Date of joining our Group	Role and Responsibilities	Relationship with other Directors
Mr. Kwok Kin Sun	58	No. 31, Quanxiu Villa Quanxiu Road Fengze District Quanzhou City Fujian Province PRC	Executive Director, chief executive officer and Chairman of the Board	December 2013	October 1996	Formulation of our overall corporate strategies, planning and business development, management of the Board	Father of Mr. Kwok Hon Fung
Mr. Kwok Hon Fung	24	No. 31 Quanxiu Villa Quanxiu Road Fengze District Quanzhou City Fujian Province PRC	Executive Director and general manager	February 2014	January 2009	Execution of corporate strategies, overall management of our daily operations	Son of Mr. Kwok Kin Sun
Ms. Yuan Mei Rong	59	Unit 502, Yida Garden Block 7 No. 93 Tianhuai Road Fengze District Quanzhou City Fujian Province PRC	Executive Director and vice general manager	February 2014	October 1996	Management of finance and administrative functions	N/A
Mr. Kwauk Teh-Ming Walter	61	56 MacDonnell Road Flat 18-B Greenland Court Hong Kong	Independent non-executive Director	June 2014	June 2014	Provide independent opinion and judgment to our Board	N/A
Mr. Zhang Longgen	50	No. 302, Unit 1 Block 1 No. 25 Guangqu Road Chaoyang District Beijing PRC	Independent non-executive Director	June 2014	June 2014	Provide independent opinion and judgment to our Board	N/A
Mr. Zhang Zhaodong	40	Unit 604 Wu Zhou Building No. 372, Hexiang West Road Xiamen City Fujian Province PRC	Independent non-executive Director	June 2014	June 2014	Provide independent opinion and judgment to our Board	N/A

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Kwok Kin Sun (郭建新), aged 58, is the founder of our Group. He is also the chief executive officer of our Group and Chairman of the Board. He is the father of Mr. Kwok Hon Fung, our executive Director. He was appointed as an executive Director on December 23, 2013. Mr. Kwok has over 20 years of experience in the menswear industry and is responsible for the formulation of our overall corporate strategies, planning and business development. Mr. Kwok's vision, leadership and dedication to our Group's development since inception have been core to our success to date. Mr. Kwok first engaged in the manufacturing and sale of men's trousers in 1988 through Xincheng Trousers and Clothing Industry (新城西褲服裝廠). In the early 1990s, Mr. Kwok launched the Chinese brand name "虎都" in conjunction with the English brand name "Tiger Capital" in the PRC. In the early 2000s, Mr. Kwok changed the English brand name from "Tiger Capital" to "FORDOO" to align the Chinese brand name with the English brand name. In 2009, he was appointed as the deputy director of the 3rd Menswear's Expert Committee of China National Garment Association (第三屆中國服裝協會男裝專業委員會副主任委員). Mr. Kwok graduated from senior high school. As of the Latest Practicable Date, Mr. Kwok did not hold directorship in other listed companies in the past three years.

Code provision A.2.1 of the Corporate Governance Code in Appendix 14 of the Listing Rules stipulates that the roles of Chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. Kwok is the founder of our Group and has extensive experience in corporate operations and management, the Board believes that it is in the best interest of our Group to have Mr. Kwok taking up both roles for effective management and business development.

Mr. Kwok Hon Fung (郭漢鋒), aged 24, is the general manager of our Group and is responsible for the execution of corporate strategies and the overall management of our daily operations. He is the son of Mr. Kwok, our executive Director. He joined our Group in January 2009 and was appointed as an executive Director on February 12, 2014. He had been the vice president of our Group between 2009 and 2010 and was responsible for product research and manufacturing management, and the vice president of marketing department of our Group between 2010 and 2011 and was primarily responsible for marketing. He has been the general manager of our Group since 2012, responsible for manufacturing, business activities and management. In July 2010, he was appointed as an executive director of youth chamber of commerce of the Youth Entrepreneurs Association of Quanzhou (泉州市青年企業家協會青年商會常務理事). In August 2010, Mr. Kwok obtained qualification of company secretary from the Shanghai Stock Exchange. In May 2013, he was awarded Outstanding Youth Entrepreneur of Quanzhou (第三屆泉州市優秀青年企業家) jointly by, among other entities, the Office of the Communist Youth Group of Quanzhou City Committee (共青團泉州市委員會), Quanzhou City Joint Youth Committee (泉州市青年聯合會), Quanzhou City Youth Entrepreneur Association (泉州市青年企業家協會) and Quanzhou City Youth Commercial Association (泉州市青年商會). In June 2013, he was appointed as a general director of the 3rd session of the counsel of Red Cross Fengze District (豐澤區紅十字會第三屆理事會常務理事). Mr. Kwok obtained a graduation certificate in business administration from East China Normal University (華東師範大學) in Shanghai in 2009. As of the Latest Practicable Date, Mr. Kwok did not hold directorship in other listed companies in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yuan Mei Rong (袁美榮), aged 59, is the vice general manager of our Group and is primarily responsible for the finance and administrative functions of our Group. She was appointed as an executive Director on February 12, 2014, and joined the finance team of Xincheng Trousers And Clothing Factory (新城西褲服裝廠) in 1988 and joined our Group in October 1996 as a marketing manager. She worked as the vice manager of finance of our Group in 2004, and was responsible for our finance and related management affairs. Since 2009, she has been appointed as the vice general manager of our Group and was in charge of the finance and administration affairs. Ms. Yuan graduated from senior high school. As of the Latest Practicable Date, Ms. Yuan did not hold directorship in other listed companies in the past three years.

Independent Non-executive Directors

Mr. Kwauk Teh-Ming Walter (郭德明), aged 61, joined our Group in June 9, 2014 and is appointed as an independent non-executive Director on June 9, 2014. He is currently an independent non-executive director of Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司), a company listed on the Stock Exchange and a provider of application software products and solutions. He has over 25 years of experience in accounting. Mr. Kwauk is currently a consultant of Motorola Solutions, Inc. which designs, manufactures and sells communications infrastructure, devices, system software and applications, and provides services associated with their use. Mr. Kwauk served in KPMG which provides audit, tax and advisory services from 1977 to 2002, holding a number of senior positions including the general manager of KPMG's joint venture accounting firm in Beijing, the managing partner in KPMG's Shanghai office and a partner in KPMG's Hong Kong office. From January 2003 to June 2012, Mr. Kwauk was the vice president and the director of corporate strategic finance and tax, Asia Pacific of Motorola Solution Inc. He obtained a certificate of membership from the Hong Kong Institute of Certified Public Accountants in August 1981. Mr. Kwauk obtained a bachelor's degree in science in May 1975 and a licentiate's degree in accounting from the University of British Columbia in Canada in May 1977. Except as disclosed herein, as of the Latest Practicable Date, Mr. Kwauk did not hold directorship in other listed companies in the past three years.

Mr. Zhang Longgen (張龍根), aged 50, is an independent non-executive Director of our Company. Mr. Zhang joined our Group in June 9, 2014 and was appointed as an independent non-executive Director on June 9, 2014. He is currently a director of JinkoSolar Holding Co., Ltd. (晶科能源有限公司), a company listed on the New York Stock Exchange, which specializes in the manufacturing of solar power products, and has been responsible for the company's financing matters. He also serves as an independent director of CCS Supply Chain Management Co., Ltd (山東瑞茂通供應鏈管理股份有限公司), a company listed on the Shanghai Stock Exchange which engages in blending, processing and sale of coal. From June 2001 to March 2002, he worked as the corporate controller of Scient Corp., an eBusiness systems innovator which provides consultation to system design, development, maintenance and enhancement, which was listed on NASDAQ but went bankrupt in July 2002, and was responsible for financial and management reports. From April 2002 to January 2006, he served as the chief financial officer of Crystal Window Door Systems Ltd., which sells window and door products and manufacturing equipment and was responsible for providing strategic

DIRECTORS AND SENIOR MANAGEMENT

and financial planning services. From August 2006 to August 2008, he worked in Xinyuan Real Estate Co., Ltd. (鑫苑地產控股有限公司), a company listed on the New York Stock Exchange which is a property developer, as a director and the chief financial officer, and was responsible for financing and accounting matters. Mr. Zhang obtained his master's degrees in accounting from West Texas State University (西德克薩斯州農工大學) in the United States in 1992 and his master's degree in business administration from West Texas A&M University in the United States in 1994. He was accredited as "CFO of 2010" by Xin Li Cai Magazine (新理財雜誌社) in 2011. He was qualified as a certified public accountant and was granted such certificate by the State Board of Public Accounting of the State of Texas in the United States in August 1995. He obtained the certificate of membership from American Institute of Certified Public Accountants in July 2002. Except as disclosed herein, as of the Latest Practicable Date, Mr. Zhang did not hold directorship in other listed companies in the past three years.

Mr. Zhang Zhaodong (張照東), aged 40, is an independent non-executive Director of our Company. Mr. Zhang joined our Group in June 9, 2014 and was appointed as an independent non-executive Director on June 9, 2014. He is currently an associate professor in the law faculty in Huaqiao University (華僑大學) and has been the legislative consultant of Xiamen Municipal Bureau of Legislative Affairs (廈門市法制局) which carries out research on the lawmaking of the Municipal Government of Xiamen, implements and inspects the responsibility mechanism of administration and law execution as well as the appraisal and examination system since July 2011. He was a former lawyer specializing in labor law and deputy director of the All China Lawyers Association Labor and Social Security Law Committee (中華全國律師協會勞動與社會保障法專業委員會). In April 2012, he was named one of the intellectual property specialists by Quanzhou Municipal Intellectual Property Bureau (泉州市知識產權局) which implements laws, rules, regulations, guidelines and policies related to patent, studies and drafts local rules, regulations and policies concerning patent. He was accredited as the "Excellent Lawyer" (第二屆福建省優秀青年律師) in January 2008 and the "Outstanding Legal Science Master" (第二屆福建省優秀青年法學人才) jointly by Fujian Province Politics and Law Committee (中共福建省委政法委員會) and Fujiansheng Law Society (福建省法學會) in September 2010. Mr. Zhang obtained his bachelor's degree in law from Xiamen University (廈門大學) in the PRC in July 1996, his master's degree in economics and law from Huaqiao University (華僑大學) in the PRC in July 1999, his doctorate degree in international economics and law from Xiamen University (廈門大學) in September 2003 and his post-doctoral degree in economics from Fujian Normal University (福建師範大學) in October, 2009 in the PRC. As of the Latest Practicable Date, Mr. Zhang did not hold directorship in other listed companies in the past three years.

None of our Directors has been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Name	Age	Address	Position	Date of Appointment	Date of joining our Group	Role and Responsibilities	Relationship with other Directors and senior management
Mr. Chung Ming Kit	36	Flat E, 46 Floor Block 6 The Long Beach 8 Hoi Fai Road Tai Kok Tsui Kowloon	Chief financial officer, company secretary, authorized representative	January 2014	January 2014	Overall financial management, company secretarial affairs and coordination of investor relations	N/A
Mr. Yan Hua	37	No.1 , Huzhou Village Huilong Township Jianyang City Fujian Province China	Vice general manager	January 2013	January 2009	Market development and sales	N/A
Mr. Chen Jianxin	39	No. 67, Floor 6 Jiyangjushan Qian Jiyang Town Jian'ou City Fujian Province China	Head of production department	January 2009	October 1996	Management of production	N/A
Mr. Chen Hailong	37	No. 185 Zhongxin Street Dongyang Village Ganting Town Hu County Xi'an City China	Head of product development department	February, 2014	November 2012	Management of product development	N/A

Mr. Chung Ming Kit (鍾明杰), aged 36, is the chief financial officer of our Group and the company secretary of our Company. He joined our Group in January 2014 and is primarily responsible for our overall financial management, company secretarial affairs and coordination of investor relations. Mr. Chung has over 12 years of corporate finance and accounting experience. Prior to joining our Group, from September 2001 to April 2006, Mr. Chung had been an auditor at Deloitte Touche Tohmatsu (德勤會計師事務所) which provides tax, audit and advisory services. From June 2006 to March 2008, he served as the financial executive manager of Tomoike Industrial (HK) Ltd. (香港友池有限公司), a subsidiary of CDW Holding Limited (CDW控股有限公司), a company listed on the Singapore Exchange Securities Trading Limited which sells liquid-crystal display backlight units, metal and plastic frames, and other precision accessories. He was the group financial controller of China Medical Technologies Inc. (中國醫療技術公司) from April 2008 to January 2012, which was listed on NASDAQ but went bankrupt in August 2012, and I.T Limited, a company listed on the Stock Exchange which engages in retailing and trading fashion wears and accessories from April 2012 to

DIRECTORS AND SENIOR MANAGEMENT

January 2014. Mr. Chung obtained his bachelor's degree in business administration in accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. He obtained a certificate of membership from the Hong Kong Institute of Certified Public Accountants in January 2005. He was qualified as a chartered financial analyst in September 2008, granted by the Board of Governors of CFA Institute.

Mr. Yan Hua (嚴華), aged 37, is a vice general manager of our Group and is responsible for market development and sales. Mr. Yan joined our Group in January 2009 has over 12 years of experience in sales, operations and management. Prior to joining our Group, Mr. Yan worked at Fujian Septwolves Industry Co. Ltd. (七匹狼男裝有限公司) which engages in the design, manufacture, and sale of menswear, as a business supervisor to be responsible for business development from December 2001 to December 2004 and a marketing manager to be in charge of market development of Diking (China) Company Limited (帝牌(中國)有限公司) which engages in marketing, development and design, manufacturing and retail of apparels products. From March 2005 to May 2008, he was mainly responsible for market development and retail management. He was appointed as the head of the marketing department of our Group in January 2009. He became the vice president of the Group in January 2013, and was responsible for marketing and retail management. Mr. Yan obtained his bachelor's degree in economics from Shanxi University of Finance & Economics (山西財經大學) in the PRC in 2002.

Mr. Chen Jianxin (陳建鑫), aged 39, is the head of production planning department. He joined Xincheng Trousers And Clothing Factory (新城西褲服裝廠) in 1990 as technician and joined our Group in October 1996. He became a supervisor of our Group in 1996 and was responsible for the manufacture of apparel products. Between 2004 and 2008, he served as the factory manager (廠長) for the production of business formal and business casual trousers. He was appointed as the head of production planning department of Fordoo Clothing in 2009, and was responsible for the management of the department.

Mr. Chen Hailong (陳海龍), aged 37, is the head of product development department. He joined our Group in November 2012 as a product development director and became the head of product development department in February 2014. Prior to joining our Company, he worked as the head of menswear department of Erdos Group (鄂爾多斯集團華南公司) from 2005 to 2008, and was responsible for the development of non-cashmere products. From 2008 to 2012, he served as the manager of product development department of Flying Dragon Industry Shenzhen Ltd (深圳捷龍信實業有限公司) which is a brand agency, and was responsible for product development. Mr. Chen graduated from Northwest Textile Science and Technology University (西北紡織工學院) with his bachelor's degree in fashion design in the PRC in July 1999. He was accredited as "Top 10 designers of knitwear design" (中國第三屆毛織服裝設計十佳設計師) by Dalang International Woolen Knitwear Fair (中國(大朗)國際毛織產品交易會) in 2004.

As at the Latest Practicable Date the senior management of the Company did not hold any directorships in any listed companies in the last three years.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Chung Ming Kit (鍾明杰), was appointed as the company secretary of our Company on January 1, 2014. His biographical details are set out under the paragraph headed “Senior Management” above.

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 Mr. Chung Ming Kit, 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 outside Hong Kong. Accordingly, 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 entitled “Waiver 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’S REMUNERATION DURING THE TRACK RECORD PERIOD

For the years ended December 31, 2011, 2012 and 2013, the aggregate remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was approximately RMB1,651,000, RMB1,551,000 and RMB1,605,000, 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, 2011, 2012 and 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 for the year ended December 31, 2014 will be approximately RMB2,500,000.

DIRECTORS AND SENIOR MANAGEMENT

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 the remuneration of our Directors during the Track Record Period as well as information on the highest paid individuals, please refer to note 6 of Section B, note to combined financial information included as Appendix I to this prospectus.

BOARD COMMITTEES

Audit Committee

We have established an audit committee pursuant to a resolution of our Directors passed on June 9, 2014 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. Kwauk Teh-Ming Walter, Mr. Zhang Longgen and Mr. Zhang Zhaodong, and Mr. Kwauk Teh-Ming Walter is the chairman of the audit committee.

Remuneration Committee

We have established a remuneration committee on June 9, 2014 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 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. Zhang Zhaodong, Mr. Kwauk Teh-Ming Walter and Mr. Zhang Longgen, and Mr. Zhang Zhaodong is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee on June 9, 2014 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. Kwok Kin Sun, Mr. Zhang Longgen and Mr. Kwauk Teh-Ming Walter, and Mr. Kwok Kin Sun is the chairman of the nomination of committee.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

Our Company has appointed CMB International 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 appointment of CMB International Capital Limited as our compliance adviser 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.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waiver 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 most of the Group's assets are based in the PRC, members of our senior management team (other than Mr. Chung Ming Kit, 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 outside Hong Kong. Further, none of our executive Directors will be based in Hong Kong upon the Listing.

The Directors consider that appointing additional new executive Directors who are ordinarily resident in Hong Kong who may not be familiar with the operations of the Group for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules will unduly increase the administrative expenses of our Company. Such newly appointed executive Directors will not be able to understand fully the daily operations of the core business of the Group or appreciate fully the circumstances surrounding or affecting the core business operations and development of the Group from time to time, as they will not be able to physically present in the operational and management center of the Group in the PRC all the time. As such, the appointment of additional new executive Directors who are ordinarily resident in HK will likely reduce the efficiency of our Board in making decisions, and will not be in the best interest of our Company and its shareholders as a whole.

Alternatively, to relocate any of the existing PRC-based executive Directors to Hong Kong will again result in our executive Directors not being physically present in the operational and management center of the Group in the PRC for most of the time, and as such, our executive Directors may not be able to exercise their discretion on a fully informed basis, or make appropriate business decisions or judgments that are most beneficial to the operation and development of our Group. Each of the executive Directors has a vital role in the business and operations and it is of paramount importance for them to be primarily based in the PRC and stay physically close to the Group's daily operations.

For the reasons set out above, our Directors consider that it would be practically difficult and not commercially feasible for the Company to appoint another person who is ordinarily resident in Hong Kong as additional executive Director(s) or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH 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) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives 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. The two authorized representatives appointed are Mr. Kwok, an executive Director and the Chairman of the Board, and Mr. Chung Ming Kit, the company secretary and the chief financial officer of our Company, who is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by respective mobile phone number, office phone number, e-mail address and facsimile number. Each of the two authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange;
- (b) pursuant to Rule 3A.19 of the Listing Rules, we have appointed CMB International Capital Limited as our compliance advisor which will have access at all times to our authorized representatives, Directors and senior management and will act as an additional communication channel with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which we distribute the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules;
- (c) both the authorized representatives have means of contacting 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. In this regard, we will implement a policy whereby (i) each Director (including the independent non-executive Directors) will provide his mobile phone number, office phone number, e-mail address and facsimile number to the authorized representatives; (ii) each Director (including the independent non-executive Directors) will provide valid phone numbers or means of communication to the authorized representatives when he travels; and (iii) each Director (including the independent non-executive Directors) will provide his mobile phone number, office phone number, e-mail address and facsimile number to the Stock Exchange;
- (d) all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange upon a reasonable notice when required. As such, meetings between the Stock Exchange and the relevant Director(s) could be arranged through the authorized representatives or our compliance advisor, or directly with the relevant Director(s) within a reasonable time frame; and
- (e) we will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the compliance advisor in accordance with the requirements of the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

The authorized share capital of our Company is as follows:

Authorized share capital:	(HK\$)
1,000,000,000 Shares	10,000,000

Without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, our Company's issued share capital immediately after completion of the Capitalization Issue and the Global Offering will be as follows:

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

Issued share capital:	HK\$	Approximate percentage of issued share capital (%)
10,000 Shares in issue as at the date of this prospectus	100	0.002
359,990,000 Shares to be issued under the Capitalization Issue	3,599,900	74.998
<u>120,000,000</u> Shares to be issued under the Global Offering	<u>1,200,000</u>	<u>25.0000</u>
<u>480,000,000</u> Total	<u>4,800,000</u>	<u>100.000</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.

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.

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on June 9, 2014. The principal terms of the Share Option Scheme are summarized in the section entitled "F. Share Option Scheme" in Appendix VI to this prospectus.

SHARE CAPITAL

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; 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 entitled "A. Further information about our Company — 4. Written resolutions of our Shareholders passed on June 9, 2014" in Appendix VI 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.

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 entitled "A. Further information about our Company — 5. Repurchase of our shares" in Appendix VI to this prospectus.

SHARE CAPITAL

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 entitled "A. Further Information about our Company — 4. Written resolutions of our Shareholders passed on June 9, 2014" in Appendix VI 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 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 upon Listing ⁽¹⁾
Mr. Kwok ⁽²⁾	Interest in a controlled corporation	244,800,000	51.00%
Ms. Wong Tung Yam ⁽²⁾	Interest of spouse	244,800,000	51.00%
Everkept ⁽²⁾	Beneficial owner	244,800,000	51.00%
Mr. Kwok Hon Fung ⁽³⁾	Interest in a controlled corporation	50,400,000	10.50%
Equal Plus ⁽³⁾	Beneficial owner	50,400,000	10.50%
Mr. Kwok Hon Pan ⁽⁴⁾	Interest in a controlled corporation	45,612,000	9.50%
Key Tide ⁽⁴⁾	Beneficial owner	45,612,000	9.50%

Note:

1. Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options which may be granted under the Share Option Scheme.
2. Under the SFO, Mr. Kwok is deemed to be interested in all the Shares held by Everkept by reason of his 70% interest in the share capital of Everkept, and Ms. Wong Tung Yam, the spouse of Mr. Kwok, is deemed to be interested in all the Shares in which Mr. Kwok is interested. Mr. Kwok and Ms. Wong Tung Yam are the parents of Mr. Kwok Hon Fung and Mr. Kwok Hon Pan.
3. Under the SFO, Mr. Kwok Hon Fung is deemed to be interested in all the Shares held by Equal Plus by reason of his 100% interest in the share capital of Equal Plus. He is the son of Mr. Kwok and Ms. Wong Tung Yam.
4. Under the SFO, Mr. Kwok Hon Pan is deemed to be interested in all the Shares held by Key Tide by reason of his 100% interest in the share capital of Key Tide. He is the son of Mr. Kwok and Ms. Wong Tung Yam.

SUBSTANTIAL SHAREHOLDERS

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 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.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial information together with the accompanying notes, set forth in the Accountants' Report included as Appendix I to this prospectus. Our combined financial information is prepared in conformity with IFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to certain differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.

Unless the context otherwise requires, financial information described in this section is described on a combined basis.

OVERVIEW

FORDOO is reputable menswear brand in the PRC. We are positioned in the middle-upper menswear segment, which is the largest and fastest growing menswear segment in the PRC according to the Frost & Sullivan Report. We were ranked sixth with a market share of 2.9% in the middle-upper menswear market, which accounted for 30.4% of the overall menswear market in the PRC; we were ranked fifth in both the middle-upper business casual menswear segment with a market share of 4.0% and the middle-upper business formal menswear segment with a market share of 2.9%; and we were ranked second in the men's trousers category with a market share of 3.0%, all of which were in terms of retail sales in 2013, according to the Frost & Sullivan Report. We primarily target middle class men aged 30 to 60. We seek to promote an independent, successful and elite lifestyle through our brand. We manage and operate our business through a strategically integrated model, comprising brand management and marketing, design and product development, ordering process, procurement of raw materials, self-production and outsourced production and sales and distribution.

Our brand's history dates back to the early 1990's, when Mr. Kwok, our founder and Chairman, started manufacturing and marketing trousers. We have gradually established our reputation as a national domestic menswear brand offering comfortable, high quality and aesthetically pleasing trousers. Our strong brand recognition is evidenced by our numerous industry awards, including "Quality Award" by the China National Garment Association (中國服裝協會) in 2014, "Top 10 (Industry) Most Credible Brand in Asia" and "Top 500 Asia Brand" by Asia Brand Ceremony (亞洲品牌盛典) in 2012, "Top 10 Menswear Brand" by the Brand China Industry Union (品牌中國產業聯盟) in 2010, "Well-known Trademark of China" by SAIC since January 2010, "Top 500 Most Competitive Textile and Garment Enterprise" by the National Textile and Apparel Council in 2009, "Customer Satisfaction" by the China Association for Quality (中國質量協會) in 2009 and "China Top Brand" by the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007.

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We offer a wide spectrum of menswear apparel and accessory products through our FORDOO brand. Our products are primarily offered under our business casual and business formal product series, which are suitable for almost all business occasions. During the Track Record Period, we increased product offerings in the business casual category in order to meet the prevailing market trend and growing customer demand for business casual menswear. Our diversified product portfolio also allows us to address our customers' evolving needs and preferences. We introduced 933 SKUs at our sales fair in March 2013 for our autumn/winter collection and 755 SKUs at our sales fair in September 2013 for our spring/summer collection.

We believe we have strong in-house production and product development capabilities. We have a dedicated and experienced design and product development team, which, as of December 31, 2013, comprised 124 members, including key members with an average of 10 years of experience in fashion design. We have developed several patented technologies in the design and manufacture of menswear products, such as the eight-centimeter crotch curves standard (8cm內襠工藝). As of December 31, 2013, we had obtained 15 patents for trousers, tops and molding devices. We have also successfully developed 11 advanced technical processes for our production of men's trousers, enabling us to offer trousers that combine comfort, functionality, style and quality.

While we manufacture a substantial portion of our products at our own manufacturing facilities located in Quanzhou, Fujian Province, we also work with third-party OEM contractors as we continue to expand and diversify our product offerings. We outsource the production of all accessory products and certain apparel products. Selective outsourcing, we believe, allows us to focus on design and product development as well as brand management. As of December 31, 2013, we had engaged 39 OEM contractors. We believe our flexible manufacturing process is complementary to our business and has enabled us to enhance our competitiveness while maintaining the quality of our products.

We primarily sell our products on a wholesale basis to our third-party distributors, who then sell the products to end customers through retail outlets operated by themselves or resell the products to their sub-distributors, who in turn sell the products to end customers at retail outlets operated by those sub-distributors. We sell a small quantity of our products to our online distributor. Our products are distributed through an extensive distribution network in the PRC. As of December 31, 2013, our distribution network comprised 45 distributors, 177 sub-distributors and 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We also have two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

We execute a multi-channel marketing strategy, which involves leveraging the look of our stores to promote our "FORDOO" brand and engaging in other marketing activities on a national and regional level to reinforce our brand image. We invest in multiple media channels, such as commercials on selected CCTV channels and rolling advertising in airports. We also incentivize and encourage our distributors to pursue effective marketing activities.

FINANCIAL INFORMATION

We achieved rapid growth in turnover and net profit during the Track Record Period. Our turnover increased by 35.5% from RMB818.5 million in 2011 to RMB1,109.0 million in 2012, and further increased by 31.0% to RMB1,452.8 million in 2013. Our net profit increased by 44.5% from RMB105.8 million in 2011 to RMB152.9 million in 2012, and further increased by 56.0% to RMB238.5 million in 2013.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on December 23, 2013. In preparation for the Global Offering, our Group underwent the Reorganization, as detailed in the section entitled “History and Development” in this prospectus. As a result of the Reorganization, our Company became the holding company of the companies now comprising our Group. The Reorganization has been accounted for in accordance with the principle similar to a reverse acquisition as set out in International Financial Reporting Standard 3, Business Combinations. Our Company acquired the shares of Bigtime Global, which then subscribed and acquired the entire share capital of Tiger Capital HK. As a result, our Company became the holding company of Tiger Capital HK and its subsidiaries. The financial information has been prepared as a continuation of Tiger Capital HK and the assets and liabilities of Tiger Capital HK and its subsidiaries are recognized and measured at their historical carrying values prior to the Reorganization.

For more information on the basis of preparation of the financial information included herein, please see note 1(b) of Section B and notes to combined financial information included as Appendix I to this prospectus.

FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

The tables below set forth our combined statements of profit or loss and other comprehensive income, combined balance sheets, and selected financial information extracted from our combined cash flow statements for the periods or as of the dates indicated:

Combined Statements of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Turnover	818,477	1,108,977	1,452,811
Cost of sales	(584,920)	(746,496)	(955,859)
Gross profit	233,557	362,481	496,952
Other revenue	2,581	2,827	2,178
Other net income	5,673	305	6,368
Selling and distribution expenses	(50,140)	(69,566)	(86,832)
Administrative and other operating expenses	(49,226)	(63,344)	(73,331)
Profit from operations	142,445	232,703	345,335
Finance costs	(21,579)	(26,055)	(24,749)
Profit before taxation	120,866	206,648	320,586
Income tax expense	(15,074)	(53,728)	(82,042)
Profit and total comprehensive income for the year	105,792	152,920	238,544

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Combined Balance Sheets

	As of December 31,		
	2011	2012	2013
(RMB in thousands)			
Non-current assets			
Property, plant and equipment.....	649,794	632,026	485,897
Investment properties.....	30,865	29,678	28,491
Lease prepayments.....	43,995	49,897	65,104
Deposits and prepayments.....	18,940	10,238	—
Deferred tax assets.....	22	—	—
Total non-current assets	<u>743,616</u>	<u>721,839</u>	<u>579,492</u>
Current assets			
Inventories.....	78,300	64,911	48,648
Trade and other receivables.....	288,555	336,346	621,326
Pledged bank deposits.....	57,094	10,000	—
Fixed deposit held at bank with original maturity over three months.....	—	—	26,500
Cash and cash equivalents.....	32,486	56,334	63,031
Total current assets	<u>456,435</u>	<u>467,591</u>	<u>759,505</u>
Current liabilities			
Bank borrowings.....	519,030	406,000	357,000
Trade and other payables.....	361,027	291,632	248,560
Current tax payable.....	5,149	21,146	21,862
Total current liabilities	<u>885,206</u>	<u>718,778</u>	<u>627,422</u>
Net current (liabilities)/assets	<u>(428,771)</u>	<u>(251,187)</u>	<u>132,083</u>
Total assets less current liabilities	<u>314,845</u>	<u>470,652</u>	<u>711,575</u>
Non-current liability			
Amount due to the ultimate controlling party.....	129,758	129,784	129,175
NET ASSETS	<u>185,087</u>	<u>340,868</u>	<u>582,400</u>
CAPITAL AND RESERVES			
Capital.....	11	11	11
Reserves.....	185,076	340,857	582,389
TOTAL EQUITY	<u>185,087</u>	<u>340,868</u>	<u>582,400</u>

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Selected Combined Cash Flows Statements

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Net cash generated from operating activities	97,703	204,904	73,447
Net cash (used in)/generated from investing activities.....	(128,104)	45,408	100,480
Net cash generated from/(used in) financing activities.....	<u>33,593</u>	<u>(226,464)</u>	<u>(167,230)</u>
Net increase in cash and cash equivalents.....	3,192	23,848	6,697
Cash and cash equivalents at January 1	<u>29,294</u>	<u>32,486</u>	<u>56,334</u>
Cash and cash equivalents at December 31.....	<u><u>32,486</u></u>	<u><u>56,334</u></u>	<u><u>63,031</u></u>

KEY FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations and financial condition are affected by a number of factors, including, without limitation, the following:

Expansion of Our Distribution Network and Business Performance of Our Distributors

Our products are primarily distributed through our network of distributors who operate an extensive retail distribution network in the PRC. We sell substantially all of our products on a wholesale basis to our distributors, who then sell the products to end customers through retail outlets operated by themselves or resell to their sub-distributors, who in turn sell our products to end customers through retail outlets operated by those sub-distributors. We sell a small portion of our products to our online distributor, who sells our products to end customers through different online platforms. As of December 31, 2013, our distribution network comprised 45 distributors and 177 sub-distributors who operated 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We also directly operate two retail stores in Quanzhou, Fujian Province. For the years ended December 31, 2011, 2012 and 2013, sales to our distributors accounted for approximately 99.4%, 99.5% and 99.6%, respectively, of our total turnover.

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The table below sets forth the number of our distributors, their sub-distributors and retail outlets (including our two self-operated retail outlets in Quanzhou, Fujian Province) as of the dates indicated and our turnover for the periods indicated:

	As of and for the years ended December 31,		
	2011	2012	2013
Number of distributors at the beginning of the period	40	42	44
Number of distributors added during the period	4	5 ⁽¹⁾	1
Number of distributors terminated during the period	2 ⁽²⁾	3 ⁽³⁾	—
Number of distributors at the end of the period	42	44	45
Number of sub-distributors at the beginning of the period	136	147	164
Number of sub-distributors added during the period	14	19	21
Number of sub-distributors terminated during the period	3	2	8
Number of sub-distributors at the end of the period	147	164	177
Number of retail outlets at the beginning of the period	949	1,085	1,205
Number of retail outlets added during the period	175	210	172
Number of retail outlets terminated during the period	39	90	77
Number of retail outlets at the end of the period	1,085	1,205	1,300
Turnover (RMB in thousands)	818,477	1,108,977	1,452,811

Notes:

- (1) We added one online distributor in 2012.
- (2) Both of the two distribution agreements entered into by and between the respective distributors and us expired in December 2010 and were not renewed since then. Nevertheless, we continued to sell some products to them in 2011 as a result of orders they placed after our sales fairs that took place in 2010 under the previous sale and purchase agreements entered into in 2010.
- (3) All of the three distribution agreements entered into by and between the respective distributors and us were expired in December 2011 and not renewed since then. Nevertheless, we continued to sell some products to them in 2012 as a result of orders they placed after our sales fairs that took place in 2011 under the previous sale and purchase agreements entered into in 2011.

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Our sales and profit growth will continue to depend on our ability to effectively manage our distributors and to further strengthen and expand our distribution network. The numbers and performance of retail outlets operated by our distributors and their sub-distributors also directly affect our sales. We plan to increase our penetration in our existing markets and expand our distribution network to new markets. See the section entitled “Business — Business Strategies — Strengthen our supply chain management and distribution network” in this prospectus.

Ability to Maintain and Promote Our Brand Recognition

We market all of our products in the PRC under the “FORDOO” or “虎都” brand. We believe brand image is a key factor for customers when making purchasing decisions. Market acceptance of our brand may affect the selling prices and market demand for our products, which directly affects our results of operations. Our “FORDOO” brand has been widely recognized in our industry. We received numerous industry awards, including “Quality Award” by the China National Garment Association (中國服裝協會) in 2014, “Top 10 (Industry) Most Credible Brand in Asia” and “Top 500 Asia brand” by the Asia Brand Ceremony (亞洲品牌盛典) in 2012, “Top 10 Menswear Brand” by Brand China Industry Union (品牌中國產業聯盟) in August 2010, “Well-known Trademark of China” by SAIC since January 2010, “Top 500 Most Competitive Textile and Garment Enterprise” by China National Textile and Apparel Council (中國紡織工業協會) in 2009, “Customer Satisfaction” by China Association for Quality (中國質量協會) in 2009 and “China Top Brand” by the China General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2007. We promote and maintain our brand image primarily through advertising and marketing activities. We also work closely with our distributors and their sub-distributors to ensure a unified image across our stores. We have established our uniform standards for, among other things, storefront decoration and product display, that are distinctive to our brand and require our distributors and sub-distributors to follow our brand management policies. Our success depends on our ability to maintain and promote our brand awareness. If we are unable to successfully maintain and promote our brand, our business, results of operations and financial conditions may be materially and adversely affected. See the section entitled “Risk Factors — Risks Relating to Our Business — Failure to successfully maintain and promote our brand may materially and adversely affect our business, financial condition, results of operations and prospects” in this prospectus.

Increasing Competition from Domestic and International Brands

The menswear industry in the PRC is highly fragmented and competitive. We face competition from domestic brands in the middle-upper menswear market, such as Joeone, Lilanz and Septwolves. We have also been facing competition from international players as they continue to expand in the PRC in order to capture growth opportunities in the menswear market. For further details, please refer to the section entitled “Industry Overview — Overview of the Menswear Market in the PRC — Challenges faced by Competitors in the China’s Menswear Market” in this prospectus. We believe our market position in the middle-upper menswear industry, particularly in the middle-upper business formal and business casual menswear markets, diversified product portfolio, extensive distribution network, strategically integrated business model, experienced management and design team provide us with competitive advantages in the industry in which we operate. However, we believe that the intense competition in the PRC menswear industry will continue in the future and our business,

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financial position, results of operations and prospects will be significantly affected by our ability to remain competitive in this industry. See the section entitled “Risk Factors — Risks Relating to Our Industry — We operate in a highly competitive market and may face increasing competition” in this prospectus.

Pricing of Our Products and Product Mix

Our revenue and profitability are affected by the wholesale pricing of our products, which, in turn, is determined by prevailing market condition, brand positioning, product design, cost of raw materials, production costs as well as competition. Instead of a fixed retail price set by us, our suggested retail price is three to five times of the wholesale price that we offer to our distributors. We believe our wholesale price as a percentage of our suggested retail price is relatively low, which allows our distributors and their sub-distributors to make a relatively high profit for each product they sell. We believe our wholesale pricing strategy has been one of the growth drivers to our strong sales performance during the Track Record Period. Changes in the average wholesale price of our products have a direct impact on our revenue and profitability. See the sections entitled “Business — Sales and Distribution — Pricing Strategy” and “Risk Factors — Risks Relating to Our Business — Our business may be negatively affected if our distributors or their sub-distributors fail to follow our retail price guidance” in this prospectus. Generally, we were able to increase the wholesale prices of our products as a result of our increased brand recognition and innovative product design, among other things, during the Track Record Period.

In addition, as part of our efforts to increase revenue, we continuously adjust our product mix by developing and introducing new products that we believe will generate higher consumer demand and profit margin, which also has a direct impact on our revenue and profitability.

Price Volatility of Raw Materials

Our results of operations are affected by price volatility of the main components of our raw materials, such as cotton fabrics and synthetic fabrics, which may have a direct effect on our gross profit margin. Cost of raw materials constitutes a significant part of our total cost of sales. For the years ended December 31, 2011, 2012 and 2013, raw materials accounted for approximately 72.6%, 73.1% and 74.8%, respectively, of our total cost of sales of our self-production. Any significant increase in the price of raw materials will impact our cost of sales. According to the Frost & Sullivan Report, the purchasing prices of cotton fabrics and synthetic fabrics are impacted by fluctuations in national supply and demand. Average price of cotton and synthetic fabrics rose from RMB10.0 per meter and RMB8.6 per meter to RMB10.6 per meter and RMB9.2 per meter, respectively, from 2011 to 2013. The price of cotton and synthetic fabrics are projected to increase at a CAGR of 3.7% and 2.2% from 2013 to 2015, respectively, according to the Frost and Sullivan Report. See the section entitled “Industry Overview — Historical and Projected Price Trend of Key Raw Materials” in this prospectus. We typically set the wholesale price by taking into consideration the prices of raw materials, among other things. However, to the extent that we are not able to successfully pass on the increase in the market price of the raw materials to our customers or fully offset the effects of cost increases, our profitability will be adversely affected, which, in turn, may have a material adverse effect on our financial position, results of operations and cash flows. See the section entitled “Risk Factors — Risks Relating to Our Business — An increase in the prices of raw materials could adversely affect our profitability” in this prospectus.

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Sensitivity analysis

The table below sets forth a sensitivity analysis relating to our costs of raw materials, illustrating what the impact on our net profit would have been if our costs of raw materials had been adjusted based on the following percentages for the periods indicated:

Raw material cost changes	For the year ended December 31,					
	2011		2012		2013	
	Net profit	Change in net profit	Net profit	Change in net profit	Net profit	Change in net profit
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
20% increase	38,871	(63.3)	90,565	(40.8)	164,447	(31.1)
10% increase	72,332	(31.6)	121,742	(20.4)	201,495	(15.5)
5% increase	89,062	(15.8)	137,331	(10.2)	220,020	(7.8)
0%	105,792	0.0	152,920	0.0	238,544	0.0
5% decrease	122,522	15.8	168,509	10.2	257,068	7.8
10% decrease	139,252	31.6	184,098	20.4	275,593	15.5
20% decrease	172,713	63.3	215,275	40.8	312,641	31.1

Cost of Outsourced Production

We engage OEM contractors which are Independent Third Parties to manufacture all accessory and certain apparel products. We believe that our selective outsourcing allows us to leverage the expertise and resources of OEM contractor, enhance our production flexibility and focus on design and product development as well as brand management. See the section entitled “Business — Production — Outsourced Production” in this prospectus for further details on our outsourcing arrangements. For the years ended December 31, 2011, 2012 and 2013, the cost of outsourced products represented 8.9%, 22.6% and 29.6%, respectively, of our total cost of sales. The general increase in the cost of sales of OEM production during the Track Record Period primarily reflected the increased demand and sales of business casual menswear for the same periods. We may continue to increase outsourced production according to prevailing market demand for our products. As of December 31, 2013, we had engaged 39 OEM contractors. We do not enter into long-term agreements with our OEM contractors and our cost of sales are subject to fluctuations in the cost of outsourced products. See the section entitled “Risk Factors — Risks Relating to Our Business — We depend on OEM contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors” in this prospectus.

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Economic Growth, Level of Per Capita Disposable Income, Urbanization and Customer Spending in the PRC

We conduct all of our operations in the PRC and our business is directly affected by the economic development in the PRC. Economic growth in the PRC helps to drive the level of disposable income and consumer spending, which, in turn, affects the level of demand for our products. Based on data from the NBSC, China's nominal GDP grew at a CAGR of 13.7% from 2009 to 2013, while China's GDP per capita grew at a CAGR of 13.0% during the same period. According to the NBSC, the annual per capita disposable income of urban households, whose occupants make up the primary end customers for our products, increased at a CAGR of 11.9% from 2009 to 2013. Urbanization, the rise of the middle class and the increase in disposable income have led to increases in consumption and discretionary spending, which have spurred the development of the retail industry, including the menswear market, in the PRC. From 2009 to 2013, according the Frost & Sullivan Report, total retail sales value of consumer discretionary items grew at a CAGR of 15.9%. We believe increasing disposable income levels of Chinese consumers have led to a rise in purchasing power and brand awareness, which supported the rapid growth of the PRC menswear market, in particular, the middle-upper menswear market in the PRC. According to the Frost & Sullivan Report, total retail revenue from menswear in the PRC increased at a CAGR of 14.5% from 2009 to 2013, with the fast-growing middle-upper segment increasing at a CAGR of 18.4% during the same period. We expect that our results of operations will continue to be significantly affected by economic growth in the PRC. Any changes in the PRC economy or consumer spending may affect our business, results of operations and financial conditions. See the section entitled "Risk Factors — Risks Relating to Our Industry — Our growth and profitability depend on the level of consumer confidence and spending in the PRC" in this prospectus.

Seasonality and Weather Conditions

We experience seasonal fluctuations in our turnover and operating income and generally record higher turnover for our autumn/winter collections, which generally include items with higher average wholesale prices relative to our spring/summer collections. As a result, comparisons 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 business is also susceptible to extreme or unfavorable weather conditions, which could have a material adverse effect on performance of our distributors and, in turn, have a material adverse effect on our results of operations and financial condition. For example, extended periods of unusually warm weather during the winter season or cool weather during the summer season could render a portion of our products incompatible with such unfavorable conditions. See the section entitled "Risk Factors — Risks Relating to Our Business — Seasonality or unfavorable weather conditions may affect our sales" in this prospectus.

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CRITICAL ACCOUNTING POLICIES

We prepare our combined financial statements in accordance with IFRS. Some of our accounting policies require us to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

- *Sale of goods*

Revenue is recognized upon displacement of goods to our distributors, i.e., when the customer has accepted the related risks and rewards of ownership. Revenue represented the sales value of goods sold less returns, discounts and VAT.

- *Interest income*

Interest income is recognized as it accrues using the effective interest method.

- *Government grants*

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that our Group will comply with the conditions attached to them. Grants that compensate our Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate our Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized 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 recognized in the profit or loss as other revenue when the amount is received.

- *Rental income from operating leases*

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term.

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Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, 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.

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 30 years after the date of completion.

- Plant and machinery 10 years

- Motor vehicles 5 years

- Furniture, fixtures and equipment 5 years

Both the useful life of an asset and its residual value, if any, are reviewed at each balance sheet date.

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 recognized in profit or loss on the date of retirement or disposal.

We have not made any material adjustments to our estimates in connection with the depreciation of our property, plant and equipment during the Track Record Period.

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.

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Net realizable 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. These estimates are based on the current market conditions and the 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 Group's net assets value. Our Group reassesses 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.

We did not recognize any write-down of inventories during the Track Record Period.

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 unless the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

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. The Group reassesses the impairment allowances at each balance sheet date.

We did not make any provisions for bad and doubtful debts during the Track Record Period.

DESCRIPTION OF CERTAIN INCOME STATEMENT LINE ITEMS

Turnover

Turnover represents the sales value of goods sold less returns, discounts and VAT.

During the Track Record Period, we derived our revenue primarily from the sale of our products to distributors on a wholesale basis. Our turnover increased by approximately 35.5% to RMB1,109.0 million in 2012 from RMB818.5 million in 2011, and further increased by approximately 31.0% to RMB1,452.8 million in 2013. The general increase in our turnover during the Track Record Period was primarily due to (i) an increase in the average wholesale price of our products and (ii) an increase in our sales volume. The increase in the average wholesale price of our products was primarily attributable to (a) an increase in the purchase price of raw materials, which we were largely able to pass on to our customers; (b) incremental costs associated with more advanced technical processes applied in our production and more innovative product designs as a result of our improving design and

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product development capabilities; and (c) an increase in offering of higher priced items, such as jackets and sweaters. The increase in the sales volume of our products was primarily attributable to (a) an increase in the number of our distributors and the retail outlets operated by them or their sub-distributors; (b) enhancement of our brand awareness; (c) our strategic increase in the offering of our business casual menswear products, such as jackets, business casual trousers and T-shirts, catering to the growing prevalence of business casual menswear in the market; and (d) the overall increase in the demand for menswear products in the PRC driven by the increased purchasing power of the middle class, among other things. In addition, we believe our wholesale price as a percentage of our suggested retail price is relatively low, which allows our distributors and their sub-distributors to make a relatively high profit for each product they sell. We do not set minimum purchase requirements or policies for our distributors or allows for sales rebate, inventory repurchase or inventory swap between our distributors and us and, thus, our distributors typically place their orders according to their needs. Excessive orders are discouraged as they may expose our distributors to financial risks. As a result of the foregoing, we achieved revenue growth at a CAGR of 33.2% from 2011 to 2013, which exceeds the PRC middle-upper menswear industry growth at a CAGR of 15.1%, according to the Frost & Sullivan Report.

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By Product Type

Set forth below are the turnover, sales volume and average wholesale price per unit of our products as well as their respective percentage of the total turnover for the periods indicated:

	For the year ended December 31,											
	2011				2012				2013			
	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)
Apparel:												
Men's trousers	487,346	59.5	4,732,311	103.0	633,464	57.1	5,476,896	115.7	802,593	55.2	6,403,739	125.3
Men's tops	322,945	39.5	2,053,233	157.3	463,439	41.8	2,713,016	170.8	631,580	43.5	3,515,413	179.7
Accessories	8,186	1.0	116,612	70.2	12,074	1.1	218,384	55.3	18,638	1.3	216,797	86.0
Total	818,477	100.0	6,902,156	118.6	1,108,977	100.0	8,408,296	131.9	1,452,811	100.0	10,135,949	143.3

Note:

(1) Average wholesale price per unit is calculated by dividing the turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparel and accessories.

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By Product Style

Set forth below are the turnover, sales volume and average wholesale price per unit of our products as well as their respective percentage of our total turnover for the periods indicated:

	For the year ended December 31,									
	2011			2012			2013			
	Turnover (RMB in thousands)	%	Volume (Unit)	Turnover (RMB in thousands)	%	Volume (Unit)	Turnover (RMB in thousands)	%	Volume (Unit)	Average wholesale price ⁽¹⁾ (RMB)
Apparel										
Business casual.....	379,146	46.3	3,298,491	621,770	56.1	4,702,545	851,021	58.5	5,905,330	144.1
Business formal.....	345,421	42.2	2,556,056	388,291	35.0	2,704,697	457,459	31.5	2,990,709	153.0
Casual ⁽²⁾	85,724	10.5	930,997	86,842	7.8	782,670	125,693	8.7	1,023,113	122.9
Accessories	8,186	1.0	116,612	12,074	1.1	218,384	18,638	1.3	216,797	86.0
Total	<u>818,477</u>	<u>100.0</u>	<u>6,902,156</u>	<u>1,108,977</u>	<u>100.0</u>	<u>8,408,296</u>	<u>1,452,811</u>	<u>100.0</u>	<u>10,135,949</u>	<u>143.3</u>

Notes:

(1) Average wholesale price per unit is calculated by dividing the turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparel and accessories.

(2) Casual product series include jeans and shorts.

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By Distribution Network

We currently engage third-party distributors for sales and distribution of substantially all of our products in China. Sales made through our distributors represented more than 99% of our turnover for each of the years ended December 31, 2011, 2012 and 2013. As of December 31, 2013, our distribution network comprised 45 distributors (including one online distributor) and 177 sub-distributors who operated 1,298 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We also sell a small quantity of our products directly to end customers through our two self-operated retail outlets in Quanzhou, Fujian Province.

The table below sets forth the turnover from our distribution channel and our self-operated retail outlets as well as their respective percentage of the total turnover for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Turnover from distributors	808,864	98.8	1,089,253	98.2	1,437,557	99.0
Turnover from online distributor	4,727	0.6	14,190	1.3	9,303	0.6
Turnover from self-operated retail outlets	<u>4,886</u>	<u>0.6</u>	<u>5,534</u>	<u>0.5</u>	<u>5,951</u>	<u>0.4</u>
Total turnover	<u><u>818,477</u></u>	<u><u>100.0</u></u>	<u><u>1,108,977</u></u>	<u><u>100.0</u></u>	<u><u>1,452,811</u></u>	<u><u>100.0</u></u>

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By Geographical Region

The following table sets forth our turnover and the corresponding percentage of our turnover by regions for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Regions of PRC						
Northern China ⁽¹⁾	133,404	16.3	187,373	16.9	221,883	15.3
Northeastern China ⁽²⁾	45,161 ⁽³⁾	5.5	59,951 ⁽³⁾	5.4	90,419 ⁽³⁾	6.2
Eastern China ⁽⁴⁾	284,673	34.8	357,588 ⁽⁵⁾	32.2	489,799 ⁽⁵⁾	33.7
Central Southern China ⁽⁶⁾	103,492	12.6	176,104	15.9	229,099	15.8
Southwestern China ⁽⁷⁾	128,341	15.7	168,032	15.2	214,412	14.8
Northwestern China ⁽⁸⁾	113,793	13.9	140,205	12.6	191,945	13.2
Subtotal	808,864	98.8	1,089,253	98.2	1,437,557	99.0
Online distributor	4,727	0.6	14,190	1.3	9,303	0.6
Self-operated retail outlets	4,886	0.6	5,534	0.5	5,951	0.4
Total	818,477	100.0	1,108,977	100.0	1,452,811	100.0

Notes:

- (1) Northern China includes Inner Mongolia, Beijing, Tianjin, Hebei and Shanxi.
- (2) Northeastern China includes Liaoning, Jilin and Heilongjiang.
- (3) The turnover also included a small amount from Inner Mongolia derived from one distributor whose business operation was mostly in Heilongjiang.
- (4) Eastern China includes Shandong, Fujian, Anhui, Jiangxi, Zhejiang, Jiangsu and Shanghai.
- (5) The turnover also included a small amount from Hunan derived from one distributor whose business operation was mostly in Jiangxi.
- (6) Central Southern China includes Hunan, Guangdong, Hainan, Henan, Guangxi and Hubei.
- (7) Southwestern China includes Sichuan, Yunnan, Guizhou, Tibet and Chongqing.
- (8) Northwestern China includes Ningxia, Qinghai, Gansu, Xinjiang and Shaanxi.

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Cost of Sales

Cost of sales primarily consists of cost of raw materials, direct labor costs, processing costs, sub-contracting charges and production overhead, as well as OEM purchase costs associated with outsourced production. Our cost in connection with outsourced production generally increased during the Track Record Period, primarily due to our increased outsourced production in order to meet prevailing market trend and growing demand for business casual menswear products. We believe it is more efficient or profitable if we outsourced those products to OEM contractors.

The table below sets forth our cost in connection with self-production and amounts paid for outsourced production as well as their respective percentage of our cost of sales for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Self-Production						
Raw materials ⁽¹⁾	382,405	65.4	415,702	55.7	493,981	51.7
Direct labor ⁽²⁾	85,257	14.6	91,301	12.2	103,117	10.8
Sub-contracting charges ⁽³⁾	13,703	2.3	11,119	1.6	10,257	1.0
Production overhead ⁽⁴⁾	45,337	7.7	50,414	6.7	52,609	5.5
Sub-total	<u>526,702</u>	<u>90.0</u>	<u>568,536</u>	<u>76.2</u>	<u>659,964</u>	<u>69.0</u>
Purchases from OEMs	51,951	8.9	168,387	22.6	282,830	29.6
Other taxes and levies ⁽⁵⁾	6,267	1.1	9,573	1.2	13,065	1.4
Total	<u>584,920</u>	<u>100.0</u>	<u>746,496</u>	<u>100.0</u>	<u>955,859</u>	<u>100.0</u>

Notes:

- (1) Raw materials primarily consist of clothing fabrics (such as cotton fabrics and synthetic fabrics), textile auxiliaries and other accessory materials used in production.
- (2) Direct labor consists of salaries and benefits for employees in our production operations.
- (3) Sub-contracting charges primarily arise from our outsourcing of certain processes of our production that require special techniques, such as washing and embroidery.
- (4) Production overhead consists of depreciation of property, plant and equipment, indirect labor cost, other consumables (threads, needles), amortization of lease prepayments and utilities.
- (5) Other taxes and levies include urban construction tax and other levies, which are charged by PRC local government.

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Gross Profit

Our gross profit for the years ended December 31, 2011, 2012 and 2013 was RMB233.6 million, RMB362.5 million and RMB497.0 million, respectively, and our gross profit margin was 28.5%, 32.7% and 34.2%, respectively, for the corresponding periods. The general increases in our gross profits and gross profit margins during the Track Record Period were primarily driven by an increase in sales volume of our products, a greater increase in average wholesale price per unit of our products than the increase in our average cost of sales per unit of our products and the growing demand of menswear products in the PRC.

The table below sets forth our gross profit and gross profit margin by product types for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	Gross profit (RMB in thousands)	Gross profit margin (%)	Gross profit (RMB in thousands)	Gross profit margin (%)	Gross profit (RMB in thousands)	Gross profit margin (%)
Apparel						
<i>Men's tops</i>	93,215	28.9	149,157	32.2	213,049	33.7
<i>Men's trousers</i>	137,817	28.3	209,134	33.0	277,282	34.5
Accessories	<u>2,525</u>	30.9	<u>4,190</u>	34.7	<u>6,621</u>	35.5
	<u>233,557</u>	28.5	<u>362,481</u>	32.7	<u>496,952</u>	34.2

Other Revenue and Other Net Income

Other revenue primarily consists of (i) rental income from investment properties which represents revenue generated from the lease of warehouses and serviced apartments, (ii) interest income from bank deposits, and (iii) government grants. Other net income primarily consists of (i) net foreign exchange gain or loss as a result of exchange rate fluctuations of Renminbi to Hong Kong dollars in relation to the amounts due to our Controlling Shareholder, Mr. Kwok (which amount was fully settled before Listing), which was denominated in Hong Kong dollars, (ii) gain or loss on disposal of property, plant and equipment and prepayments for leasehold land, and (iii) net gain on sales of scrap materials in relation to daily production.

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The following table sets forth our other revenue and other net income for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Other revenue			
Interest income	807	1,233	595
Rental income from investment properties.....	1,524	1,524	1,533
Government grants	250	70	50
	2,581	2,827	2,178
Other net income			
Net gain on sales of scrap materials.....	98	226	79
Net foreign exchange gain/(loss).....	6,537	(24)	3,970
(Loss)/gain on disposal of property, plant and equipment and prepayment for leasehold land	(651)	(79)	2,129
Loss on disposal of a subsidiary	(44)	—	—
Others	(267)	182	190
	5,673	305	6,368

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising and promotion expenses, decoration fees and expenses, packaging material expenses, staff costs and welfare expenses and others. Packaging material expenses comprise costs for items such as shopping bags and cardboard boxes for packaging purposes. Others primarily comprise depreciation expenses, expenses in connection with sales fairs, entertainment expenses, office expenses, traveling expenses and consumables. For the years ended December 31, 2011, 2012 and 2013, our selling and distribution expenses were RMB50.1 million, RMB69.6 million, RMB86.8 million, respectively. The general increase in our decoration fees and expenses during the Track Record Period was primarily attributable to our refurbishment of the existing retail outlets and decoration of the newly opened retail outlets during the Track Record Period, as a result of our continuous efforts to implement our brand management policies and the expansion of our distribution network during the same periods. The general increase in our advertising and promotion expenses was primarily attributable to our use of multiple advertising channels to promote our brand image and enhance our brand awareness. We mainly used, among others, national television and regional newspaper advertising in 2011, outdoor LED monitor displays in 2012 and rolling advertising in airports located in selected cities in the PRC, such as Beijing, Shenzhen and Xiamen, together with national television advertising in 2013.

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The following table sets forth our selling and distribution expenses and their respective percentage of our total selling and distribution expenses for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Decoration fees and expenses.....	19,467	38.8	29,236	42.0	40,234	46.3
Packaging material expenses	14,033	28.0	17,231	24.8	18,637	21.5
Advertising and promotion expenses ..	8,577	17.1	14,305	20.6	18,065	20.8
Staff costs and welfare expenses	3,258	6.5	3,594	5.2	4,324	5.0
Others	4,805	9.6	5,200	7.4	5,572	6.4
	50,140	100.0	69,566	100.0	86,832	100.0

For the years ended December 31, 2011, 2012 and 2013, our selling and distribution expenses accounted for 6.1%, 6.3% and 6.0%, respectively, of our total turnover.

Administrative and Other Operating Expenses

Administrative and other operating expenses primarily consist of administrative staff costs, depreciation expenses in relation to property, plant and equipment used for administrative purposes, research and product development expenses, other taxes, levies and surcharges for property and land use rights, consulting fees, Listing expenses in connection with our Global Offering and others. Consulting fees comprise bank fees for corporate account management. Others primarily comprise vehicle fees, utility charges, office expenses, inspection fees, travelling expenses and entrainment expenses, amortization and others. For the years ended December 31, 2011, 2012 and 2013, our administrative and other operating expenses were RMB49.2 million, RMB63.3 million and RMB73.3 million, respectively. In 2012, our research and product development expenses increased compared to that of 2011, primarily reflecting an increase in staff costs and office expenses relating to research and product development and our engagement of Shanghai Biaoding as our fashion consultant since May 2011. Our administrative and other operating expenses in 2013 were higher than 2012, primarily due to an increase in Listing expenses in connection with our Global Offering.

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The following table sets forth our administrative and other operating expenses and their respective percentage of our total administrative and other operating expenses for the periods indicated:

	For the year ended December 31,					
	2011		2012		2013	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%
Depreciation	14,272	29.0	17,566	27.7	12,583	17.2
Staff costs.....	9,702	19.7	15,376	24.3	16,699	22.8
Research and product development expenses	8,721	17.7	13,425	21.2	13,400	18.3
Other taxes, levies and surcharges.....	4,467	9.1	4,414	7.0	4,681	6.4
Consulting fees	3,250	6.6	1,426	2.3	3,355	4.6
Listing expenses	1,917	3.9	2,861	4.5	12,871	17.6
Others	6,897	14.0	8,276	13.0	9,742	13.1
	<u>49,226</u>	<u>100.0</u>	<u>63,344</u>	<u>100.0</u>	<u>73,331</u>	<u>100.0</u>

For the years ended December 31, 2011, 2012 and 2013, our administrative and other operating expenses accounted for 6.0%, 5.7% and 5.0%, respectively, of our total turnover.

Finance Costs

Finance costs primarily comprise interest costs on bank borrowings net of interest expense capitalized into construction in progress to the extent that such costs are directly attributable to the construction and renovation of our staff dormitory and the construction of our research and development center in Hui'an, Fujian Province. We recorded nil interest expenses capitalized into construction in progress in 2013, due to our suspension of the construction of our research and development center in Hui'an, Fujian Province since June 2012.

The following table sets forth our finance costs for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Interest on bank borrowings	30,979	34,855	24,749
Less: interest expenses capitalized into construction in progress	<u>(9,400)</u>	<u>(8,800)</u>	<u>—</u>
	<u>21,579</u>	<u>26,055</u>	<u>24,749</u>

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The weighted average effective interest rate for our bank borrowings for the years ended December 31, 2011, 2012 and 2013 was 6.1%, 7.3% and 6.3%, respectively.

Income Tax Expense

Income tax expense primarily consists of PRC corporate income tax payable by our PRC subsidiaries.

The following table sets forth our income tax expense for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Current tax			
PRC Corporate Income Tax	15,084	53,706	82,042
Deferred tax			
Origination and reversal of temporary differences	(10)	22	—
	15,074	53,728	82,042

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.

Our effective tax rate for the years ended December 31, 2011, 2012 and 2013 was 12.5%, 26.0% and 25.6%, respectively. The higher tax rate starting in 2012 as compared to 2011 was primarily due to the fact that our PRC subsidiaries were subject to the higher corporate income tax since 2012. Specifically, Fordoo Clothing, one of our PRC subsidiaries, was entitled to a 50% tax holiday in 2011 and, accordingly, its applicable tax rate was 12.5% for 2011. Starting from January 1, 2012, its applicable tax rate was 25%.

During the Track Record Period, we had paid all applicable taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

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RESULTS OF OPERATIONS

The table below summarizes our combined statements of profit or loss and other comprehensive income for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Turnover	818,477	1,108,977	1,452,811
Cost of sales	(584,920)	(746,496)	(955,859)
Gross profit	233,557	362,481	496,952
Other revenue	2,581	2,827	2,178
Other net income	5,673	305	6,368
Selling and distribution expenses	(50,140)	(69,566)	(86,832)
Administrative and other operating expenses	(49,226)	(63,344)	(73,331)
Profit from operations	142,445	232,703	345,335
Finance costs	(21,579)	(26,055)	(24,749)
Profit before taxation	120,866	206,648	320,586
Income tax expense	(15,074)	(53,728)	(82,042)
Profit and total comprehensive income for the year	<u>105,792</u>	<u>152,920</u>	<u>238,544</u>

2013 Compared to 2012

Turnover. Our turnover increased by RMB343.8 million, or 31.0%, to RMB1,452.8 million in 2013 from RMB1,109.0 million in 2012. This increase was primarily due to increases in both the average wholesale price and the sales volume of our products. The average wholesale price increased to RMB143.3 in 2013 from RMB131.9 in 2012, primarily attributable to (i) the growing recognition of our “FORDOO” brand, (ii) an increase in products with higher average wholesale price, such as jackets and sweaters, which contributed to a higher portion of sales volume, and (iii) an increase in the purchase price of raw materials, which we were largely able to pass on to our customers. The number of units we sold increased to 10,135,949 units in 2013 from 8,408,296 units in 2012, primarily driven by (i) the expansion of our distribution network to 1,298 retail outlets as of December 31, 2013 from 1,203 retail outlets as of December 31, 2012, excluding our two self-operated retail outlets in Quanzhou, Fujian Province, and (ii) the growing demand of menswear products in the PRC.

Cost of sales. Our cost of sales increased by RMB209.4 million, or 28.0%, to RMB955.9 million in 2013 from RMB746.5 million in 2012. The increase was largely consistent with the increase in our sales volume.

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Cost of our self-production increased by RMB91.4 million, or 16.1%, to RMB660.0 million in 2013 from RMB568.5 million in 2012. The increase was primarily driven by the increase in our sales volume. Cost of outsourced production increased by RMB114.4 million, or 68.0%, to RMB282.8 million in 2013 from RMB168.4 million in 2012. Cost of outsourced production as a percentage of total cost of sales increased to 29.6% in 2013 from 22.6% in 2012. The increase in outsourced production in 2013 was mainly driven by the growing demand for business casual menswear products, such as sweaters, jackets, T-shirts, business casual pants and jeans, which we believe are more efficient if outsourced to OEM contractors. Our average cost of sales per unit increased to RMB94.3 in 2013 from RMB88.8 in 2012. The increase in our average cost of sales per unit was primarily due to (i) an increase in the purchase price of raw materials and labor costs, and (ii) incremental costs associated with more advanced technical processes applied in our production and more innovative product designs as a result of our improving design and product development capabilities.

Gross profit. As a result of the foregoing, our gross profit increased by RMB134.5 million, or 37.1%, to RMB497.0 million in 2013 from RMB362.5 million in 2012. Our gross profit margin increased to 34.2% in 2013 from 32.7% in 2012.

Other revenue. Our other revenue decreased by RMB0.6 million, or 23.0%, to RMB2.2 million in 2013 from RMB2.8 million in 2012. This decrease was primarily attributable to a decrease in our bank interest income.

Other net income. We recorded other net income of RMB6.4 million and RMB0.3 million, respectively, in 2013 and 2012. The significant increase in other net income in 2013 was primarily attributable to (i) net foreign exchange gain of RMB4.0 million as a result of an appreciation of Renminbi in relation to the amount due to our Controlling Shareholder, Mr. Kwok (which amount was fully settled before Listing), which was denominated in Hong Kong Dollars, and (ii) gain on disposal of one of our buildings and certain furniture, fixtures and equipment as well as the prepayment for leasehold land of RMB2.1 million.

Selling and distribution expenses. Our selling and distribution expenses increased by RMB17.3 million, or 24.8%, to RMB86.8 million in 2013 from RMB69.6 million in 2012. This increase was primarily due to (i) an increase in decoration fees and expenses we paid to the third-party contractors in connection with the refurbishment of a larger total gross floor area of retail outlets in 2013 than those in 2012 if met our standards to further promote our brand recognition and enhance our brand image and an increase in decoration unit cost, and (ii) an increase in advertising and promotion expenses primarily in connection with our use of rolling advertising in airports located in selected cities in the PRC, sub as Beijing, Shenzhen and Xiamen, together with national television advertising.

Administrative and other operating expenses. Our administrative and other operating expenses increased by RMB10.0 million, or 15.8%, to RMB73.3 million in 2013 from RMB63.3 million in 2012. This increase was primarily due to (i) an increase in staff costs, utility charges and travelling expenses and other related expenses, as a result of our business expansion, (ii) an increase in consulting fees in relation to bank fees for corporate account management, and (iii) an increase in Listing expenses in connection with our Global Offering, all of which were partially offset by a decrease in depreciation in connection with our disposal of the staff dormitory and other fixed assets in June 2013.

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Finance costs. Our finance costs decreased by RMB1.3 million, or 5.0%, to RMB24.7 million in 2013 from RMB26.1 million in 2012. This decrease was primarily due to less bank borrowings we had as of December 31, 2013 and a decrease in interest rate. We recorded nil interest expenses capitalized into construction in progress in 2013 which was due to our suspension of the construction of our research and development center in Hui'an, Fujian Province since June 2012.

Profit before taxation. As a result of the foregoing, our profit before taxation increased by RMB113.9 million, or 55.1%, to RMB320.6 million in 2013 from RMB206.6 million in 2012.

Income tax expenses. Our income tax expenses increased by RMB28.3 million, or 52.7%, to RMB82.0 million in 2013 from RMB53.7 million in 2012, primarily due to an increase in our profit before taxation. Our effective tax rate decreased to 25.6% in 2013 from 26.0% in 2012, primarily due to a decrease in non-tax deductible expenses.

Profit and total comprehensive income for the year. Our profit and total comprehensive income for the period increased by RMB85.6 million, or 56.0%, to RMB238.5 million in 2013 from RMB152.9 million in 2012, as a result of the cumulative effects of the factors described above.

2012 Compared to 2011

Turnover. Our turnover increased by RMB290.5 million, or 35.5%, to RMB1,109.0 million in 2012 from RMB818.5 million in 2011. The increase in our turnover was primarily due to increases in both the average wholesale price of our products and the sales volume. The average wholesale price of our products increased from RMB118.6 in 2011 to RMB131.9 in 2012. This increase was attributable to (i) the growing recognition of our “FORDOO” brand; (ii) an increase in products with higher average wholesale price, such as jackets and sweaters, which contributed for a higher portion of sales volume; (iii) an increase in the purchase price of raw materials, which we were largely able to pass on to our customers; and (iv) an increase in investment in design and product development, for example, we have engaged Shanghai Biaoding as our fashion consultant since May 2011. The number of units we sold also increased from 6,902,156 units in 2011 to 8,408,296 units in 2012. Such increases were primarily the result of (i) the continued expansion of our distribution network, which comprised 1,203 retail outlets as of December 31, 2012 as compared to 1,083 retail outlets as of December 31, 2011 (excluding our two self-operated stores in Quanzhou, Fujian Province), (ii) an increase in sales by our online distributor, (iii) our strategic increase in the offering for business casual menswear products, including jackets, business casual trousers, sweaters and T-shirts, catering to the growing prevalence of business casual menswear in the market, and (iv) the growing demand of menswear products in the PRC.

Cost of sales. Our cost of sales increased by RMB161.6 million, or 27.6%, to RMB746.5 million in 2012 from RMB584.9 million in 2011. The increase was largely consistent with the increase in our sales volume.

Cost of our self-production increased by 7.9% to RMB568.5 million in 2012 from RMB526.7 million in 2011, primarily due to an increase in raw materials and labor costs. Cost of outsourced production increased by 224.1% to RMB168.4 million in 2012 from RMB52.0 million in 2011. Cost of outsourced production as a percentage of total cost of sales increased to 22.6% in 2012 from 8.9%

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in 2011. The increase in outsourced production in 2012 was mainly driven by the growing demand for business casual menswear products, such as sweaters and leather jackets, which we believe are more efficient if outsourced to OEM contractors. Our average cost of sales per unit increased to RMB88.8 in 2012 from RMB84.7 in 2011. The increase in our average cost of sales per unit was primarily due to (i) an increase in the purchase price of raw materials and labor costs, and (ii) incremental costs associated with our use of more advanced technical processes applied in our production and more innovative product designs as a result of our improving design and product development capabilities.

Gross profit. As a result of the foregoing, our gross profit increased by RMB128.9 million, or 55.2%, to RMB362.5 million in 2012 from RMB233.6 million in 2011. Our gross profit margin increased to 32.7% in 2012 from 28.5% in 2011, primarily attributable to the shifts in our focus on production of certain types of products with higher gross profit margin, a greater increase in average wholesale price of our products than the increase in our average cost of sales per unit of our products and the growing demand for menswear products in the PRC.

Other revenue. Our other revenue increased by RMB0.2 million, or 9.5%, to RMB2.8 million in 2012 from RMB2.6 million in 2011, primarily due to an increase in our bank interest income, partially offset by a decrease in government grants.

Other net income. Our other net income decreased by RMB5.4 million, or 94.6%, to RMB0.3 million in 2012 from RMB5.7 million in 2011. This decrease was primarily due to a decrease in net foreign exchange gain as a result of exchange rate fluctuations of Renminbi to Hong Kong dollars in 2012 compared to 2011 in relation to the amount due to our Controlling Shareholder, Mr. Kwok (which amount was fully settled before Listing), which was denominated in Hong Kong Dollars.

Selling and distribution expenses. Our selling and marketing costs increased by RMB19.4 million, or 38.7%, to RMB69.6 million in 2012 from RMB50.1 million in 2011. This increase was primarily due to (i) an increase in our advertising and promotion expenses relating to marketing campaigns on outdoor LED monitor displays, (ii) an increase in decoration fees and expenses paid to third-party contractors incurred for the refurbishment of a larger total gross floor area of retail outlets in 2012 than those in 2011 if met our standards to further promote our brand recognition and enhance our brand image and an increase in decoration unit cost, and (iii) an increase in packaging material expenses as a result of increased sales volume.

Administrative and other operating expenses. Our administrative and other operating expenses increased by RMB14.1 million, or 28.7%, to RMB63.3 million in 2012 from RMB49.2 million in 2011. The increase was primarily due to (i) an increase in staff costs as a result of our business expansion, (ii) an increase in research and product development expenses of RMB4.7 million, which primarily reflected the increase in staff costs and office expenses relating to research and product development and our engagement of Shanghai Biaoding as our fashion consultant since May 2011, and (iii) an increase in depreciation expense in connection with our staff dormitory which we completed construction of in 2012, all of which were partially offset by a decrease in consulting fee of RMB1.8 million in relation to bank fees for corporate account management.

Finance costs. Our finance costs increased by RMB4.5 million, or 20.7%, to RMB26.1 million in 2012 from RMB21.6 million in 2011. This increase was primarily due to higher interest expenses

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on bank borrowings as a result of an increase in interest rate, which was partially offset by a decrease in interest capitalized into construction in progress in relation to the construction of our staff dormitory and the construction of our research and development center located in Hui'an, Fujian Province.

Profit before taxation. As a result of the foregoing, our profit before taxation increased by RMB85.8 million, or 71.0%, to RMB206.6 million in 2012 from RMB120.9 million in 2011.

Income tax expenses. Our income tax expenses increased by RMB38.7 million, or 256.4%, to RMB53.7 million in 2012 from RMB15.1 million in 2011. This increase was primarily due to an increase in our profit before taxation and the termination of our tax holidays and the application of the PRC corporate income tax of 25% since January 1, 2012. Our effective tax rate increased to 26.0% in 2012 from 12.5% in 2011, primarily due to the fact that our PRC subsidiaries were subject to the higher corporate income tax since 2012. Specifically, Fordoo Clothing, one of our PRC subsidiaries, was entitled to a 50% tax holiday in 2011 and, accordingly, its application tax rate was 12.5% for 2011. Starting from January 1, 2012, its applicable tax rate was 25%.

Profit and total comprehensive income for the year. Our profit and total comprehensive income for the period increased by RMB47.1 million, or 44.5%, to RMB152.9 million in 2012 from RMB105.8 million in 2011, as a result of the cumulative effects of the factors described above.

DESCRIPTION OF SELECTED ITEMS OF COMBINED BALANCE SHEETS

	As of December 31,			As of
	2011	2012	2013	April 30, 2014
				(unaudited)
	(RMB in thousand)			
Current assets				
Inventories	78,300	64,911	48,648	57,653
Trade and other receivables.....	288,555	336,346	621,326	642,470
Pledged bank deposits.....	57,094	10,000	—	107,826
Fixed deposit held at bank with original maturity over three months	—	—	26,500	8,000
Cash and cash equivalents.....	32,486	56,334	63,031	85,550
	<u>456,435</u>	<u>467,591</u>	<u>759,505</u>	<u>901,499</u>
Current liabilities				
Bank borrowings.....	519,030	406,000	357,000	459,158
Trade and other payables	361,027	291,632	248,560	283,634
Current tax payable.....	5,149	21,146	21,862	13,143
	<u>885,206</u>	<u>718,778</u>	<u>627,422</u>	<u>755,935</u>
Net current (liabilities)/assets	<u>(428,771)</u>	<u>(251,187)</u>	<u>132,083</u>	<u>145,564</u>

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We recorded net current liabilities of RMB428.8 million and RMB251.2 million, respectively, as of December 31, 2011 and 2012, primarily because we used short-term borrowings, borrowings from our Controlling Shareholder, Mr. Kwok (which amount was categorized as trade and other payables as current liabilities in our combined financial statements and fully settled in June 2013) and internal cash generally from our operating activities to primarily fund (i) the construction of our research and development center located in Hui'an, Fujian Province from 2008 to 2011, (ii) the construction and renovation of our staff dormitory from 2009 to 2012, and (iii) the construction and renovation of the industrial park in Quanzhou, Fujian Province where our headquarters is located from 2004 to 2011, all of which were categorized as non-current assets in our combined financial statements. We also incurred borrowings from our Controlling Shareholder, Mr. Kwok, to fund our Hong Kong subsidiary, Tiger Capital HK, for its contribution to registered capital of our PRC subsidiaries and payment of our Listing expenses, which amount was categorized as amount due to the ultimate controlling party under non-current liabilities in our combined financial statements. As of December 31, 2013, the amount due to Mr. Kwok under non-current liabilities was RMB129.2 million, which amount was fully settled before Listing. We recorded net current assets as of December 31, 2013. A net current liability position may pose certain risks for our operations. See the section entitled “Risk Factors — Risks Relating to Our Business — We recorded net current liabilities as of December 31, 2011 and 2012. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks” in this prospectus .

Our net current liabilities decreased by RMB177.6 million from 2011 to 2012. This improvement was primarily attributable to (i) a decrease in bank borrowings of RMB113.0 million; (ii) a decrease in trade and other payables, primarily due to our repayment of RMB78.3 million due to our Controlling Shareholder, Mr. Kwok; and (iii) an increase in trade and other receivables of RMB47.8 million as a result of our sales growth, all of which were partially offset by a decrease in pledged bank deposits of RMB47.1 million as a result of the settlement of certain bank borrowings and bills payables.

We recorded net current assets of RMB132.1 million as of December 31, 2013. This further improvement was primarily due to (i) an increase in trade and other receivables of RMB285.0 million as a result of our sales growth, (ii) our repayment of RMB96.7 million due to our Controlling Shareholder, Mr. Kwok, and (iii) a decrease in bank borrowings of RMB49.0 million, all of which were partially offset by an increase in trade payables of RMB20.8 million as a result of an increase in outsourced production.

Working Capital

Taking into account our current sales status, available banking facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and at least for the next 12 months from the date of this prospectus, and we intend to fund them primarily with proceeds from the following sources of cash inflow:

- *cash generated from our business operations* — As of December 31, 2013, our distribution network comprised 45 distributors, 177 sub-distributors and 1,298 retail outlets (excluding two of our self-operated retail outlets in Quanzhou, Fujian Province). In 2013, we recorded

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turnover of RMB1,452.8 million. Our distribution network further expanded to 50 distributors, 176 sub-distributors and 1,308 retail outlets (excluding two of our self-operated retail outlets in Quanzhou) as of March 31, 2014. For details on the expansion of our distribution network, see the section entitled “Summary — Recent Developments” in this prospectus. For the three months ended March 31, 2014, we recorded turnover of approximately RMB351.4 million. We expect that for the next 12 months from the date of this prospectus, our distribution network will further expand, which we expect will generate cash inflow.

- *Proceeds from bank borrowings* — As of April 30, 2014, we had bank borrowings of approximately RMB459.2 million. Depending on our operational needs, we may obtain further bank borrowings going forward to fund our business expansion and refinance our existing borrowings.
- *Net proceeds from the Global Offering* — We estimate that our net proceeds from the Global Offering will be HK\$391.2 million (assuming the Offer Price is HK\$3.88 per Share, being the mid-point of the Offer Price range stated in this prospectus). For further information, see the section entitled “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus.

The Sole Sponsor is satisfied with the view of our Directors and the statements regarding our working capital sufficiency made by our Directors above after due and careful enquiry with our Directors.

Inventories

We had inventories of RMB78.3 million, RMB64.9 million and RMB48.6 million, respectively, as of December 31, 2011, 2012 and 2013 accounting for 17.2%, 13.9% and 6.4%, respectively, of our total current assets, during the corresponding periods.

We closely monitor and control the inventory level of our raw materials, work in progress and finished goods to optimize our operations. We generally plan purchases of raw materials and outsourced products after each of our bi-annual seasonal sales fairs every year, where we confirm sales orders with our distributors. We have implemented a computerized inventory control system to keep track of our inventory levels. For further details on our management of our inventories, see the section entitled “Business — Inventory Control” in this prospectus.

The following table sets forth a summary of our balance of inventories as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Raw materials	24,843	26,513	16,269
Work in progress.....	13,426	16,563	6,510
Finished goods.....	40,031	21,835	25,869
	78,300	64,911	48,648

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The following table sets forth our average inventory turnover days for the periods indicated:

	Year ended December 31,		
	2011	2012	2013
Average inventory turnover days	43	35	22

The general decrease in our inventories during the Track Record Period was primarily due to an increase in outsourced production since 2012 to meet the prevailing market trend and growing customer demand for business casual menswear, which we believe is more efficient if outsourced to OEM contractors, and more frequent delivery since 2012.

We calculate our inventory turnover days by averaging the inventories balance as of the beginning and as of the end of a particular year, dividing such average by cost of sales during the year, and multiplying by 365 days. Our average inventory turnover days decreased from 43 days in 2011 to 35 days in 2012, and further decreased to 22 days in 2013, primarily due to (i) more frequent delivery, and (ii) our increased outsourced production, which resulted in the shortening of the average turnover days, since we generally delivered the outsourced products to our distributors immediately upon our receipt of the outsourced products from our OEM contractors and the completion of product inspection.

Trade and Other Receivables

Our trade and other receivables comprise primarily (i) trade receivables, (ii) prepayments to OEM contractors, (iii) outstanding balance for sales of property, plant and equipment and prepayments for leasehold land, and (iv) other deposits, prepayments and receivables.

The composition of our trade and other receivables as of December 31, 2011, 2012 and 2013 was as follows:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Trade receivables	276,326	335,500	615,616
Prepayments to suppliers	10,615	385	1,602
Other deposits, prepayments and receivables	1,614	461	4,108
	288,555	336,346	621,326

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Trade Receivables

Our trade receivables primarily arise from the sale of our products to our distributors. Our distributors are required to make a deposit in the amount of 10% to 20% of the total amount of their orders to us within 30 days as of the date of the sale and purchase agreements with us. Our trade receivables balance was the total amount of our distributors' orders net of the deposit amount. We have established a credit evaluation and control policy. We evaluate the credit of our distributors based on certain factors, including their capital, order size, history and on-going relationship with us and repayment history. Depending on our evaluation result, we grant credit terms to our distributors on a case by case basis, ranging from 90 to 180 days. The evaluation result is subject to review and update every year. See the section entitled "Business — Sales and Distribution — Credit Policy" in this prospectus.

At each balance sheet date, the aging analysis of trade receivables (which are included in trade and other receivables), based on invoice date, is as follows:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Within 3 months	222,134	277,560	393,450
More than 3 months but within 6 months	54,192	57,595	222,166
More than 6 months but within 1 year	—	345	—
	276,326	335,500	615,616

The following table sets forth an aging analysis of our trade receivables that are neither individual nor collectively considered to be impaired as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Neither past due nor impaired	276,326	335,155	615,616
Less than 1 month past due	—	345	—
	276,326	335,500	615,616

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of defaults. As of December 31, 2012, trade receivables that were past due but not impaired relate to one distributor, who has enjoyed a good track record of business relationships with our Group. Based on past experience, we believe that no impairment allowance is necessary with respect to these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. Our Group does not hold any collateral over these balances.

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The following table sets forth the average turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		
	2011	2012	2013
Average trade receivables turnover days.....	93	86	102

Our trade receivables increased by 83.5% to RMB615.6 million as of December 31, 2013 from RMB335.5 million as of December 31, 2012. The increase was in line with the increased sales of our products and was also attributable to our offer of longer credit periods to some distributors compared to that we offered to them in 2012, such as adjusting from 90 days to 120 or 150 days, or from 120 days to 150 or 180 days, based on our assessment of, among others, their relationship with us, credit history and historical sales level. In general, any distributor added into our distribution network is granted a credit period of 90 days. We then assess its credit period on a regular basis, usually at the end of each year, and may adjust its credit period based on the assessment result. If the assessed rating is relatively high, we may grant it a longer credit period. Our trade receivables increased by 21.4% from RMB276.3 million as of December 31, 2011 to RMB335.5 million in 2012. The increase was primarily due to the increased sales of our products during the corresponding periods.

We calculate the trade receivables turnover days by averaging the trade receivables balance as of the beginning and as of the end of a particular year, dividing such average by the turnover during the year, and multiplying by 365 days. Our trade receivables turnover days decreased from 93 days in 2011 to 86 days in 2012, primarily due to the fact we granted shorter credit periods to the five new distributors added in 2012 within the range of our credit terms, i.e., 90 to 180 days. Our trade receivables turnover days increased from 86 days in 2012 to 102 days in 2013, primarily as a result of our offer of longer credit periods to some distributors compared to that we offered to them in 2012, such as adjusting from 90 days to 120 or 150 days, or from 120 days to 150 or 180 days, based on our assessment on, among others, their relationship with us, credit history and historical sales level. For 2013, the adjusted annual sales growth rate for distributors that we offered longer credit period than that in 2012 was 35.4%, while our annual sales growth rate for distributors that we did not offer longer credit period was 28.9%. Our Directors are of the view that the distributors to which we offered longer credit period had better performance historically and that our offer of longer credit period to some distributors for the year ended December 31, 2013 was not a factor contributing to our sales growth in 2013.

There were two distributors added into our distribution network in 2012, to which we offered longer credit period from 90 days in 2012 to 150 days in 2013. These two distributors inherited the business operations of two distributors in their respective designated regions that we terminated business relationships with in the same year. In order to calculate the annual adjusted growth rate for distributors that we offered longer credit period in 2013, we used the full year sales revenue for these two distributors in 2012, including both the sales revenue with these two distributors and the two distributors whose business operations they inherited in 2012. The sales revenue with the two

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distributors that were added into our distribution network in 2012 and the two distributors whose business operations they inherited in the same year accounted for approximately 2.9% of our turnover in 2012. The sales revenue with these two distributors that were added into our distribution network in 2012 accounted for approximately 4.9% of our turnover in 2013.

According to our policy of making provisions for bad and doubtful debts, we take into consideration various factors, including significant financial difficulties of the debtors, the probability that the debtor will file for bankruptcy or be subject to a financial restructuring, and the possibility of default or delinquent payments. For the years ended December 31, 2011, 2012 and 2013, we did not make any provisions for bad and doubtful debts. The policy of making provisions for bad and doubtful debts has been consistently applied during the Track Record Period.

As of April 30, 2014, approximately 84.6% of our trade receivables as of December 31, 2013 had been subsequently settled and we had not recorded any past-due trade receivables.

Prepayments to Suppliers

Our prepayments to suppliers include prepayments to OEM contractors and raw material suppliers. In general, our OEM contractors can request advanced deposits of 20% of the purchase price. Our prepayments to suppliers increased to RMB1.6 million as of December 31, 2013 from RMB0.4 million as of December 31, 2012, primarily because we paid deposits as required by new OEM contractors and one existing OEM contractor due to its cash flow need, who did not require us to make deposit in 2012, while in 2012 such deposit requirements were cancelled by our major OEM contractors. Our prepayments to OEM contractors decreased by 96.4% to RMB0.4 million in 2012 from RMB10.6 million in 2011. The decrease was primarily due to the cancellation of deposit requirements by our major OEM contractors. We believe our well-maintained and long-term relationships with these OEM contractors and our increased OEM orders enhanced our bargaining power and strengthened the trust of these OEM contractors, which contributed to the cancellation of deposit requirements.

Other Deposits, Prepayments and Receivables

Our other deposits, prepayments and receivables mainly comprise prepaid advertising expenses, prepaid utility charges on behalf of tenants of warehouses and serviced apartments and prepaid social medical welfare on behalf of employees. As of December 31, 2011, 2012 and 2013, we had other deposits, prepayments and receivables of RMB1.6 million, RMB0.5 million and RMB4.1 million, respectively.

The significant increase in our other deposits, prepayments and receivables in 2013 compared to 2012 was primarily caused by an increase in our prepaid advertising expenses and the Listing expenses incurred in connection with to our Global Offering. The decrease in our other deposits, prepayments and receivable in 2012 compared to 2011 was primarily caused by a decrease in our prepaid advertising expenses. Prepaid advertising expenses represent prepayments to our advertising agencies for advertising expenses. Prepayments for advertising expenses are recognized as expenses when the advertising programs are carried out.

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Trade and Other Payables

Our trade and other payables comprise primarily (i) trade and bills payables, (ii) receipts in advance, (iii) amount due to the ultimate controlling party, and (iv) other payables and accruals.

The composition of our trade and other payables as of December 31, 2011, 2012 and 2013 was as follows:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Trade payables.....	110,495	107,285	128,132
Bills payables	8,217	—	—
Trade and bills payables	118,712	107,285	128,132
Receipts in advance	10,379	6,943	14,049
Amount due to the ultimate controlling party⁽¹⁾	174,936	96,686	—
Other payables and accruals:	57,000	80,718	106,379
Accrued social insurance	28,816	42,352	48,617
Accrued salaries	17,277	19,229	22,987
VAT, other taxes and levies payable.....	7,928	17,136	23,699
Others ⁽²⁾	2,979	2,001	11,076
Total	361,027	291,632	248,560

Notes:

- (1) Amount due to the Controlling Shareholder, Mr. Kwok, was unsecured, interest-free and was repayable on demand, which amount was fully settled in June 2013.
- (2) Others include accrued renovation payable, interest payable, deposits and payables accrued in connection with our Listing.

Trade and Bills Payables

Our trade and bills payables primarily related to (i) the purchase of raw materials from our raw material suppliers, with credit terms of approximately 90 days, and (ii) the purchase of OEM products from our OEM contractors, with credit terms of approximately 30 days for approximately 90% of total payments and approximately 90 days for the remaining approximately 10% payments. Credit terms for bills payables are six months. Bills payables as of December 31, 2011 were secured by pledged bank deposits of RMB1.6 million. We did not have any bills payables as of December 31, 2012 and 2013.

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The following is an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Due within 1 months or on demand	44,175	38,467	57,061
Due after 1 month but within 3 months.....	71,268	68,818	71,071
Due after 3 months but within 6 months	3,269	—	—
	118,712	107,285	128,132

The following table sets forth the average turnover days of our trade and bills payables for the periods indicated:

	Year ended December 31,		
	2011	2012	2013
Average trade and bills payables turnover days..	66	55	45

Our trade payables increased by 19.4% to RMB128.1 million as of December 31, 2013 from RMB107.3 million as of December 31, 2012, primarily due to our increase in outsourced production. Our trade and bill payables decreased by 9.6% to RMB107.3 million as of December 31, 2012 from RMB118.7 million as of December 31, 2011, primarily because we accelerated payments to our raw material suppliers and OEM contractors to further enhance business relationships with them.

We calculate the trade and bills payables turnover days by averaging the trade and bill payables as of the beginning and as of the end of a particular year, dividing such average by the cost of sales during the year, and multiplying by 365 days. The average turnover days of our trade payables were 66 days, 55 days and 45 days, respectively, for the years ended December 31, 2011, 2012 and 2013. The general decrease in the average turnover days of our trade payables were primarily due to an increase in our outsourced production during the Track Record Period, which resulted in an increase in the portion of trade and bill payables to our OEM contractors, of which the credit terms were shorter compared to those for our raw material suppliers.

Receipts in Advance

Our receipts in advance represent deposits we received from our distributors for their orders. Under the sale and purchase agreements with us, distributors are required to make deposit in amount of 10% to 20% of the total amount of their orders to us within 30 days as of the date of the sale and purchase agreements. We may adjust the deposits that our distributors are required to pay in consideration of their track record and business relationship with us. Our receipts in advance increased to RMB14.0 million as of December 31, 2013 from RMB6.9 million as of December 31, 2012, primarily due to the deposits by the nine new distributors for the upcoming spring/summer collection

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in 2014. Our receipts in advance decreased to RMB6.9 million as of December 31, 2012 from RMB10.4 million as of December 31, 2011, primarily due to a decrease in the percentage of deposits that we required some of our major distributors to make in 2012, in consideration of their good track record and business relationship with us, which resulted in a decrease in our receipts in advance during the same period.

Amount Due to the Ultimate Controlling Party

The borrowings from the ultimate controlling party, Mr. Kwok, were primarily used to fund our PRC subsidiaries in relation to the construction of our research and development center in Hui'an, Fujian Province, the construction and renovation of our staff dormitory and the industrial park in Quanzhou, Fujian Province where our PRC headquarters is located. In June 2013, the amounts due to our Controlling Shareholder was fully settled. For details, please refer to “— Description of Selected Items of Combined Balance Sheets” above.

Other Payables and Accruals

Other payables and accruals primarily include items such as accrued salaries, miscellaneous taxes payable to local government authorities, such as stamp duty and VAT and accrued renovation payable to our third-party contractors. As of December 31, 2011, 2012 and 2013, we had other payables and accruals of RMB57.0 million, RMB80.7 million and RMB106.4 million, respectively. The increase in other payables and accruals during the Track Record Period was primarily due to (i) the accruals for accrued social insurance as we made provision for unsubscribed social insurance and housing provident funds contribution, (ii) an increase in VAT payable and business tax rising from disposal of property, plant and equipment and leasehold land in June 2013, and (iii) payables accrued in connection with our Listing.

During the Track Record Period, we did not have any material defaults in the payment of our trade and non-trade payables.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our working capital requirements, including product development, manufacturing and operating expenses, capital expenditures related to the construction of new and existing facilities and repayment of bank loans and related interest. We have historically funded our cash requirements primarily from cash flow generated from operations, funds from our Controlling Shareholder and bank loans.

Going forward, we intend to satisfy our liquidity requirements using a combination of the proceeds from the Global Offering, cash flow generated from operations, bank loans and, given suitable conditions, future debt and securities offerings. Our ability to obtain adequate financing may be limited by our financial condition and results of operations and liquidity of international and domestic financial markets. For further information, see the section entitled “Risk Factors — Risks

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Relating to Our Business — We may be unable to obtain external financing on favorable terms, or at all, to fund our ongoing operations and expansions, or additional funds we raise could impose restrictive covenants to us under the debt obligations or dilute your equity interests” in this prospectus.

The following table presents selected cash flow data from our combined cash flow statements for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Net cash generated from operating activities	97,703	204,904	73,447
Net cash (used in)/generated from investing activities.....	(128,104)	45,408	100,480
Net cash generated from/(used in) financing activities.....	33,593	(226,464)	(167,230)
Net increase in cash and cash equivalents.....	3,192	23,848	6,697
Cash and cash equivalents at January 1.....	29,294	32,486	56,334
Cash and cash equivalents at December 31.....	<u>32,486</u>	<u>56,334</u>	<u>63,031</u>

Cash Flows from Operating Activities

In 2013, our net cash generated from operating activities was RMB73.4 million, primarily reflecting our profit before taxation of RMB320.6 million, as adjusted primarily by (i) an increase in trade and other payables of RMB53.8 million in connection with trade and bill payables and accrued salary, social insurance and other payables, such as stamp duty, VAT or payables in connection with our Listing; (ii) depreciation expenses of RMB27.0 million; (iii) interest expense of RMB24.7 million; and (iv) a decrease in inventories of RMB16.3 million as a result of an enhancement for inventory control in 2013, all of which were partially offset by (i) an increase in trade and other receivables of RMB285.0 million, which was in line with the growth in our sales, and (ii) income tax paid of RMB81.3 million.

In 2012, our net cash generated from operating activities was RMB204.9 million, primarily reflecting our profit before taxation of RMB206.6 million, as adjusted primarily by (i) depreciation expenses of RMB32.3 million primarily in connection with our staff dormitory which we completed construction in 2012, (ii) interest expense of RMB26.1 million, (iii) a decrease in inventories of RMB13.4 million as a result of an enhancement for inventory control in 2012, and (iv) an increase in trade and other payables of RMB9.2 million in connection with accrued salary and social insurance and other payables, such as stamp duty or VAT, all of which were partially offset by (i) an increase in trade and other receivables of RMB47.8 million as a result of the increased sales of our products, and (ii) income tax paid of RMB37.7 million.

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In 2011, our net cash generated from operating activities was RMB97.7 million, primarily reflecting our profit before taxation of RMB120.9 million, as adjusted primarily by (i) an increase in trade and other payables of RMB34.0 million in connection with trade and bill payables and accrued salary and social insurance, (ii) depreciation expenses of RMB29.0 million primarily in connection with our plant and equipment, and (iii) interest expense of RMB21.6 million, all of which were partially offset by (i) an increase in trade and other receivables of RMB73.7 million as a result of the increased sales of our products, (ii) an increase in inventories of RMB18.2 million which was in line with the increases in our sales in 2011, and (iii) income tax paid of RMB12.1 million.

Cash Flows (Used in)/Generated From Investing Activities

In 2013, our net cash flows generated from investing activities were RMB100.5 million, which was primarily attributable to our gain on disposal of staff dormitory and certain fixed assets together with leasehold land of RMB130.3 million, partially offset by fixed deposit held at bank with original maturity over three months of RMB26.5 million.

In 2012, our net cash flows generated from investing activities were RMB45.4 million, which was primarily attributable to a decrease in pledged bank deposits of RMB47.1 million as we pledged properties or obtained credit with certain banks instead, partially offset by payment for the purchase of property, plant and equipment of RMB3.3 million in connection with the construction and renovation of our staff dormitory.

In 2011, our net cash flows used in investing activities were RMB128.1 million, which was primarily attributable to net payment for the purchase of property, plant and equipment of RMB93.2 million in connection with the construction and renovation of our staff dormitory and the construction of our research and development center in Hui'an, Fujian Province and an increase in pledged bank deposits of RMB35.7 million.

Cash Flows Generated From/(Used in) Financing Activities

During the Track Record Period, our cash flows from financing activities were mainly generated from bank borrowings. Our cash inflows from financing activities were mainly offset by repayments of bank borrowings, amount due to our Controlling Shareholder, Mr. Kwok (including both the amount which was categorized as trade and other payables under current liabilities and was fully settled in June 2013 and the amount which was categorized as amount due to the ultimate controlling party under non-current liabilities in our combined financial statements and was fully settled before Listing) and payments of interest.

In 2013, our net cash flows used in financing activities were RMB167.2 million, which was primarily attributable to (i) repayment of bank borrowings of RMB423.0 million and interest paid of RMB24.9 million, and (ii) a decrease in the amount due to the ultimate controlling party of RMB93.3 million in relation to the borrowings from our Controlling Shareholder, Mr. Kwok, all of which were partially offset by proceeds from bank borrowings of RMB374.0 million.

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In 2012, our net cash flows used in financing activities were RMB226.5 million, which was primarily attributable to (i) repayment of bank borrowings of RMB564.0 million, (ii) interest paid of RMB35.2 million and (iii) a decrease in the amount due to the ultimate controlling party of RMB78.3 million in relation to the borrowings from our Controlling Shareholder, Mr. Kwok, all of which were partially offset by proceeds from bank borrowings of RMB451.0 million.

In 2011, our net cash flows generated from financing activities were RMB33.6 million, which was primarily attributable to proceeds from bank borrowings of RMB621.4 million and was offset by (i) a decrease in amount due to the ultimate controlling party of RMB54.0 million in relation to the borrowings from our Controlling Shareholder, Mr. Kwok, (ii) repayment of bank borrowings of RMB503.4 million and (iii) interest paid of RMB30.4 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank Borrowings

As of December 31, 2011, 2012 and 2013, all of our bank borrowings were due within one year or on demand. The following table shows our bank borrowings as of the dates indicated:

	As of December 31,			As of
	2011	2012	2013	April 30, 2014
	(RMB in thousands)			(unaudited)
Bank borrowings				
- secured	198,650	69,000	224,000	369,158
- unsecured	<u>320,380</u>	<u>337,000</u>	<u>133,000</u>	<u>90,000</u>
	<u>519,030</u>	<u>406,000</u>	<u>357,000</u>	<u>459,158</u>

Our total outstanding bank borrowings amounted to RMB519.0 million, RMB406.0 million and RMB357.0 million, respectively, as of December 31, 2011, 2012 and 2013. As of April 30, 2014, we had bank borrowings in the aggregate amount of RMB459.2 million and an unutilized credit line of RMB383.1 million. The decrease in our bank borrowings during the Track Record Period was primarily due to the repayment of some of the bank borrowings incurred during the preceding year.

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The following table shows the interest rates applicable to our bank borrowings for the periods indicated:

	For the year ended December 31,						For the four months ended	
	2011		2012		2013		April 30, 2014	
	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands)	%	(RMB in thousands) (unaudited)	%
Fixed rate								
Bank borrowings...	404,780	6.91	406,000	6.40	357,000	6.20	357,000	6.25
Variable rate								
Bank borrowings...	<u>114,250</u>	8.48	—	—	—	—	<u>102,158</u>	2.27
Total	<u>519,030</u>	7.26	<u>406,000</u>	6.40	<u>357,000</u>	6.20	<u>459,158</u>	5.37

Our overall effective interest rate decreased as of December 31, 2013 compared to December 31, 2012, primarily due to a decrease in the interest rates of our fixed rate borrowings. Our overall effective interest rate decreased as of December 31, 2012 compared to December 31, 2011, primarily due to a decrease in the interest rates of our fixed rate borrowings and no variable rate borrowings in 2012.

Commercial banks in China typically require guarantees or security for our bank borrowings. As of December 31, 2011, 2012 and 2013, our outstanding bank borrowings were secured by our assets with an aggregate carrying value of RMB422.4 million, RMB363.7 million and RMB340.5 million, respectively. As of December 31, 2011, 2012 and 2013, our bank borrowings of RMB200.0 million, RMB317.0 million and RMB73.0 million were guaranteed by our Controlling Shareholder, Mr. Kwok, and Ms. Wong Tung Yam, his spouse. These personal guarantees were released in April 2014.

Under the terms of our bank loan agreements, we are typically required to use the bank loans only for the purposes for which they were granted, and we are obliged to provide the lending banks, on a regular (i.e., quarterly) basis our financial statements and allow them to access information regarding our application for other bank loans, financial activities and business operations from time to time. The terms of our bank loans are typically within one year. Some of our bank loan agreements contain cross default clauses. If any material cross default occurs, these banks are entitled to stop issuing loans, or ask for additional restrictions or payment conditions, or accelerate payment of all or any part of the indebtedness owing under all the loan agreements, or to enforce all or any of the security for such indebtedness, or terminate the bank loan agreements. In addition, certain of our bank borrowings are subject to a number of customary restrictive covenants including, e.g., covenants that our relevant PRC operating subsidiaries may not enter into any merger, joint venture or restructuring, or decrease their registered capital, transfer material assets, liquidate, change their shareholding, or distribute dividends, without the relevant lenders' prior written consent or unless they first fully settle the amounts outstanding under the relevant loan agreements. In March 2014, we obtained a waiver letter from the relevant banks, waiving the dividend distribution restrictions in the existing bank loan

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agreements we entered into with them and in any future bank loan agreements we may enter into with them. Our Directors have confirmed that, save as disclosed above, they are not aware of any material breach, during the Track Record Period, of any of the restrictive covenants contained in our bank borrowings.

Except as described above, we did not have any other outstanding loan capital, debt securities, indebtedness, debentures, bank overdrafts, liabilities under acceptance or acceptance credits of hire purchase commitments as December 31, 2013.

We confirm that, other than as disclosed in this prospectus, there had been no material change in our indebtedness from December 31, 2013 up to the Latest Practicable Date.

Contingent Liabilities

As of December 31, 2011, 2012 and 2013, we had no material contingent liabilities.

We confirm that, there had been no material change in our contingent liabilities from December 31, 2013 up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as of the dates indicated:

	As of December 31,		
	2011	2012	2013
Current ratio	0.52	0.65	1.21
Quick ratio	0.43	0.56	1.13
Net debt-to-equity ratio.....	427.5%	169.0%	72.7%
Gearing ratio.....	445.0%	185.5%	83.5%
	For the year ended December 31,		
	2011	2012	2013
Return on equity	57.2%	44.9%	41.0%
Return on assets.....	8.8%	12.9%	17.8%
Net profit margin	12.9%	13.8%	16.4%
Interest coverage ratio	4.6	6.7	14.0

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Current Ratio

Our current ratio is derived by dividing our current assets by our current liabilities at the end of each financial period.

As of December 31, 2011, 2012 and 2013, our current ratio was 0.52, 0.65 and 1.21 times, respectively. The reason for the general increase in our current ratio during the Track Record Period was primarily due to an increase in our current assets and a decrease in our current liabilities. The increase in our current assets during the Track Record Period was driven by an increase trade and other receivables as a result of an increase in sales, while the changes in our current liabilities during the Track Record Period was driven by a decrease in both of our bank borrowings and amount due to the ultimate controlling party.

Quick Ratio

Quick ratio is our current assets less inventories dividing by current liabilities at the end of each financial period.

As of December 31, 2011, 2012 and 2013, our quick ratio was 0.43, 0.56 and 1.13 times, respectively. The reasons for the general increase in our quick ratio during the Track Record Period are similar to that for our current ratio as set forth above.

Net Debt-to-Equity Ratio

Our net debt-to-equity ratio is the total amount of our bank borrowings and amount due to our Controlling Shareholder, Mr. Kwok less cash and cash equivalents as a percentage of total equity as of the end of each financial period.

The general decrease in our net debt-to-equity ratio decreased during the Track Record Period was primarily due to (i) the decrease in bank borrowings, (ii) the decrease in the amount due to our Controlling Shareholder, Mr. Kwok, and (iii) the increase in total equity during the relevant period.

Gearing Ratio

Our gearing ratio is the total amount of our bank borrowings and amount due to our Controlling Shareholder, Mr. Kwok as a percentage of total equity as of the end of each financial period.

The reasons for the fluctuations in our gearing ratio as of the end of each financial period during the Track Record Period are similar to those for changes in our net debt-to-equity ratio as set forth above.

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Return on Equity

Our return on equity is our profit and total comprehensive income for the year as a percentage of our equity for each financial period.

The general decrease in our return on equity during the Track Record Period was primarily due to our increased equity base as a result of conversion of net profits to reserves during the Track Record Period.

Return on Assets

Our return on assets is derived by dividing our profit and total comprehensive income for the year by our assets at the end of each financial period.

The general increase in our return on assets increased during the Track Record Period was primarily due to an increase in our net profit.

Net Profit Margin

Our net profit margin is calculated by dividing our profit and total comprehensive income for the year by turnover. The general increase in our net profit margins during the Track Record Period was primarily because the increase in our gross profits was larger than the increase in our selling and distribution expenses and administrative and other operating expenses for the corresponding periods.

Interest Coverage Ratio

Our interest coverage ratio is calculated by dividing our profit from operations for the year, which is profit before finance costs and income tax expenses, by finance costs for each of the financial period.

The general increase in our interest coverage ratio during the Track Record Period was primarily due to (i) a decrease in interest expense as a result of the decrease in our bank borrowings and (ii) an increase in operating profit.

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CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated:

	For the year ended December 31,		
	2011	2012	2013
	(RMB in thousands)		
Plant and machinery.....	2,467	1,613	640
Motor vehicles	1,262	523	194
Furniture, fixtures and equipment	1,295	2,722	125
Construction in progress	94,537	8,964	77
Lease prepayments	—	7,000	23,071
Total	99,561	20,822	24,107

The capital expenditure incurred for the year ended December 31, 2011 was primarily related to the construction and renovation of staff dormitory, construction of Hui'an research and development center and renovation of the industrial park in Quanzhou, Fujian Province where our headquarters is located. The capital expenditure incurred for the year ended December 31, 2012 was primarily related to the construction and renovation of staff dormitory. The capital expenditure incurred for the year ended December 31, 2013 was primarily related to the payment for the acquisition of the land in Hui'an, Fujian Province to be constructed as a research and development center.

Our planned capital expenditure for the year ending December 31, 2014 is RMB136.7 million, which relates principally to the construction of our research and development center in Quanzhou, Fujian Province and installation of an ERP system. We expect to fund our capital expenditures principally with cash generated from our operations, bank borrowings and a portion of the net proceeds from the Global Offering.

We confirm that, other than as disclosed in this prospectus, there has been no material change in our liquidity position from December 31, 2013 and up to the Latest Practicable Date.

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CAPITAL COMMITMENTS

Our capital commitments were primarily related to construction in progress. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,		
	2011	2012	2013
	(RMB in thousands)		
Contracted for	235,471	247,373	234,398
Authorized but not contracted for	<u>36,881</u>	<u>24,048</u>	<u>24,048</u>
	<u>272,352</u>	<u>271,421</u>	<u>258,446</u>

Our capital commitments were RMB272.4 million, RMB271.4 million and RMB258.4 million, respectively, for the years ended December 31, 2011, 2012 and 2013, primarily related to the construction of our research and development center in Hui'an, Fujian Province. We expect these commitments to be funded primarily from cash generated from our operating activities and our bank facilities.

The following table sets forth our budgeted and incurred capital expenditure in relation to our research and development center in Hui'an, Fujian Province as of December 31, 2013:

	Budgeted	Incurred	To be incurred
		(RMB in thousands)	
Building construction	370,446	118,319	252,127
Land acquisition and related expenses	53,621	53,621	—
Capitalized interest	17,245	17,245	—
Design fee	8,580	8,580	—
Supervision fee	7,580	1,819	5,761
Others	<u>3,476</u>	<u>3,476</u>	<u>—</u>
Total	<u>460,948</u>	<u>203,060</u>	<u>257,888</u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have any off-balance sheet commitments and arrangements as of the Latest Practicable Date.

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QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to various types of market risks in the normal course of our business, including credit risk, liquidity risk, interest rate risk and currency risk.

Credit Risk

Our credit risk is primarily attributable to trade and other receivables and deposits with banks. Our management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Our trade receivables are due within 90 to 180 days from the date of billing. Normally, we do not obtain collateral from customers. We have a certain concentration of credit risk as 3%, 13% and 11%, respectively, and 28%, 44% and 32%, respectively, of our total trade receivables were due from our largest customer and the five largest customers as of December 31, 2011, 2012 and 2013.

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets after deducting any impairment allowance. We have not provided financial guarantee which would expose us to credit risk.

We place deposits with financial institutions with established credit rating and the credit risk related to these deposits is low.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including any short term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor our 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 its liquidity requirements in the short and longer term.

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The following table shows the remaining scheduled maturities at the respective balance sheet date of our Group's financial liabilities, 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) and the earliest date our Group can be required to pay as of the dates indicated:

	As of December 31,											
	2011			2012			2013					
	Within 1 year or on demand	More than 1 year	Total	Balance sheet carrying amount	Within 1 year or on demand	More than 1 year	Total	Balance sheet carrying amount	Within 1 year or on demand	More than 1 year	Total	
	(RMB in thousand)											
Bank borrowings ..	542,894	—	542,894	519,030	421,568	—	421,568	406,000	370,890	—	370,890	357,000
Trade and other payables.....	361,027	—	361,027	361,027	291,632	—	291,632	291,632	248,560	—	248,560	248,560
Amount due to the ultimate controlling party	—	129,758	129,758	129,758	—	129,784	129,784	129,784	—	129,175	129,175	129,175
	<u>903,921</u>	<u>129,758</u>	<u>1,033,679</u>	<u>1,009,815</u>	<u>713,200</u>	<u>129,784</u>	<u>842,984</u>	<u>827,416</u>	<u>619,450</u>	<u>129,175</u>	<u>748,625</u>	<u>734,735</u>

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Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our bank borrowings. Bank borrowings bearing variable rates expose us to cash flow interest rate risk, while bank borrowings bearing fixed rates expose us to fair value interest rate risk. We borrow funds to support our business operations and general working capital and capital expenditure requirements. Upward movements in interest rates increase the cost of our financings. We currently do not use derivative financial instruments to hedge our interest rate risk. See the subsection entitled “— Indebtedness and Contingent Liabilities — Bank borrowings” for the interest rate of our bank borrowings. Please refer to the interest rate risk table in Note 24(c) of Section B, notes to combined financial information included as Appendix I to this prospectus for a sensitivity analysis with respect to interest rate fluctuations during the Track Record Period.

Sensitivity Analysis

As of December 31, 2011, 2012 and 2013, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would have decrease or increase our profit after tax and retained profits by approximately RMB1,000,000, nil and nil, respectively.

The sensitivity analysis above indicates the impact on our profit for the period 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

As most of our monetary assets and liabilities are denominated in Renminbi and we conduct our business transactions principally in Renminbi, our exchange rate risk is not significant and we do not employ any financial instruments for hedging purposes.

We are exposed to currency risk primarily through amount due to our Controlling Shareholder, Mr. Kwok, that is denominated in a foreign currency, i.e., Hong Kong dollars. Please refer to the interest rate risk table in Note 24(d) of Section B, notes to combined financial information included as Appendix I to this prospectus for a sensitivity analysis with respect to foreign exchange rate fluctuations during the Track Record Period.

DIVIDENDS AND DISTRIBUTABLE RESERVES

As of December 31, 2013, the aggregate amount of the distributable reserves of the companies now comprising our Group amounted to RMB21.3 million.

Subject to the Cayman Companies Law, through a general meeting, we may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which our Directors

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determine are no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law and our Memorandum of Articles of Association.

Our Board will declare dividends, if any, in Hong Kong dollars with respect to our Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in our bank credit facilities, or other agreements that we or our subsidiaries may enter into in the future.

During the Track Record Period, we did not distribute any dividends to our shareholders.

Our Board currently intends, subject to the above limitations, and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders 50% of any distributable profit (excluding changes in fair value of investment properties and the impact of related deferred tax) for the year ending December 31, 2014 and for each financial year after our Global Offering. However, we will reevaluate our dividend policy annually. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

LISTING EXPENSES

We expect the total listing expenses will be approximately RMB58.6 million. By December 31, 2013, approximately RMB18.0 million of our Listing expenses have been charged to our administrative and other operating expenses and approximately RMB3.2 million of our listing expenses will be charged to share premium upon listing. We expect to incur additional Listing expenses of RMB37.4 million in connection with the Global Offering subsequent to the Track Record Period, of which RMB16.7 million is expected to be charged to our administrative and other operating expenses and RMB20.7 million 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 ended December 31, 2014.

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UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets as of December 31, 2013 as if it had been taken place on December 31, 2013.

The unaudited pro forma adjusted combined 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 combined net tangible assets as of December 31, 2013 or any future date following the Global Offering. It is prepared based on our combined net assets as of December 31, 2013 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set out in Appendix I in this prospectus.

	Unaudited combined net tangible assets of our Company as of December 31, 2013⁽¹⁾	Estimated net proceeds from the Global Offering^{(2) (5)}	Unaudited pro forma adjusted combined net tangible assets of our Group	Unaudited pro forma adjusted combined net tangible assets per Share⁽³⁾	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HK\$)⁽⁵⁾
Based on an Offer Price of HK\$3.35 per Share ...	582,400	286,992	869,392	1.81	2.28
Based on an Offer Price of HK\$4.40 per Share ...	582,400	383,544	965,944	2.01	2.53

Notes:

- (1) The combined net tangible assets of our Company as at December 31, 2013 is based on the combined net assets of our Company of RMB582.4 million as at December 31, 2013, as shown in the Accountants' Report as set out in Appendix I in this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the estimated Offer Prices of HK\$3.35 and HK\$4.40, respectively, after deduction of the underwriting fees and related expenses (excluding equity-settled share-based payments for non-employees) payable by our Company and does not taken into account any Shares that may be issued upon exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments for the estimated net proceeds from the Global Offering payable to our Company as described in note (2) and on the basis that 480,000,000 Shares were in issue assuming that the Global Offering was completed on December 31, 2013 (including Shares in issue as of the Date of this prospectus and those Shares to be issued pursuant to the Global Offering and the Capitalization Issue) without taking into account any Shares which may be offered for sale upon exercise of the Over-allotment Option.

FINANCIAL INFORMATION

- (4) With reference to the valuation of property interests of the Group as set out in Appendix IV in this prospectus, the aggregate revaluated amount of the property interests of the Group as at March 31, 2014 was approximately RMB589.1 million. The net book value of these property interests as at March 31, 2014 was RMB540.2 million. The revaluation surplus for properties for own use, investment properties and lease prepayments is approximately RMB48.9 million and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I in this prospectus and will not be recorded in the consolidated financial statements of the Group for the year ending December 31, 2014 as the Group's property, plant and equipment, investment properties and lease prepayments are stated at cost less accumulated depreciation or amortisation and impairment losses if any.
- (5) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.25921 to RMB1.
- (6) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group subsequent to December 31, 2013.

PROPERTY INTERESTS

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to us, as of March 31, 2014 at approximately RMB589.1 million. The text of its letter, summary of valuation and valuation certificates are set out in "Appendix IV — Property Valuation Report" to this prospectus.

Property interests include the land use rights to the parcels of land and the building ownership of completed buildings, structures and buildings under construction. A reconciliation of the net carrying value of the relevant property interest, as of December 31, 2013, to their fair value as of March 31, 2014 as stated in "Appendix IV — Property Valuation Report" to this prospectus is as follows:

	Properties
	(RMB in thousands)
Net carrying value as of December 31, 2013.....	543,526
Movements for the period ended from January 1, 2014 to March 31, 2014	
— Additions	20
— Depreciation	<u>(3,308)</u>
— Net carrying value as of March 31, 2014	540,238
Valuation as of March 31, 2014 as per Appendix IV to this prospectus	<u>589,100</u>
Surplus	<u><u>48,862</u></u>

NO MATERIAL ADVERSE CHANGE

Save as disclosed above, we confirm that there has not been any material adverse change in our financial or trading position or prospectus of our Company since December 31, 2013, being the date of the latest audited combined financial statements of our Company as set out in the Accountants' Report included as Appendix I to this prospectus up to the date in this prospectus.

FINANCIAL INFORMATION

RELATED-PARTY TRANSACTIONS

With respect to the related-party transactions set out in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules had we been required to comply with such rules as of such date.

PROFIT FORECAST

Our unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 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, 2014. 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, 2014^{(1) (3)} not less than RMB257.3 million
(approximately HK\$324.0 million)

Unaudited pro forma forecast earnings per Share
for the year ending December 31, 2014⁽²⁾⁽³⁾ not less than RMB0.54
(approximately HK\$0.68)

(1) The basis and assumptions on which the above profit forecast for the year ending December 31, 2014 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 shareholders of the Company for the year ending December 31, 2014 based on the forecast consolidated results for the year ending December 31, 2014.

(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, 2014 of RMB257.3 million and on the assumption that our Company had been listed since January 1, 2014 and a total number of 480,000,000 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.

(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 HK\$1.25921 to RMB1.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section entitled “Business — Business Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$452.0 million, assuming an Offer Price of HK\$4.40 per Share, or HK\$330.4 million, assuming an Offer Price of HK\$3.35 per Share.

Assuming an Offer Price of HK\$3.88 per Offer Share, being the midpoint of the stated Offer Price range of HK\$3.35 to HK\$4.40 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$391.2 million which we presently plan to use as follows:

- Approximately 27%, or HK\$105.7 million, is expected to be used primarily for brand promotion and marketing, such as advertising through CCTV channels. We also plan to increase the number of airports in which we place rolling advertisements. In addition to advertising activities, we plan to further improve in-store design and layout by refurbishing some of our existing retail outlets in 2014;
- Approximately 20%, or HK\$78.2 million, is expected to be used primarily for enhancing our research, design and product development capabilities through (i) strengthening our cooperation with reputable design institutes, such as Shanghai Biaoding, (ii) engaging experienced and reputable designers, (iii) enhancing communication with end customers by market surveys through our retail outlets to obtain feedback from end customers, and (iv) continuing to invest in research and development of production technology, materials and samples;
- Approximately 20%, or HK\$78.2 million, is expected to be used to repay a portion of our bank borrowings⁽¹⁾, which include the balance of the additional bank borrowings of approximately US\$19.4 million (approximately HK\$150.4 million) that are expected to be raised prior to the Listing for the repayment of the amounts due to our Controlling Shareholder, Mr. Kwok;
- Approximately 13%, or HK\$50.9 million, is expected to be used to expand our distribution network and provide storefront decoration at our own cost for our distributors and their sub-distributors. We currently expect our distributors to add approximately 200 retail outlets in the PRC by December 31, 2014;

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 10%, or HK\$39.1 million, is expected to be used primarily for installing an ERP system, for which we have started negotiating with certain ERP system providers; and
- The remaining approximately 10%, or HK\$39.1 million, is expected to be used for our working capital and other general corporate purposes.

Note:

- (1) The bank borrowings include a one-year term loan of US\$6.8 million bearing an interest rate of 1.7% per annum over three month LIBOR payable in two installments in January 2015 and February 2015, respectively, and a one-year term loan of US\$12.6 million bearing an interest rate of 1.95%, 2.1%, 2.7% and 2.4% per annum over three month LIBOR payable in four installments in February 2015, March 2015, April 2015 and June 2015, respectively.

If the Offer Price is fixed at HK\$4.40, being the high end of the stated Offer Share range, our net proceeds will increase by approximately HK\$60.8 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. We intend to allocate such additional proceeds to our use of proceeds proportionately as earmarked.

If the Offer Price is fixed at HK\$3.35, being the low end of the stated Offer Price range, our net proceeds will instead decrease by approximately HK\$60.8 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. In this case, we intend to reduce our use of proceeds proportionately as earmarked.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.

The Company will not receive the net proceeds of any exercise of the Over-allotment Option. Only the Selling Shareholders will receive such proceeds from any exercise of the Over-allotment Option.

UNDERWRITING

HONG KONG UNDERWRITERS

Barclays Bank PLC, Hong Kong Branch
CCB International Capital Limited
DBS Asia Capital Limited
RHB OSK Securities Hong Kong Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 27, 2014. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price. Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange, 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 now being offered which are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (on behalf of itself and the Hong Kong Underwriters) may by giving a written or oral notice to the Company terminate this Agreement with immediate effect without liability to any of the other parties in the International Underwriting Agreement and, subject to Clause 2.2 therein, the Hong Kong Underwriting Agreement shall forthwith cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event or series of events resulting in or representing a change or development, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions or sentiments (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and

UNDERWRITING

inter-bank markets) or currency exchange rate or controls in or affecting Hong Kong, the PRC, the United States, the United Kingdom, France, Germany, Japan, Singapore, the Cayman Islands or the British Virgin Islands (collectively the “**Relevant Jurisdictions**”); or

- (ii) any new law or regulation or any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent governmental or regulatory authority in or affecting any of the Relevant Jurisdictions; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious diseases) in or affecting any of the Relevant Jurisdictions; or
- (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), acts of war, or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition or declaration of (a) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange or the Singapore Stock Exchange or (b) any moratorium or material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (vi) any adverse change or prospective change in the condition (financial or otherwise) or in the earnings, business, financial condition or trading position or prospects of the Group; or
- (vii) change in tax law or other change or development involving a change or prospective change in taxation or exchange controls having an adverse effect on the Hong Kong Public Offering and/or the Global Offering, the Company or the Shares (or the transfer of any Shares) or an investment in the Shares; or
- (viii) any litigation or claim being threatened or instigated against any member of the Group; or
- (ix) any change or development involving a prospective change, or a materialization of, any of the risks set out under “Risk Factors” in this prospectus; or
- (x) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

UNDERWRITING

- (xi) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or any material part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
 - (xii) the commencement by any judicial, regulatory, governmental or political body or law enforcement agency or organization of the government of any Relevant Jurisdiction (including political subdivisions thereof), and includes central, provincial, municipal and other local or regional governments (“**Governmental Authority**”) of any public action or investigation against a Director or an announcement by any Governmental Authority that it intends to take any such action; or
 - (xiii) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus or the offering circular (or other documents used in connection with the contemplated offering of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any other applicable laws; or
 - (xiv) any Director, chief executive officer or chief financial officer of the Company named in this prospectus vacating his office, seeks to retire, is removed from office or being prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or any Director or any member of senior management named in this prospectus is prosecuted for a criminal offence involving fraud or dishonesty or an offence punishable by imprisonment; or
 - (xv) a contravention by any member of the Group of the Listing Rules or applicable laws; or
 - (xvi) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
 - (xvii) non-compliance of this prospectus and the Application Forms (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws;
- and which, in any such case in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):
- (a) is or will be or may be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Group as a whole; or
 - (b) has or will have or may have a material adverse effect on the success of the Global Offering; or

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- (c) will or may make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) any of the following shall have come to the notice of the Sole Global Coordinator, the Joint Bookrunners or the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
 - (i) that any statement contained in any of the formal notice or the offering documents was or has become untrue, incorrect or misleading in any material respect; or
 - (ii) that any forecasts contained in any of the offering documents, was or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (iii) any matter which would, if the formal notice or offering documents were issued at that time, constitute a material omission therefrom; or
 - (iv) any of the warranties given by the warrantors in the Hong Kong Underwriting Agreement is (or would if repeated at that time be) untrue or breached; or
 - (v) any event, act or omission which gives rise or is likely to give rise to any liability of the warrantors pursuant to the indemnities given by it under the Hong Kong Underwriting Agreement; or
 - (vi) any breach of any of the obligations of any party (other than the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or any other of the relevant agreements; or
 - (vii) any certificate given by the Company and/or the covenantors to any of the Sole Global Coordinator or Joint Bookrunners under or in connection with the Hong Kong Public Offering or the Global Offering is false or misleading in any material respect; or
 - (viii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be sold pursuant to the exercise of the options granted under the Share Option Scheme) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (ix) the Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering.

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Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including pursuant to the exercise of the options which may be granted under the Share Option Scheme) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to any lending of Shares by Everkept pursuant to the Stock Borrowing Agreement or any disposal of Shares by Everkept upon exercise of the Over-allotment Option, he or it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, he or it will:

- (i) when he or it pledges or charges any Shares beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

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- (ii) when he or it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that at any time during the period commencing on the Listing Date and ending on the six months from the Listing Date (the “**First Six-Month Period**”), we will not without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), save for the issue of Shares pursuant to the exercise of any options to be granted under the Share Option Scheme;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (c) enter into any transactions with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) agree to or publicly announce any intention to effect any transaction specified in paragraph (a) or (b) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the aforesaid period), provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Global Offering (including pursuant to the exercise of any options to be granted under the Share Option Scheme).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), we enter into any of the transactions

UNDERWRITING

specified in paragraph (a), (b) or (c) above or agree to or publicly announce any intention to effect any such transaction, we have undertaken to take all reasonable steps to ensure that such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

(B) Undertakings by the Covenantors

Each of the Covenantors has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-Month Period:
- (i) sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which are shown in this prospectus to be held by the Covenantors, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
 - (iii) enter into any transactions with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
 - (iv) agree to or publicly announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or any other equity securities of our Company, or in cash or otherwise, provided that the foregoing restrictions shall not apply to any pledge or charge referred to below;

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- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, the Covenantors cease to be the controlling shareholders of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or agrees to or publicly announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of the Covenantors has further undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (I) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or other equity securities of our Company beneficially owned by it for a bona fide commercial loan, immediately inform our Company and Sole Global Coordinator in writing of such pledge or charge together with the number of Shares or other equity securities of our Company which are so pledged or charged; and
- (II) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other equity securities of our Company will be disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indication.

Hong Kong Underwriters' Interests in Our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any shares or securities of our Company or any other member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any shares or securities of our Company or any other member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

UNDERWRITING

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and the Covenantors expect to enter into the International Underwriting Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally agree to subscribe for, or procure subscribers for, their respective applicable proportion of the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section entitled “Structure of the Global Offering — The International Offering” for further details.

Commission and Expenses

The Underwriters will receive an aggregate underwriting commission of 3.3% of the aggregate Offer Price of all the Offer Shares (including Offer Shares sold upon the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. In addition, the Underwriters may receive a discretionary incentive fee of up to 0.75% of the Offer Price for each Offer Share.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$38.6 million (assuming an Offer Price of HK\$3.88 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), shall be borne by the Company, save for certain fees and expenses which shall be borne by the Underwriters.

Indemnity

We, the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

UNDERWRITING

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section entitled “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Barclays Bank PLC is the Sole Global Coordinator of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 12,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below in “— The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of initially 108,000,000 Shares (subject to adjustment as mentioned below) outside the United States in offshore transactions in reliance on Regulation S of the Securities Act as described below in “— The International Offering” in this section.

Furthermore, up to 18,000,000 additional Shares may be offered upon the exercise of the Over-allotment Option as set forth in “Over-Allotment Option” in this section.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 25% of the issued share capital of the Company immediately following the completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised. If the Over-allotment Option are exercised in full, the Offer Shares will represent approximately 28.75% of the issued share capital of the Company immediately following the completion of the Global Offering and the Capitalization Issue.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 12,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any

STRUCTURE OF THE GLOBAL OFFERING

reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the issued share capital of the Company immediately after completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. 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.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in “Conditions of the Hong Kong Public Offering.”

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering are liable to be rejected.

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Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to a clawback mechanism under paragraph 4.2 of Practice Note 18 of the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 36,000,000 Offer Shares (in the case of (i)), 48,000,000 Offer Shares (in the case of (ii)) and 60,000,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) and such reallocation being referred to in this prospectus as “Mandatory Reallocation”. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at their discretion, reallocate Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Offer Shares under the International Offering, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$4.40 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$4,444.35 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in “Pricing and Allocation” in this section, is less than the maximum price of HK\$4.40 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth below in the section entitled “How to Apply for Hong Kong Offer Shares”.

STRUCTURE OF THE GLOBAL OFFERING

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Hong Kong Public Offering will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The International Offering will consist of an initial offering of 108,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “bookbuilding” process described in “Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, ZHFA and Everkept are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time during the 30-day period from the last date for lodging applications under the Hong Kong Public Offering, to require each of ZHFA and Everkept to sell up to 7,200,000 Shares and 10,800,000 Shares, representing 6% and 9% of the aggregate of the total number of Shares initially available under the Global Offering at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be sold by ZHFA and Everkept pursuant thereto will represent approximately 3.75% of the issued share capital of the Company immediately after the completion of the Global Offering and the Capitalization Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

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 market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (and/or its agents) on behalf of the Underwriters, may over-allocate or effect transactions in the market or otherwise with a view to stabilizing or maintaining the market price of our Shares at such prices, in such amounts and in such manner as the Stabilizing Manager may determine and at levels other than those which might otherwise prevail in the open market, and/or undertake other stabilizing action within the meaning given in the Securities and Futures (Price Stabilizing) Rules of the SFO. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The Underwriting Agreements provide that any profit resulting from any stabilizing action shall be retained by the Sole Global Coordinator. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing

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to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on August 8, 2014, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

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STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager or any person acting for it may choose to borrow up to 18,000,000 Shares (being the maximum number of Shares which may be sold upon exercise of the Over-allotment Option) from Everkept pursuant to the Stock Borrowing Agreement expected to be entered into between the Stabilizing Manager or any person acting for it and Everkept on or about the Price Determination Date or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Everkept is entered into, it will only be effected by the Stabilizing Manager or any person acting for it for settlement of over-allocations in the International Offering and such arrangement 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, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Everkept or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Everkept by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around July 9, 2014 but in any event no later than July 14, 2014, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$4.40 per Offer Share and is expected to be not less than HK\$3.35 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$4.40 per Offer Share plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$4,444.35 for one board lot of 1,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

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The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Sole Global Coordinator, on behalf of the Underwriters, may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, after, and based on, consultation with the Company, reduce the number of Offer Shares offered under the Global Offering, and the Company may, where it deems appropriate, based on the level of interest expressed by prospective investors during the bookbuilding process in respect of the International Offering, after, and based on, consultation with the Sole Global Coordinator, reduce the Offer Price range below that stated in this prospectus, in each case at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the 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 there 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 Company and the Stock Exchange, notices of the reduction. Upon issue of such a day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the memorandum of the board of directors on profit forecast for the year ending December 31, 2014 and working capital forecast for the eighteen months ending June 30, 2015 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Company, and the Sole Global Coordinator (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, an indication of the level of interest in the International Offering, the basis of allocation of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section entitled “How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies”.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

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For a summary of these underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, see the section entitled “Underwriting” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange;
- (ii) the Offer Price being duly determined among the Company and the Sole Global Coordinator (on behalf of the Underwriters);
- (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters) on or before July 14, 2014, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.fordoo.cn, in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out

STRUCTURE OF THE GLOBAL OFFERING

in “How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on July 16, 2014, provided that (1) the Global Offering has become unconditional in all respects and (2) the right of termination as described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, including the Offer Shares, any Shares to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on July 16, 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on July 16, 2014.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 2399.

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 Offering 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 Sole Global Coordinator, 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:

- have a valid Hong Kong identity card number; and
- 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 or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion, and on any conditions it thinks 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 the **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 of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

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 Monday, June 30, 2014 until 12:00 noon on Wednesday, July 9, 2014 from:

- (1) any of the following addresses of the Hong Kong Underwriters:

Barclays Bank PLC, Hong Kong Branch	41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
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CCB International Capital Limited	12/F, CCB Tower, 3 Connaught Road Central, Hong Kong
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HOW TO APPLY FOR HONG KONG OFFER SHARES

DBS Asia Capital Limited 17/F, The Center,
99 Queen's Road Central,
Hong Kong

RHB OSK Securities Hong Kong Limited 12/F, World-wide House,
19 Des Voeux Road Central,
Hong Kong

(2) or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

<u>District</u>	<u>Branch</u>	<u>Address</u>
Hong Kong Island	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No.6-12 Nam Ning Street, Aberdeen
Kowloon	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F, Man Cheong Building, 239-247 & 247A Castle Peak Road, Yuen Long
	Maritime Square Branch	Shop 308E, Level 3, Maritime Square, Tsing Yi

(3) or any of the following branches of Bank of Communications Co., Ltd. Hong Kong Branch:

<u>District</u>	<u>Branch</u>	<u>Address</u>
Hong Kong Island	Wanchai Sub-Branch	G/F., 32-34 Johnston Road
	Quarry Bay Sub-Branch	G/F., 981C King's Road, Quarry Bay
Kowloon	Jordan Road Sub-Branch	1/F., Booman Building, 37U Jordan Road
New Territories	Market Street Sub-Branch	G/F., 53 Market Street, Tsuen Wan
	Fanling Sub-Branch	Shop No. 84A-84B, G/F., Flora Plaza, Fanling

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 Monday, June 30, 2014 until 12:00 noon on Wednesday, July 9, 2014 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- 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 — China Fordoo 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:

Monday, June 30, 2014 — 9:00 a.m. to 5:00 p.m.
Wednesday, July 2, 2014 — 9:00 a.m. to 5:00 p.m.
Thursday, July 3, 2014 — 9:00 a.m. to 5:00 p.m.
Friday, July 4, 2014 — 9:00 a.m. to 5:00 p.m.
Saturday, July 5, 2014 — 9:00 a.m. to 1:00 p.m.
Monday, July 7, 2014 — 9:00 a.m. to 5:00 p.m.
Tuesday, July 8, 2014 — 9:00 a.m. to 5:00 p.m.
Wednesday, July 9, 2014 — 9:00 a.m. to 12:00 noon

The application for the Offer Shares will commence on Monday, June 30, 2014 up to Wednesday, July 9, 2014 for eight days, being slightly longer than normal market practice of four days.

The application lists will be open from 11:45 a.m. to 12:00 noon on July 9, 2014, 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 Sole Global Coordinator (or their agents or nominees), as agents of the Company, to

HOW TO APPLY FOR HONG KONG OFFER SHARES

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, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, 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;
- (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 Sole Global Coordinator, 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 Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, 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 Sole Global Coordinator 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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; (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; and (iii) you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in 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;
- (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 Sole Global Coordinator 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 to the **White Form eIPO** Service Provider 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the White Form eIPO Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, June 30, 2014 until 11:30 a.m. on Wednesday, July 9, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, July 9, 2014 or such later time under the “Effect 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**, 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** more than once and obtaining different payment 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 (Winding Up and Miscellaneous Provisions) 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the White Form eIPO Service Provider, will contribute HK\$2.00 for each “CHINA FORDOO HOLDINGS LIMITED” White Form eIPO application submitted via www.eipo.com.hk to support the funding of “Source of Dong Jiang — Hong Kong Forest” project initiated by Friends of the 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 monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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
2/F, 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 Sole Global Coordinator and our Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Offering;
 - declare that only one set of electronic application instructions has been given for your benefit;
 - (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 Sole Global Coordinator 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 Sole Global Coordinator, 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 Sole Global Coordinator, 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 a 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 a 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 (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- 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 Offer 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 giving electronic application instructions to apply for Hong Kong Offer Shares;

HOW 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 Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) 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.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Monday, June 30, 2014 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, July 2, 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, July 3, 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, July 4, 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, July 5, 2014 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, July 7, 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, July 8, 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, July 9, 2014 — 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 Monday, June 30, 2014 until 12:00 noon on Wednesday, July 9, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, July 9, 2014, 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.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Sole Global Coordinator, 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. Our Company, our Directors, the Sole Global Coordinator, the Sole Sponsor, the Bookrunner, 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/CCASS 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 Wednesday, July 9, 2014.

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.

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 the **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

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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”.

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,

HOW TO APPLY FOR HONG KONG OFFER SHARES

in force in Hong Kong at any time between 9:00 a.m. and 12:00 a.m. on Wednesday, July 9, 2014. 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 Wednesday, July 9, 2014 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 Offering, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Tuesday, July 15, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at www.fordoo.cn 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.fordoo.cn and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Tuesday, July 15, 2014;
- from the designated results of allocations website at www.iporesults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, July 15, 2014 to 12:00 midnight on Monday, July 21, 2014;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, July 15, 2014 to Friday, July 18, 2014; and
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, July 15, 2014 to Thursday, July 17, 2014 at all the receiving bank branches and sub-branches.

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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 to the White Form eIPO Service Provider, 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 a 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) 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 may withdraw 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 Sole Global Coordinator, 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.

(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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(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 Offering 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 dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it 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\$4.40 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.

Any refund of your application monies will be made on Tuesday, July 15, 2014.

HOW TO APPLY FOR HONG KONG OFFER SHARES

14. DISPATCH/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 favor 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 dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Tuesday, July 15, 2014. 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 Wednesday, July 16, 2014 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.

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)

HOW TO APPLY FOR HONG KONG OFFER SHARES

from the Company's 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, from 9:00 a.m. to 1:00 p.m. on Tuesday, July 15, 2014 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 dispatched 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 Tuesday, July 15, 2014, 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 Tuesday, July 15, 2014, 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 Tuesday, July 15, 2014, 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.

- **If you are applying 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 Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any

HOW TO APPLY FOR HONG KONG OFFER SHARES

discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 15, 2014 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 the Company's 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, from 9:00 a.m. to 1:00 p.m. on Tuesday, July 15, 2014, or such other date as notified by the Company in the newspapers as the date of dispatch/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 Tuesday, July 15, 2014 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 dispatched 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 dispatched 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 Tuesday, July 15, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Tuesday, July 15, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 15, 2014 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 Tuesday, July 15, 2014. 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 Tuesday, July 15, 2014.

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, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

30 June 2014

The Directors
China Fordoo Holdings Limited

Barclays Capital Asia Limited

Dear Sirs

Introduction

We set out below our report on the financial information relating to China Fordoo Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined balance sheets of the Group as at 31 December 2011, 2012 and 2013 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group, for each of the years ended 31 December 2011, 2012 and 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 30 June 2014 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 23 January 2014 (the "Reorganisation") as detailed in the section headed "History and Development" 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 the Company and Bigtime Global 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 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 29 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 entities in the People’s Republic of China (the “PRC”).

The directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the “Underlying Financial Statements”) on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended 31 December 2011, 2012 and 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 31 December 2013.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, 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 2011, 2012 and 2013 and the Group’s combined results and cash flows for the Relevant Periods then ended.

A COMBINED FINANCIAL INFORMATION

1 Combined statements of profit or loss and other comprehensive income

	Section B Note	Year ended 31 December		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Turnover	2	818,477	1,108,977	1,452,811
Cost of sales		<u>(584,920)</u>	<u>(746,496)</u>	<u>(955,859)</u>
Gross profit		233,557	362,481	496,952
Other revenue	3	2,581	2,827	2,178
Other net income	3	5,673	305	6,368
Selling and distribution expenses		(50,140)	(69,566)	(86,832)
Administrative and other operating expenses		<u>(49,226)</u>	<u>(63,344)</u>	<u>(73,331)</u>
Profit from operations		142,445	232,703	345,335
Finance costs	4(a)	<u>(21,579)</u>	<u>(26,055)</u>	<u>(24,749)</u>
Profit before taxation	4	120,866	206,648	320,586
Income tax expense	5	<u>(15,074)</u>	<u>(53,728)</u>	<u>(82,042)</u>
Profit and total comprehensive income for the year		<u>105,792</u>	<u>152,920</u>	<u>238,544</u>
Earnings per share	8			
Basic and diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of the Financial Information.

2 Combined balance sheets

	Section B Note	As at 31 December		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment.....	9	649,794	632,026	485,897
Investment properties.....	10	30,865	29,678	28,491
Lease prepayments.....	11	43,995	49,897	65,104
Deposits and prepayments.....	12	18,940	10,238	—
Deferred tax assets.....	13(b)	22	—	—
Total non-current assets.....		<u>743,616</u>	<u>721,839</u>	<u>579,492</u>
Current assets				
Inventories.....	14	78,300	64,911	48,648
Trade and other receivables.....	15	288,555	336,346	621,326
Pledged bank deposits.....	16	57,094	10,000	—
Fixed deposit held at bank with original maturity over three months..		—	—	26,500
Cash and cash equivalents.....	17	32,486	56,334	63,031
Total current assets.....		<u>456,435</u>	<u>467,591</u>	<u>759,505</u>
Current liabilities				
Bank borrowings.....	18	519,030	406,000	357,000
Trade and other payables.....	19	361,027	291,632	248,560
Current tax payable.....	13(a)	5,149	21,146	21,862
Total current liabilities.....		<u>885,206</u>	<u>718,778</u>	<u>627,422</u>
Net current (liabilities)/assets.....		<u>(428,771)</u>	<u>(251,187)</u>	<u>132,083</u>
Total assets less current liabilities.....		314,845	470,652	711,575
Non-current liability				
Amount due to the ultimate controlling party.....	20	129,758	129,784	129,175
NET ASSETS.....		<u>185,087</u>	<u>340,868</u>	<u>582,400</u>
CAPITAL AND RESERVES				
Capital.....	22	11	11	11
Reserves.....	23	185,076	340,857	582,389
TOTAL EQUITY.....		<u>185,087</u>	<u>340,868</u>	<u>582,400</u>

The accompanying notes form part of the Financial Information.

3 Combined statements of changes in equity

	Section B Note	Capital RMB'000 Note 22	Statutory reserve RMB'000 Note 23(a)	Share-based payment reserve RMB'000 Note 23(b)	Retained profits RMB'000	Total RMB'000
As at 1 January 2011		11	6,035	340	70,992	77,378
Changes in equity for 2011:						
Total comprehensive income for the year		—	—	—	105,792	105,792
Appropriation to statutory reserves.....	23(a)	—	10,049	—	(10,049)	—
Equity-settled share-based payments for non-employees	23(b)	—	—	1,917	—	1,917
As at 31 December 2011 and 1 January 2012 ...		11	16,084	2,257	166,735	185,087
Changes in equity for 2012:						
Total comprehensive income for the year		—	—	—	152,920	152,920
Appropriation to statutory reserves.....	23(a)	—	11,612	—	(11,612)	—
Equity-settled share-based payments for non-employees	23(b)	—	—	2,861	—	2,861
As at 31 December 2012 and 1 January 2013 ...		11	27,696	5,118	308,043	340,868
Changes in equity for 2013:						
Total comprehensive income for the year		—	—	—	238,544	238,544
Appropriation to statutory reserves.....	23(a)	—	3	—	(3)	—
Equity-settled share-based payments for non-employees	23(b)	—	—	2,988	—	2,988
As at 31 December 2013		<u>11</u>	<u>27,699</u>	<u>8,106</u>	<u>546,584</u>	<u>582,400</u>

The accompanying notes form part of the Financial Information.

4 Combined cash flow statements

	Section B Note	Year ended 31 December		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash generated from operations	17(b)	109,768	242,613	154,773
Income tax paid		<u>(12,065)</u>	<u>(37,709)</u>	<u>(81,326)</u>
Net cash generated from operating activities		<u>97,703</u>	<u>204,904</u>	<u>73,447</u>
Investing activities				
Payment for the purchase of property, plant and equipment		(123,227)	(3,320)	(1,036)
Payment for the purchase of lease prepayments		—	—	(12,833)
Proceeds from disposal of property, plant and equipment and lease prepayment		30,000	401	130,254
Increase in fixed deposit held at bank with original maturity over three months.....		—	—	(26,500)
(Increase)/decrease in pledged bank deposits (net).....		(35,672)	47,094	10,000
Disposal of a subsidiary, net of cash disposed of.....	26	(12)	—	—
Interest received		<u>807</u>	<u>1,233</u>	<u>595</u>
Net cash (used in)/ generated from investing activities.....		<u>(128,104)</u>	<u>45,408</u>	<u>100,480</u>
Financing activities				
Proceeds from bank borrowings		621,430	451,000	374,000
Repayment of bank borrowings		(503,440)	(564,030)	(423,000)
Decrease in amount due to the ultimate controlling party (net)		(53,993)	(78,250)	(93,312)
Interest paid.....		<u>(30,404)</u>	<u>(35,184)</u>	<u>(24,918)</u>
Net cash generated from/(used in) financing activities		<u>33,593</u>	<u>(226,464)</u>	<u>(167,230)</u>
Net increase in cash and cash equivalents		3,192	23,848	6,697
Cash and cash equivalents at 1 January		<u>29,294</u>	<u>32,486</u>	<u>56,334</u>
Cash and cash equivalents at 31 December.....	17(a)	<u>32,486</u>	<u>56,334</u>	<u>63,031</u>

The accompanying notes form part of the Financial Information.

B NOTES TO COMBINED 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 this 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 year beginning on 1 January 2013 are set out in note 30.

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.

(b) Basis of preparation and presentation

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 23 December 2013 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 23 January 2014. The Reorganisation has been accounted for in accordance with the principle similar to a reverse acquisition as set out in International Financial Reporting Standard 3, *Business Combinations*. The Company acquired the shares of Bigtime Global Limited, which then subscribed/acquired the entire share capital of Tiger Capital Fashion (Holdings) Company Limited, resulted in the Company becoming the holding company of Tiger Capital Fashion (Holdings) Company Limited and its subsidiaries. The Financial Information has been prepared as a continuation of Tiger Capital Fashion (Holdings) Company Limited and the assets and liabilities of Tiger Capital Fashion (Holdings) Company Limited and its subsidiaries are recognised and measured at their historical carrying values prior to the Reorganisation.

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

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	
Bigtime Global Limited ("Bigtime Global")	British Virgin Islands ("BVI")/ 6 June 2013	US\$10	100%	—	Investment holding
Tiger Capital Fashion (Holdings) Company Limited ("Tiger Capital HK")	Hong Kong/ 7 May 1996	HK\$100,000	—	100%	Investment holding
Tiger Capital (China) Fashion Co., Ltd. * ("Tiger Capital Fashion") (虎都 (中國) 服飾 有限公司)	PRC/2 March 2004	HK\$100,000,000	—	100%	Wholesale of menswear
Fordoo (China) Men's Clothing Ltd., Co. * ("Fordoo Clothing") (虎都 (中國) 男裝 有限公司)	PRC/14 February 2007	HK\$60,000,000	—	100%	Manufacture and wholesale of menswear
Hui'an Tiger Capital Technology Company Limited * ("Tiger Capital Technology") (惠安虎都科技有限公司)	PRC/28 July 2006	RMB30,000,000	—	100%	Research and development

* 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 Hong Kong and in the mainland China. The functional currency of the Company and Bigtime Global are Hong Kong dollars ("HKD").

The Financial Information is prepared on the historical cost basis.

(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 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 included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows 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.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

(f) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)).

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(t)).

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 30 years after the date of completion.
- Plant and machinery 10 years
- Motor vehicles 5 years
- Furniture, fixtures and equipment 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.

(g) Investment properties

Investment properties are property owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)). Depreciation is recognised in profit or loss on a straight-line basis over the shorter of the unexpired term of lease and its estimated useful life, being no more than 30 years after the date of completion.

(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(i)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights which are 50 years.

(i) Impairment of assets

(i) Impairment of current receivables

Current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date 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.

For 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 years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade 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 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 at each balance sheet date 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;

- investment properties; and
- lease prepayments.

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 of disposal 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 of disposal (if measurable) 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 years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) 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.

(k) 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(i)(i)) unless 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(i)(i)).

(l) 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.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost, except where the payables are interest-free loans made from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

(n) 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.

(o) 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 year 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.

(p) *Income tax*

Income tax for the year 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 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, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

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.

(q) 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.

(r) 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 and value added tax ("VAT").

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) 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 income 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.

(iv) 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.

(s) Translation of foreign currencies

Foreign currency transactions during the year 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.

(t) 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) 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.

(v) Equity-settled share-based payment transaction

For equity-settled share-based payment transaction with parties other than employees, the fair value of shares granted for services received is recognised as an expense with a corresponding increase in a share-based payment reserve within equity. The fair value of shares granted is measured using a discounted cashflow model of the Group over the vesting period.

(w) 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.

(x) 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 and VAT.

The Group had nil, one and one customer with whom transaction has exceeded 10% of the Group's turnover for the years ended 31 December 2011, 2012 and 2013, respectively. The amount of sales to this customer amounted to approximately RMB Nil, RMB152,264,000 and RMB186,810,000 for the years ended 31 December 2011, 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		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Other revenue			
Interest income	807	1,233	595
Rental income from investment properties less direct outgoings of RMB79,000, RMB82,000 and RMB82,000 for the years ended 31 December 2011, 2012 and 2013, respectively	1,524	1,524	1,533
Government grants	250	70	50
	<u>2,581</u>	<u>2,827</u>	<u>2,178</u>
Other net income			
Net gain on sales of scrap materials.....	98	226	79
Net foreign exchange gain/(loss).....	6,537	(24)	3,970
(Loss)/gain on disposal of property, plant and equipment and lease prepayment	(651)	(79)	2,129
Loss on disposal of a subsidiary (note 26) .	(44)	—	—
Others	(267)	182	190
	<u>5,673</u>	<u>305</u>	<u>6,368</u>

4 Profit before taxation

Profit before taxation is arrived at after charging:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
(a) Finance costs			
Interest on bank borrowings	30,979	34,855	24,749
Less: interest expenses capitalised into construction in progress*	(9,400)	(8,800)	—
	<u>21,579</u>	<u>26,055</u>	<u>24,749</u>

* The borrowing costs have been capitalised at a rate of 5.74%-7.26% and 6.50%-7.73% per annum for the years ended 31 December 2011 and 2012, respectively.

	Year ended 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
(b) Staff costs			
Contributions to defined contribution retirement plans (note 21).....	6,877	7,355	3,921
Salaries, wages and other benefits.....	<u>118,217</u>	<u>134,714</u>	<u>153,241</u>
	<u>125,094</u>	<u>142,069</u>	<u>157,162</u>
(c) Other items			
Amortisation of lease prepayments	981	1,098	1,051
Depreciation	29,002	32,297	27,040
Auditor's remuneration	101	114	115
Research and development costs (note (i))	8,721	13,425	13,400
Cost of inventories (note (ii))	584,920	746,496	955,859
Equity-settled share-based payments for non-employees	<u>1,917</u>	<u>2,861</u>	<u>2,988</u>

Notes:

- (i) Research and development costs include staff costs of employees in the design and product development department of RMB6,318,000, RMB7,884,000 and RMB9,140,000 for the years ended 31 December 2011, 2012 and 2013, respectively, which are included in the staff costs as disclosed in note 4(b).

- (ii) Cost of inventories includes RMB120,621,000, RMB130,172,000 and RMB141,822,000 for the years ended 31 December 2011, 2012 and 2013, respectively, relating to staff costs, depreciation and amortisation expenses, 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 combined statements of profit or loss and other comprehensive income

- (a) *Income tax in the combined statements of profit or loss and other comprehensive income represents:*

	Year ended 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Current tax			
PRC Corporate Income Tax.....	15,084	53,706	82,042
Deferred tax			
Origination and reversal of temporary differences (note 13(b))	(10)	22	—
	<u>15,074</u>	<u>53,728</u>	<u>82,042</u>

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) According to the PRC Corporate Income Tax ("CIT") Law, the Company's PRC subsidiaries are subject to income tax at the statutory rate of 25%, except for Fordoo Clothing, being a production-oriented foreign investment enterprise, which was entitled to a 50% tax holiday in 2011, and accordingly, its applicable tax rate was 12.5% for 2011. From 1 January 2012 onwards, its applicable tax rate is 25%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Profit before taxation	<u>120,866</u>	<u>206,648</u>	<u>320,586</u>
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	30,141	52,379	81,180
Effect of PRC tax concession	(14,226)	—	—
Effect of non-deductible expenses	183	419	1,615
Effect of non-taxable income	(1,077)	—	(655)
Effect of tax losses not recognised	34	39	136
Effect of temporary differences not recognised	19	891	(234)
Actual tax expense	<u>15,074</u>	<u>53,728</u>	<u>82,042</u>

6 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

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. Kwok Kin Sun	—	548	2	117	667
Mr. Kwok Hon Fung	—	435	2	90	527
Ms. Yuan Mei Rong	—	366	11	80	457
Total	<u>—</u>	<u>1,349</u>	<u>15</u>	<u>287</u>	<u>1,651</u>

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. Kwok Kin Sun.....	—	601	2	40	643
Mr. Kwok Hon Fung	—	463	2	32	497
Ms. Yuan Mei Rong	—	381	4	26	411
Total	—	1,445	8	98	1,551

Year ended 31 December 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. Kwok Kin Sun.....	—	602	2	42	646
Mr. Kwok Hon Fung	—	468	2	36	506
Ms. Yuan Mei Rong	—	423	—	30	453
Total	—	1,493	4	108	1,605

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, two of them are directors for each of the years ended 31 December 2011, 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		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	1,491	1,582	1,600
Contributions to retirement benefit scheme	7	7	7
	<u>1,498</u>	<u>1,589</u>	<u>1,607</u>

The emoluments of the three individuals with the highest emoluments for each of the years ended 31 December 2011, 2012 and 2013, respectively, are within the following bands:

	Year ended 31 December		
	2011	2012	2013
	Number of individuals	Number of individuals	Number of individuals
HK\$Nil to HK\$1,000,000.....	<u>3</u>	<u>3</u>	<u>3</u>

8 Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods using the combined basis as disclosed in note 1(b) of Section B above.

9 Property, plant and equipment

	Buildings	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
Cost:							
At 1 January 2011	343,770	121,560	10,875	29,805	506,010	201,698	707,708
Additions.....	—	2,467	1,262	1,295	5,024	46,112	51,136
Additions from a related party (note 27(a)).....	—	—	—	—	—	160,779	160,779
Transfer from construction in progress	—	891	—	—	891	(891)	—
Transfer to investment properties (note 10)	(11,826)	—	—	—	(11,826)	—	(11,826)
Disposals.....	—	(1,508)	(45)	(320)	(1,873)	—	(1,873)
Disposals to a related party (note 27(a)).....	—	—	—	—	—	(112,354)	(112,354)
Disposal of a subsidiary (note 26).....	—	(21,529)	(1,269)	(1,140)	(23,938)	—	(23,938)
At 31 December 2011 and 1 January 2012	331,944	101,881	10,823	29,640	474,288	295,344	769,632
Additions.....	—	1,613	523	2,722	4,858	8,964	13,822
Transfer from construction in progress	124,396	—	—	—	124,396	(124,396)	—
Disposals.....	—	(468)	(923)	(282)	(1,673)	—	(1,673)
At 31 December 2012 and 1 January 2013	456,340	103,026	10,423	32,080	601,869	179,912	781,781

	Buildings	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
Additions.....	—	640	194	125	959	77	1,036
Disposals.....	(124,396)	(1,029)	(3,881)	(3,117)	(132,423)	—	(132,423)
At 31 December 2013.....	331,944	102,637	6,736	29,088	470,405	179,989	650,394
Accumulated depreciation:							
At 1 January 2011.....	29,990	46,784	6,224	16,341	99,339	—	99,339
Charge for the year.....	11,065	9,587	1,522	5,641	27,815	—	27,815
Transfer to investment properties (note 10).....	(1,183)	—	—	—	(1,183)	—	(1,183)
Written back on disposals.....	—	(963)	(42)	(217)	(1,222)	—	(1,222)
Written back on disposal of a subsidiary (note 26).....	—	(3,822)	(144)	(945)	(4,911)	—	(4,911)
At 31 December 2011 and 1 January 2012.....	39,872	51,586	7,560	20,820	119,838	—	119,838
Charge for the year.....	14,520	9,714	1,052	5,824	31,110	—	31,110
Written back on disposals.....	—	(165)	(774)	(254)	(1,193)	—	(1,193)
At 31 December 2012 and 1 January 2013.....	54,392	61,135	7,838	26,390	149,755	—	149,755
Charge for the year.....	13,139	9,758	777	2,179	25,853	—	25,853
Written back on disposals.....	(5,529)	(535)	(3,680)	(1,367)	(11,111)	—	(11,111)
At 31 December 2013.....	62,002	70,358	4,935	27,202	164,497	—	164,497
Net book value:							
At 31 December 2011.....	292,072	50,295	3,263	8,820	354,450	295,344	649,794
At 31 December 2012.....	401,948	41,891	2,585	5,690	452,114	179,912	632,026
At 31 December 2013.....	269,942	32,279	1,801	1,886	305,908	179,989	485,897

- (a) The buildings held for own use are located in the PRC under medium-term leases.
- (b) At 31 December 2011, 2012 and 2013, certain buildings with carrying value of RMB292,072,000, RMB281,007,000 and RMB269,942,000, respectively, were pledged as security for bank borrowings (see note 18).
- (c) Construction in progress comprises costs incurred on property, plant and equipment not yet completed at the respective balance sheet dates.

10 Investment properties

	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January	23,787	35,613	35,613
Transfer from property, plant and equipment (note 9)	11,826	—	—
At 31 December	<u>35,613</u>	<u>35,613</u>	<u>35,613</u>
Accumulated depreciation:			
At 1 January	2,378	4,748	5,935
Transfer from property, plant and equipment (note 9)	1,183	—	—
Charge for the year	1,187	1,187	1,187
At 31 December	<u>4,748</u>	<u>5,935</u>	<u>7,122</u>
Net book value:			
At 31 December	<u>30,865</u>	<u>29,678</u>	<u>28,491</u>

- (a) Investment properties are located in the PRC under a medium-term lease.
- (b) The fair value of investment properties as at 31 March 2014, with reference to the comparable market transactions as available in the market and where appropriate, valued the investment properties on the basis of capitalisation of the rental incomes with due allowance for reversionary income potential of the investment properties, is estimated to be approximately RMB32,500,000. The valuations were carried out by an independent valuer, Savills Valuation and Professional Services Limited.
- (c) At 31 December 2011, 2012 and 2013, investment properties were pledged as security for bank borrowings (see note 18).
- (d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of three to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Within 1 year.....	1,524	1,524	1,574
After 1 year but within 5 years.....	2,524	1,000	1,158
	<u>4,048</u>	<u>2,524</u>	<u>2,732</u>

11 Lease prepayments

	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January.....	47,920	47,920	54,920
Additions.....	—	7,000	23,071
Disposal.....	—	—	(7,000)
At 31 December.....	<u>47,920</u>	<u>54,920</u>	<u>70,991</u>
Accumulated amortisation:			
At 1 January.....	2,944	3,925	5,023
Charge for the year.....	981	1,098	1,051
Written back on disposal.....	—	—	(187)
At 31 December.....	<u>3,925</u>	<u>5,023</u>	<u>5,887</u>
Net book value:			
At 31 December.....	<u>43,995</u>	<u>49,897</u>	<u>65,104</u>

- (a) Lease prepayments represented the Group's land use rights on leasehold land located in the PRC. As at 31 December 2013, the remaining period of the land use rights ranges from 43 to 49 years.
- (b) At 31 December 2011, 2012 and 2013, the land use rights with carrying value of RMB43,995,000, RMB43,014,000 and RMB42,032,000, respectively, were pledged as security for bank borrowings (see note 18).

12 Deposits and prepayments

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Purchase of property, plant and equipment .	1,702	—	—
Deposits for land use rights	17,238	10,238	—
	<u>18,940</u>	<u>10,238</u>	<u>—</u>

13 Income tax in the combined balance sheets

(a) Current taxation in the combined balance sheets represents:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
PRC Corporate Income Tax	<u>5,149</u>	<u>21,146</u>	<u>21,862</u>

(b) Deferred tax assets recognised:

The component of deferred tax assets recognised in the combined balance sheets and the movements during the Relevant Periods are as follows:

	<u>Unrealised profits</u>
	RMB'000
At 1 January 2011.....	12
Credited to combined statements of profit or loss and other comprehensive income (note 5(a))	<u>10</u>
At 31 December 2011 and 1 January 2012	22
Charged to combined statements of profit or loss and other comprehensive income (note 5(a))	<u>(22)</u>
At 31 December 2012, 1 January 2013 and 31 December 2013	<u><u>—</u></u>

(c) Deferred tax assets not recognised

At 31 December 2011, 2012 and 2013, the Group did not recognise deferred tax assets in respect of unused tax losses of subsidiaries of RMB134,000, RMB290,000 and RMB835,000 and other temporary differences of RMB76,000, RMB3,640,000 and RMB2,704,000, respectively. As of 31 December 2013, tax losses of RMB134,000, RMB156,000 and RMB545,000 will expire by the end of 2016, 2017 and 2018, respectively, if unused. The cumulative tax losses have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

(d) Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from its PRC subsidiaries in respect of their profits generated since 1 January 2008. As at 31 December 2011, 2012 and 2013, deferred tax liabilities in respect of the PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries of RMB144,377,000, RMB288,661,000 and RMB534,097,000, respectively, were not recognised as the Company controls the dividend policy of these subsidiaries and it has determined that those profits will not be distributed in the foreseeable future.

14 Inventories

Inventories in the combined balance sheets comprise:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Raw materials	24,843	26,513	16,269
Work in progress.....	13,426	16,563	6,510
Finished goods.....	40,031	21,835	25,869
	<u>78,300</u>	<u>64,911</u>	<u>48,648</u>

15 Trade and other receivables

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Trade receivables (note (a), (b) and (c)).....	276,326	335,500	615,616
Prepayments to suppliers.....	10,615	385	1,602
Other deposits, prepayments and receivables	1,614	461	4,108
	<u>288,555</u>	<u>336,346</u>	<u>621,326</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

At each balance sheet date, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice date, is as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Within 3 months	222,134	277,560	393,450
More than 3 months but within 6 months...	54,192	57,595	222,166
More than 6 months but within 1 year	—	345	—
	<u>276,326</u>	<u>335,500</u>	<u>615,616</u>

Trade receivables are due within 90-180 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 receivables

Impairment losses in respect of trade 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 receivables directly (see note 1(i)(i)). For the years ended 31 December 2011, 2012 and 2013, the Group did not record any impairment losses in respect of trade receivables.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired as at 31 December 2011, 2012 and 2013 are as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired.....	276,326	335,155	615,616
Less than 1 month past due.....	—	345	—
	<u>276,326</u>	<u>335,500</u>	<u>615,616</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.

At 31 December 2012, receivables that were past due but not impaired related to one independent customer that have good track record with the Group. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 Pledged bank deposits

Bank deposits have been pledged as security for bank borrowings and bills payable (see notes 18 and 19). The pledged bank deposits will be released upon the settlement of relevant bank borrowings and bills payable.

17 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cash at bank and in hand.....	<u>32,486</u>	<u>56,334</u>	<u>63,031</u>

At 31 December 2011, 2012 and 2013, cash and cash equivalents placed with banks in the mainland China amounted to RMB32,484,000, RMB56,331,000 and RMB62,118,000, 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 profit before taxation to cash generated from operations:

	Note	Year ended 31 December		
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
Profit before taxation		120,866	206,648	320,586
Adjustments for:				
Depreciation	4(c)	29,002	32,297	27,040
Amortisation of lease prepayments	4(c)	981	1,098	1,051
Interest expense	4(a)	21,579	26,055	24,749
Interest income	3	(807)	(1,233)	(595)
Loss/(gain) on disposal of property, plant and equipment and lease prepayment	3	651	79	(2,129)
Loss on disposal of a subsidiary ...	3	44	—	—
Equity-settled share-based payments for non-employees	4(c)	1,917	2,861	2,988
Foreign exchange (gain)/loss		(6,605)	26	(3,983)
Changes in working capital:				
(Increase)/decrease in inventories .		(18,156)	13,389	16,263
Increase in trade and other receivables		(73,684)	(47,791)	(284,980)
Increase in trade and other payables		<u>33,980</u>	<u>9,184</u>	<u>53,783</u>
Cash generated from operations		<u>109,768</u>	<u>242,613</u>	<u>154,773</u>

18 Bank borrowings

At 31 December 2011, 2012 and 2013, the bank borrowings were repayable within one year or on demand as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Bank borrowings			
- secured	198,650	69,000	224,000
- unsecured	320,380	337,000	133,000
	<u>519,030</u>	<u>406,000</u>	<u>357,000</u>

Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Property, plant and equipment (note 9).....	292,072	281,007	269,942
Investment properties (note 10).....	30,865	29,678	28,491
Lease prepayments (note 11).....	43,995	43,014	42,032
Pledged bank deposit (note 16).....	55,450	10,000	—
	<u>422,382</u>	<u>363,699</u>	<u>340,465</u>

Certain bank borrowings were guaranteed by related parties. See note 27(b) for further details.

19 Trade and other payables

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Trade payables.....	110,495	107,285	128,132
Bills payable (note (a)).....	8,217	—	—
Trade and bills payables (note (b)).....	118,712	107,285	128,132
Receipts in advance	10,379	6,943	14,049
Amount due to the ultimate controlling party.....	174,936	96,686	—
Other payables and accruals.....	57,000	80,718	106,379
	<u>361,027</u>	<u>291,632</u>	<u>248,560</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.

Amount due to the ultimate controlling party was unsecured, interest-free and was repayable on demand.

- (a) Bills payable as at 31 December 2011 were secured by pledged bank deposits of RMB1,644,000 (see note 16).
- (b) An ageing analysis of the trade and bills payables as at 31 December 2011, 2012 and 2013 is as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Due within 1 month or on demand.....	44,175	38,467	57,061
Due after than 1 month but within 3 months	71,268	68,818	71,071
Due after than 3 months but within 6 months	3,269	—	—
	<u>118,712</u>	<u>107,285</u>	<u>128,132</u>

20 Amount due to the ultimate controlling party

At 31 December 2011, 2012 and 2013, non-current amount due to the ultimate controlling party is unsecured, interest-free and are not repayable within one year after the balance sheet date.

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 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 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 23 December 2013 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 2013, hence the capital in the combined balance sheets as at 31 December 2011, 2012 and 2013 represented the capital of Tiger Capital HK.

23 Reserves

(a) 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.

(b) Share-based payment reserve

Share-based payment reserve represents the fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*.

(c) *Distributable reserves*

The Company was incorporated on 23 December 2013. Prior to completion of the Reorganisation and on the basis set out in note 1(b) of Section B above, the amount of distributable reserves of Tiger Capital HK as at 31 December 2011, 2012 and 2013 were RMB24,723,000, RMB24,697,000 and RMB21,338,000, respectively.

(d) *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 2011, 2012 and 2013 were 85%, 71% and 57%, 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 and deposits with banks. 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*

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain period. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 180 days from the date of billing. 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 2011, 2012 and 2013, 3%, 13% and 11%, respectively, of the total trade receivables were due from the Group's largest customer, and 28%, 44% and 32%, respectively, of the total trade 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 combined balance sheets after deducting any impairment allowance. The Group does not provide financial guarantee 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.

(ii) 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.

(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 term.

The following tables show the remaining scheduled maturities at the respective balance sheet date of the Group's financial liabilities, 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) and the earliest date the Group can be required to pay:

As at 31 December 2011				
Contractual undiscounted cashflow				
	Within 1 year or on demand	More than 1 year	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings.....	542,894	—	542,894	519,030
Trade and other payables	361,027	—	361,027	361,027
Amount due to the ultimate controlling party	—	129,758	129,758	129,758
	<u>903,921</u>	<u>129,758</u>	<u>1,033,679</u>	<u>1,009,815</u>
As at 31 December 2012				
Contractual undiscounted cashflow				
	Within 1 year or on demand	More than 1 year	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings.....	421,568	—	421,568	406,000
Trade and other payables	291,632	—	291,632	291,632
Amount due to the ultimate controlling party	—	129,784	129,784	129,784
	<u>713,200</u>	<u>129,784</u>	<u>842,984</u>	<u>827,416</u>

	As at 31 December 2013			
	Contractual undiscounted cashflow			Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year	Total	
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings.....	370,890	—	370,890	357,000
Trade and other payables	248,560	—	248,560	248,560
Amount due to the ultimate controlling party	—	129,175	129,175	129,175
	<u>619,450</u>	<u>129,175</u>	<u>748,625</u>	<u>734,735</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					
	2011		2012		2013	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate						
borrowings:						
Bank borrowings	6.91%	404,780	6.40%	406,000	6.20%	357,000
Variable rate						
borrowings:						
Bank borrowings	8.48%	114,250	—	—	—	—
Total borrowings.....		<u>519,030</u>		<u>406,000</u>		<u>357,000</u>

(ii) Sensitivity analysis

At 31 December 2011, 2012 and 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 and retained profits by approximately RMB1,000,000, RMB Nil and RMB Nil, respectively.

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained profits that would arise assuming that there is an annualised 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 is exposed to currency risk primarily through trade and other payables and non-current amount due to the ultimate controlling party that is denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HKD and United States dollars.

(i) Exposure to currency risk

The following table details the Group's major exposure at the respective balance sheet date to currency risk arising from recognised liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the respective balance sheet date.

	Exposure to foreign currency (expressed in Renminbi)					
	As at 31 December					
	2011		2012		2013	
	Hong Kong Dollars	United States Dollars	Hong Kong Dollars	United States Dollars	Hong Kong Dollars	United States Dollar
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and other payables	—	—	—	—	—	3,048
Amount due to the ultimate controlling party...	129,758	—	129,784	—	129,175	—
Net exposure to currency risk	<u>129,758</u>	<u>—</u>	<u>129,784</u>	<u>—</u>	<u>129,175</u>	<u>3,048</u>

(ii) Sensitivity analysis

At 31 December 2011, 2012 and 2013, it is estimated that a general increase/decrease of one percent in foreign exchange rates, with all other variables held constant, would have decrease/increase the Group's profit after tax and retained profits by approximately RMB1,298,000, RMB1,298,000 and RMB1,322,000, respectively.

Results of the analysis above represent an aggregation of the instantaneous effects on the Group's profit after tax and retained profits measures in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the balance sheet date for presentation purposes.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency at the respective balance sheet date. The analysis has been performed on the same basis throughout the Relevant Periods.

(e) Fair value

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2011, 2012 and 2013.

25 Commitments*Capital commitments*

Capital commitments of the Group in respect of construction in progress outstanding at 31 December 2011, 2012 and 2013 not provided for in this Financial Information were as follows:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Contracted for.....	235,471	247,373	234,398
Authorised but not contracted for.....	<u>36,881</u>	<u>24,048</u>	<u>24,048</u>
	<u>272,352</u>	<u>271,421</u>	<u>258,446</u>

26 Disposal of a subsidiary

Pursuant to a sale and purchase agreement dated 24 January 2011, the Group disposed of its entire equity interest in Quanzhou Tiger Capital Garment Manufacturing Company Limited ("Quanzhou Tiger Capital Garment Manufacturing") (泉州虎都製衣有限公司) to an independent third party for a consideration of HK\$21,172,000, equivalent to RMB17,861,000. The transaction was completed on 1 March 2011.

The above disposal had the following effect on the Group's assets and liabilities upon the date when control was lost:

	<u>RMB'000</u>
Net assets disposed of:	
Cash and cash equivalents.....	12
Property, plant and equipment.....	19,027
Less: other payables.....	<u>(1,134)</u>
Net assets	17,905
Loss on disposal of a subsidiary	<u>(44)</u>
Total consideration.....	<u><u>17,861</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<u>RMB'000</u>
Total consideration received *	—
Less: cash disposed of	<u>(12)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>12</u></u>

* Total consideration of HK\$21,172,000 was received by the ultimate controlling party on behalf of the Group and was settled through netting off against amount due to the ultimate controlling party.

27 Material related party transactions

During the Relevant Period, the directors are of the view that the following are related parties of the companies now comprising the Group:

Name of party	Relationships
Mr. Kwok Kin Sun	Ultimate controlling party
Ms. Wong Tung Yam	Spouse of Mr. Kwok Kin Sun
Ms. Kwok Sha Lee	Daughter of Mr. Kwok Kin Sun
Weizu Century Environmental Engineering Limited Company* ("Weizu Century") (福建威族世紀環保工程有限公司)	100% indirectly owned by Ms. Kwok Sha Lee

* The English translation of the company's name is for reference only. The official name of this company is in Chinese.

In addition to the related party information disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

(a) Transaction with related parties

In April 2011, Tiger Capital Fashion disposed Tiger Capital Technology with net assets amount of RMB30,000,000 to Weizu Century for a consideration of RMB30,000,000. In October 2011, Tiger Capital Fashion re-purchased Tiger Capital Technology from Weizu Century for the same amount. The assets acquired and liabilities assumed of Tiger Capital Technology did not constitute a business, therefore the transaction was accounted for as an asset acquisition in which the cost of acquisition was allocated between the individual identifiable assets and liabilities based on their relative fair values at the acquisition date.

(b) Guarantee from related parties

At 31 December 2011, 2012 and 2013, certain bank borrowings were guaranteed by Mr. Kwok Kin Sun and Ms. Wong Tung Yam.

The directors of the Company confirm that all of the outstanding guarantees above will be released before the Listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(c) 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:

	As at 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	2,333	2,341	2,773
Contributions to retirement benefit scheme	29	19	18
	<u>2,362</u>	<u>2,360</u>	<u>2,791</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 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) Depreciation

Property, plant and equipment and investment properties are depreciated on a straight-line basis over the estimated useful lives. The Group reviews at each balance sheet date the useful life of an asset and its residual value, if any, based on the Group's experience with similar assets and taking into account anticipated technology changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimation.

(b) 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.

(c) 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 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 at each balance sheet date.

(d) 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 at each balance sheet date.

29 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 entities	Financial period	Statutory auditors
Tiger Capital HK	For the years ended 31 December 2011, 2012 and 2013	Lau Ho & Company Certified Public Accountants
Tiger Capital Fashion.....	For the years ended 31 December 2011 and 2012	Quanzhou Fengze Minghua Certified Public Accountants* 泉州豐澤明華聯合會計師事務所
	For the year ended 31 December 2013	Xiamen Huaji Certified Public Accountants Co., Ltd.* 廈門華吉會計師事務所有限公司
Fordoo Clothing.....	For the years ended 31 December 2011 and 2012	Quanzhou Fengze Minghua Certified Public Accountants* 泉州豐澤明華聯合會計師事務所
	For the year ended 31 December 2013	Xiamen Huaji Certified Public Accountants Co., Ltd.* 廈門華吉會計師事務所有限公司
Tiger Capital Technology	For the years ended 31 December 2011 and 2012	Quanzhou Fengze Minghua Certified Public Accountants* 泉州豐澤明華聯合會計師事務所
	For the year ended 31 December 2013	Xiamen Huaji Certified Public Accountants Co., Ltd.* 廈門華吉會計師事務所有限公司

* The English translation of the auditors is for reference only. The official names of these companies are in Chinese.

30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in the Financial Information.

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IAS 32, <i>Financial instruments: Presentation</i> - <i>Offsetting financial assets and financial liabilities</i>	1 January 2014
IFRIC 21, <i>Levies</i>	1 January 2014
IFRS 9, <i>Financial instruments</i>	To be determined

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.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to 31 December 2013.

Yours faithfully

KPMG

Certified Public Accountants

Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I in this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I in this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the combined net tangible assets as of December 31, 2013 as if it had been taken place on December 31, 2013.

The unaudited pro forma adjusted combined 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 combined net tangible assets as of December 31, 2013 or any future date following the Global Offering. It is prepared based on the combined net assets as of December 31, 2013 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below.

	Combined net tangible assets of the Company as of December 31, 2013 ⁽¹⁾	Estimated net proceeds from the Global Offering ^{(2) (5)}	Unaudited pro forma adjusted combined net tangible assets of our Group	Unaudited pro forma adjusted combined net tangible assets per Share ⁽³⁾	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB)	(HK\$) ⁽⁵⁾
Based on an Offer Price of HK\$3.35 per Share ...	582,400	286,992	869,392	1.81	2.28
Based on an Offer Price of HK\$4.40 per Share ...	582,400	383,544	965,944	2.01	2.53

(1) The combined net tangible assets of our Company as at December 31, 2013 is based on the combined net assets of our Company of RMB582.4 million as at December 31, 2013, as shown in the Accountants' Report as set out in Appendix I in this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the estimated Offer Prices of HK\$3.35 and HK\$4.40, respectively, after deduction of the underwriting fees and related expenses (excluding equity-settled share-based payments for non-employees) payable by our Company and does not taken into account any Shares that may be issued upon exercise of Over-allotment Option.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments for the estimated net proceeds from the Global Offering payable to our Company as described in note (2) and on the basis that 480,000,000 Shares were in issue assuming that the Global Offering was completed on December 31, 2013 (including Shares in issue as of the Date of this prospectus and those Shares to be issued pursuant to the Global Offering and the Capitalisation Issue) without taking into account any Shares which may be offered for sale upon exercise of the Over-allotment Option.

- (4) With reference to the valuation of property interests of the Group as set out in Appendix IV in this prospectus, the aggregate revaluated amount of the property interests of the Group as at March 31, 2014 was approximately RMB589.1 million. The net book value of these property interests as at March 31, 2014 was RMB540.2 million. The revaluation surplus for properties for own use, investment properties and lease prepayments is approximately RMB48.9 million and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I in this prospectus and will not be recorded in the consolidated financial statements of the Group for the year ending December 31, 2014 as the Group's property, plant and equipment, investment properties and lease prepayments are stated at cost less accumulated depreciation or amortisation and impairment losses if any.

- (5) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.25921 to RMB1.

- (6) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group subsequent to December 31, 2013.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The unaudited pro forma forecast earnings per Share for the year ending December 31, 2014 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, 2014. 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, 2014^{(1) (3)} not less than RMB257.3 million
(approximately HK\$324.0 million)

Unaudited pro forma forecast earnings per Share
for the year ending December 31, 2014⁽²⁾⁽³⁾ not less than RMB0.54
(approximately HK\$0.68)

-
- (1) The basis and assumptions on which the above profit forecast for the year ending December 31, 2014 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 shareholders of the Company for the year ending December 31, 2014 based on the forecast consolidated results for the year ending December 31, 2014.
- (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, 2014 of RMB257.3 million and on the assumption that our Company had been listed since January 1, 2014 and a total number of 480,000,000 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.
- (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 HK\$1.25921 to RMB1.

**C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

30 June 2014

The Directors
China Fordoo Holdings Limited

Dear Sirs

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Fordoo Holdings 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 31 December 2013 and the unaudited pro forma forecast earnings per share for the year ending 31 December 2014 and related notes as set out in Part A and B of Appendix II to the prospectus dated 30 June 2014 (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 31 December 2013; and the forecast earnings per share of the Company for the year ending 31 December 2014 as if the Global Offering had taken place at 31 December 2013 and 1 January 2014, respectively. As part of this process, information about the Group's financial position as at 31 December 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 2014 (the "Profit Forecast") has been extracted by the Directors from the section headed "Financial Information" in the Prospectus on which a letter from us 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 the 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 31 December 2013 or 1 January 2014 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.

APPENDIX II UNAUDITED PRO FORMA 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 "Future Plans and 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

Hong Kong

The forecast of the consolidated profit of the Company for the year ending December 31, 2014 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 of the Company for the year ending December 31, 2014 prepared by the Directors. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending December 31, 2014. 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, basis or rates of taxation, interest rates, exchange rates, inflation rates, or other fiscal, market or economic conditions in the PRC and Hong Kong;
- 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;
- 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;
- d) The Directors expect no extraordinary financial items will be incurred during the Profit Forecast Period;
- e) The Profit Forecast has been prepared taking into account the Directors’ and the Group’s key senior management’s continued involvement in the development of the Group’s existing and new operations. It is assumed that the Group will be able to retain its key management and personnel during the Profit Forecast Period and the Group will not encounter any material difficulties in recruiting and retaining qualified staff;
- f) The Group will continue to enjoy its existing banking and credit facilities based on the prevailing interest rates, terms and conditions and will be able to renew those facilities upon expiry with terms not less favourable than prevailing terms; and
- g) The Group is not expected to undertake any major acquisition or disposal of assets or investments during the Profit Forecast Period.

(2) LETTER

Set out below are texts of letter received by our Directors from (i) KPMG, our reporting accountants, and (ii) the Sole Sponsor prepared for the purpose of inclusion in this prospectus in connection with the forecast of our consolidated profit attributable to equity shareholders of the Company for the year ending December 31, 2014.

(i) Letter from KPMG

The following is the text of a letter received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's profit forecast for the purpose of inclusion in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

30 June 2014

The Directors
China Fordoo Holdings Limited

Barclays Capital Asia Limited

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 of China Fordoo Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ending 31 December 2014 (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 30 June 2014 (the "Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated results based on management accounts of the Group for the three months ended 31 March 2014 and a forecast of the consolidated results of the Group for the remaining nine months ending 31 December 2014.

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 30 June 2014, 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 Sole Sponsor

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sole Sponsor, in connection with the forecast of our consolidated profit for the year ending 31 December 2014.

June 30, 2014

The Directors
China Fordoo Holdings Limited

Dear Sirs,

We refer to the forecast of the consolidated profit of China Fordoo Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December 2014 (the “Profit Forecast”), as set out in the prospectus dated June 30, 2014 issued by the Company (the “Prospectus”).

The Profit Forecast, for which the Directors are solely responsible, has been prepared by the Directors based on the forecast of the results for the year ending 31 December 2014.

We have discussed with you the basis and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated June 30, 2014 addressed to you and us from KPMG, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the foregoing and on the basis and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by KPMG, Certified Public Accountants, Hong Kong, we have formed the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
Barclays Capital Asia Limited
Ding Yibing
Managing Director

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuations as at 31 March 2014 of the properties held by the Group.



The Directors
China Fordoo Holdings Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

June 30, 2014

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which China Fordoo Holdings Limited (中國虎都控股有限公司) ("the Company") and its subsidiaries (hereafter referred to as "the Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2014 ("date of valuation") for incorporation in a public offering document.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Our valuation is prepared in compliance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

PROPERTY CATEGORIZATION AND VALUATION METHODOLOGY

In valuing the property in Group I, which is held by the Group for owner-occupation in the PRC, due to the nature of the buildings and structures that were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. Therefore, we have adopted the Depreciated Replacement Cost (“DRC”) Approach to value this property. DRC Approach is based on an estimate of the market value for the existing use of the land plus the current replacement costs of the buildings and structures, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The DRC Approach is subject to adequate potential profitability of the concerned business. Our valuation applies to the whole of the complex or development as a unique interest and no piecemeal transaction of the complex or development is assessed.

In valuing the property in Group II, which is held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the property on the basis of capitalization of the rental incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the property.

In valuing the property in Group III, which is held by the Group under development in the PRC, we have valued it on the basis that it will be developed and completed in accordance with the Group’s latest development proposal provided to us and by the DRC approach with regard to its prevailing cost level and status of construction as at the date of valuation. We have also assumed that all consents, approvals and licences from the relevant government authorities for the development have been granted without any onerous conditions or undue delay.

TITLE INVESTIGATIONS

We have been provided with copies of extracts of the title documents relating to the properties. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group and its PRC legal adviser, King & Wood Mallesons (金杜律師事務所), regarding the titles to the properties.

VALUATION CONSIDERATIONS AND ASSUMPTIONS

In the course of our valuation, we have relied to a considerable extent on information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposal, expended and outstanding construction costs, estimated completion dates, floor and site areas, and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations. We have not carried out detailed on-site measurements to verify the correctness of the site and the floor areas of the properties and we have assumed that the site and the floor areas as shown on the

documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us, which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE INSPECTION

We have inspected the exterior and where possible, the interior of the properties. Site inspections were carried out in September 2013 by our Mr. Qi Deng Hui, who is a qualified engineer. During the course of our inspections, we did not note any serious defects. Moreover, no structural survey has been made, and we are therefore unable to report that the properties are free of rot, infestation or any other structural defects. No test has been carried out to any of the services. However, we have not carried out any site investigations to determine the suitability of the ground conditions and the services, for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

REMARKS

Unless otherwise stated, all money amounts are stated in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Mr. Anthony C K Lau is a qualified surveyor and has over 21 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 March 2014	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2014
Group I — Property held for owner-occupation by the Group in the PRC				
1.	Majority portions of an industrial complex located at No. 650 Tongyuan Street, Fengze District, Quanzhou City, Fujian Province, PRC	RMB353,400,000	100%	RMB353,400,000
	<i>Sub-total:</i>	<i>RMB353,400,000</i>		<i>RMB353,400,000</i>
Group II — Property held for investment by the Group in the PRC				
2.	A block of residential building and portions of a warehouse of an industrial complex located at No. 650 Tongyuan Street, Fengze District, Quanzhou City, Fujian Province, PRC	RMB32,500,000	100%	RMB32,500,000
	<i>Sub-total:</i>	<i>RMB32,500,000</i>		<i>RMB32,500,000</i>
Group III — Property held under development by the Group in the PRC				
3.	An industrial complex located at Dingchitu Village, Zishan Town, Hui'an County, Quanzhou City, Fujian Province, PRC	RMB203,200,000	100%	RMB203,200,000
	<i>Sub-total:</i>	<i>RMB203,200,000</i>		<i>RMB203,200,000</i>
	<i>Grand total</i>	<u><u>RMB589,100,000</u></u>		<u><u>RMB589,100,000</u></u>

VALUATION CERTIFICATE

Group I — Property held for owner-occupation by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014												
1.	Majority portions of an industrial complex located at No. 650 Tongyuan Street, Fengze District, Quanzhou City, Fujian Province, PRC	<p>The property comprises various buildings and structures completed in 2007 and erected over six parcels of land with a total site area of approximately 45,465.60 sq.m..</p> <p>The buildings comprise various workshops, office, warehouse and dormitories with a total gross floor area of approximately 119,294.19 sq.m.. Breakdown of the gross floor area of the property is listed as below:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq.m.</th> </tr> </thead> <tbody> <tr> <td>Workshop</td> <td style="text-align: right;">81,312.86</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">8,968.67</td> </tr> <tr> <td>Warehouse</td> <td style="text-align: right;">1,742.80</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: right;">27,269.86</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>119,294.19</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq.m.	Workshop	81,312.86	Office	8,968.67	Warehouse	1,742.80	Dormitory	27,269.86	Total:	<u>119,294.19</u>	As at the date of valuation, the property was occupied by the Group for industrial use.	RMB353,400,000 (100% interest attributable to the Group: RMB353,400,000)
Use	Approximate gross floor area sq.m.															
Workshop	81,312.86															
Office	8,968.67															
Warehouse	1,742.80															
Dormitory	27,269.86															
Total:	<u>119,294.19</u>															
		The land use rights of the property have been granted for a term expiring on 24 October 2056 for industrial use.														

Notes:

1. Pursuant to the following Land Use Rights Certificates issued by the People's Government of Quanzhou City (泉州市人民政府), the land use rights of six parcels of land with a total site area of approximately 45,465.60 sq.m. have been granted to Fordoo (China) Men's Clothing Ltd., Co. (虎都(中國)男裝有限公司) ("Fordoo Clothing"), an indirect wholly-owned subsidiary of the Company. Details of the said certificates are as follows:

	Certificate No.	Site Area (sq.m.)	Use	Land Use Term Expiry Date
(i)	Quan Guo Yong (2012) Di No. 200034	8,702.20	Industrial	24 October 2056
(ii)	Quan Guo Yong (2012) Di No. 200035	10,233.60	Industrial	24 October 2056
(iii)	Quan Guo Yong (2012) Di No. 200036	10,743.60	Industrial	24 October 2056
(iv)	Quan Guo Yong (2012) Di No. 200037	7,671.40	Industrial	24 October 2056
(v)	Quan Guo Yong (2012) Di No. 200038	2,947.90	Industrial	24 October 2056
(vi)	Quan Guo Yong (2012) Di No. 200039	5,166.90	Industrial	24 October 2056
		<u>45,465.60</u>		

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the following Building Ownership Certificates issued by Housing and Rural Construction Bureau of Quanzhou City (泉州市住房和城鄉建設局), the building ownership rights of various buildings with a total gross floor area of approximately 122,901.19 sq.m. are vested in Fordoo Clothing. Details of the said certificates are as follows:

Certificate No.	Gross Floor Area (sq.m.)
(i) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118801	29,642.65
(ii) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118802	8,968.67
(iii) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118803	27,269.86
(iv) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118804	51,670.21
(v) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118805	5,349.80
	<u>122,901.19</u>

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. the property is subject to various mortgages in favour of China Construction Bank (Quanzhou Bincheng Branch); and
 - ii. Fordoo Clothing has obtained the land use rights and building ownership rights of the property and is entitled to transfer, let, mortgage or by other legal means dispose of such land use rights and building ownership rights on the condition that prior approval from the mortgagee has been obtained during relevant mortgage period.

VALUATION CERTIFICATE

Group II — Property held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
2.	A block of residential building and portions of a warehouse of an industrial complex located at No. 650 Tongyuan Street, Fengze District, Quanzhou City, Fujian Province, PRC	<p>The property comprises a block of residential building and portions of a warehouse of an industrial complex. It were completed in 2007.</p> <p>The total gross floor area of the property is approximately 9,999.96 sq.m.. Breakdown of the gross floor area of the property is listed as below:</p> <p>Use</p> <p>Residential</p> <p>Warehouse</p> <p>Total:</p>	<p>As at the date of valuation, the property was subject to various tenancies with the latest term due to expire on 14 May 2018 at a total annual rental of approximately RMB1,600,000.</p> <p>Approximate gross floor area sq.m.</p> <p>6,392.96</p> <p>3,607.00</p> <p>9,999.96</p>	<p>RMB32,500,000 (100% interest attributable to the Group: RMB32,500,000)</p>
		<p>The land use rights of the property have been granted for a term expiring on 24 October 2056 for industrial use.</p>		

Notes:

1. Pursuant to the following Land Use Rights Certificates issued by the People's Government of Quanzhou City (泉州市人民政府), the land use rights of six parcels of land with a total site area of approximately 45,465.60 sq.m. have been granted to Fordoo (China) Men's Clothing Ltd., Co. (虎都 (中國) 男裝有限公司) ("Fordoo Clothing"), an indirect wholly-owned subsidiary of the Company. Details of the said certificates are as follows:

	Certificate No.	Site Area (sq.m.)	Use	Land Use Term Expiry Date
(i)	Quan Guo Yong (2012) Di No. 200034	8,702.20	Industrial	24 October 2056
(ii)	Quan Guo Yong (2012) Di No. 200035	10,233.60	Industrial	24 October 2056
(iii)	Quan Guo Yong (2012) Di No. 200036	10,743.60	Industrial	24 October 2056
(iv)	Quan Guo Yong (2012) Di No. 200037	7,671.40	Industrial	24 October 2056
(v)	Quan Guo Yong (2012) Di No. 200038	2,947.90	Industrial	24 October 2056
(vi)	Quan Guo Yong (2012) Di No. 200039	5,166.90	Industrial	24 October 2056
		45,465.60		

As advised by the Group, the property comprises portion of the land parcels as stated in the Land Use Rights Certificates mentioned above.

2. Pursuant to the following Building Ownership Certificates issued by Housing and Rural Construction Bureau of Quanzhou City (泉州市住房和城鄉建設局), the building ownership rights of various buildings with a total gross floor area of approximately 11,742.76 sq.m. are vested in Fordoo Clothing. Details of the said certificates are as follows:

<u>Certificate No.</u>	<u>Gross Floor Area</u> (sq.m.)
(i) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118800	6,392.96
(ii) Quan Fang Quan Zheng Feng Ze Qu (Feng) Zi Di No. 201118805	<u>5,349.80</u>
	<u>11,742.76</u>

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. the property is subject to various mortgages in favour of China Construction Bank (Quanzhou Bincheng Branch);
 - ii. Fordoo Clothing has obtained the land use rights and building ownership rights of the property and is entitled to transfer, let, mortgage or by other legal means dispose of such land use rights and building ownership rights on the condition that prior approval from the mortgagee has been obtained during relevant mortgage period;
 - iii. the tenancy agreements have been registered and Fordoo Clothing has obtained the consent from the mortgagee to lease out the properties; and
 - iv. according to the Confirmation Letter issued by Housing and Rural and Construction Bureau of Quanzhou City, there has not been any major violation of the relevant rules and regulations of Housing Administration in respect of the property held by Fordoo Clothing.
4. Major assumptions adopted in our valuation method are listed as below:

<u>Use</u>	<u>Market monthly unit rental</u> (RMB/sq.m.)	<u>Capitalization rate</u>
Residential	15	4.5%
Warehouse	16	5.0%

In undertaking our valuation of the property, we have made reference to some asking monthly rental references of residential and industrial developments which have characteristics comparable to the property. The prices of those asking monthly rental references are about RMB14 to 19/sq.m. for residential developments and about RMB14 to 17/sq.m. for industrial developments. The unit monthly rental assumed by us are consistent with the said asking monthly rental references. Due adjustments to the unit monthly rental of those asking monthly rental references have been made to reflect factors including but not limited to time, location and quality in arriving at the key assumptions.

We have collected and made due analysis on various recent comparable transactions for residential and industrial properties, we have noted that the capitalization rates implied in those market transactions are generally within the range from 4.0% to 5.0% for similar industrial and residential properties in the locality. We are of the view that the capitalization rates used in our valuation are reasonable having regard to the capitalization rates for the aforesaid market comparables.

VALUATION CERTIFICATE

Group III — Property held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014								
3.	An industrial complex located at Dingchitu Village, Zishan Town, Hui'an County, Quanzhou City, Fujian Province, PRC	<p>The property comprises two parcels of land with a total site area of approximately 90,561.00 sq.m. on which various buildings and structures are being constructed.</p> <p>According to the latest development proposal provided by the Group, upon completion, the property will accommodate various research and development centers and dormitory with a total gross floor area of approximately 126,219.00 sq.m.. Breakdown of the gross floor area of the property is listed as below:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq.m.</th> </tr> </thead> <tbody> <tr> <td>Research and development center</td> <td style="text-align: right;">116,600.00</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: right;"><u>9,619.00</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>126,219.00</u></td> </tr> </tbody> </table> <p>As advised by the Group, the proposed development is scheduled to be completed in 2016.</p> <p>The land use rights of the property have been granted for a term expiring on 9 January 2063 for industrial use.</p>	Use	Approximate gross floor area sq.m.	Research and development center	116,600.00	Dormitory	<u>9,619.00</u>	Total	<u>126,219.00</u>	As at the date of valuation, the property was under construction.	RMB203,200,000 (100% interest attributable to the Group: RMB203,200,000)
Use	Approximate gross floor area sq.m.											
Research and development center	116,600.00											
Dormitory	<u>9,619.00</u>											
Total	<u>126,219.00</u>											

Notes:

1. Pursuant to the following Land Use Rights Certificates issued by the People's Government of Quanzhou City (泉州市人民政府), the land use rights of the property with a total site area of approximately 90,561.00 sq.m. have been granted to Hui'an Tiger Capital Technology Company Limited (惠安虎都科技有限公司) ("Tiger Capital Technology"), an indirect wholly-owned subsidiary of the Company. Details of the said certificates are as follows:

Certificate No.	Site Area (sq.m.)	Use	Land Use Term Expiry Date
(i) Hui Guo Yong (2013) Chu Zi No. 200003-1	57,228.00	Industrial	9 January 2063
(ii) Hui Guo Yong (2013) Chu Zi No. 200003-2	<u>33,333.00</u>	Industrial	9 January 2063
	<u>90,561.00</u>		

2. Pursuant to the Agreement for Project Land Use (項目用地協議書) entered into between Municipal Land Resources Bureau of Hui'an County (惠安縣國土資源局) ("Hui'an County Land Bureau") and Tiger Capital Technology, Tiger Capital Technology has agreed to return a parcel of land with an area of approximately 50 mu (approximately 33,333.50 sq.m.) to a land reserve centre designated by the Hui'an County Land Bureau in exchange for a compensation. For the remaining parcel of land with a site area of approximately 85.64 mu (approximately 57,093.62 sq.m.) held by Tiger Capital Technology, Hui'an County Land Bureau has agreed to modify the land use from industrial to commercial services uses.

As advised by the Group, the aforesaid return of land and the modification of land use are in process.

3. As advised by the Group, the total construction cost expended as at the date of valuation was RMB118,300,000 and the estimated outstanding construction cost for completion of the property will be RMB276,200,000. We have taken into account the said amount in our valuation.
4. The market value of the property as if completed as at the date of valuation is estimated to be RMB470,700,000.
5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. pursuant to a Confirmation Letter regarding the legality of the construction scale for the property under construction held by Tiger Capital Technology issued by the Housing and Rural Planning Construction Bureau of Hui'an County (惠安縣住房和城鄉規劃建設局) ("Housing Bureau"), the property under construction with a proposed total gross floor area of approximately 126,219.00 sq.m. erected on the land of the property with a total site area of approximately 135.84 mu (90,560.45 sq.m.) is in compliance with related construction planning and therefore, Tiger Capital Technology has the legal rights to develop the construction works in progress;
 - ii. pursuant to the Compliance Certificate of the Property Under Construction Project held by Hui'an Tiger Capital issued by the Housing Bureau of Hui'an County on 17 February 2014, the Housing Bureau was fully aware that Tiger Capital Technology has commenced construction works without obtaining relevant necessary permits for the construction works including Planning Permits for Construction Land, Planning Permits for Construction Works and Permits for Commencement of Construction Works due to historical reasons. The Housing Bureau has confirmed that Tiger Capital Technology has possessed the ownership rights for the construction works which were completed and the construction works in progress and therefore the construction works in progress will not be suspended, demolished and no penalty will be imposed on the shareholders or related responsible persons of Tiger Capital Technology; and
 - iii. Hui'an Tiger Capital has legally obtained the land use rights of the property. Subject to the Agreement for Project Land Use, Hui'an Tiger Capital is entitled to transfer or by any other legal means dispose of the land use rights of the property on the condition that over 25% of the total investment capital of the relevant construction project is completed.

APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 23, 2013 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 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 June 9, 2014 which shall become effective upon commencement of dealings in 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.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

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.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

(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 close associates (as defined in the Articles) 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 close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close 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 close 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;

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

- (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 close 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 close 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 close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close 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.

APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

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-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.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

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.

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(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

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- (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.

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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.

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(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.

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 summarized 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 summarized 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,

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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

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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.

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(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

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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.

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(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.

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(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 summarized 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

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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 law. Set out below is a summary of certain provisions of Cayman 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 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.

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(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).

APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

There is no statutory restriction in the Cayman Islands 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.

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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 authorising 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.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

(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 (2011 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 January 14, 2014.

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.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF THE COMPANY
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(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.

(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.

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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.

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(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 VII. 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 December 23, 2013. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 11, 2014 and our Company's principal place of business in Hong Kong is at Suite 1508, 15 Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Chung Ming Kit, 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 V of 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. On the same day, one Share with par value of HK\$0.01 each was allotted and issued as fully paid at par to Codan Trust Company (Cayman) Limited and Codan Trust Company (Cayman) Limited transferred the said Share to Mr. Kwok.

On January 13, 2014, Everkept acquired one share of the issued share capital of our Company at par value of HK\$0.01. Upon completion of such transfer, our Company became a wholly-owned subsidiary of Everkept.

On January 23, 2014, our Company allotted and issued 6,799, 333, 1,400, 1,267 and 200 shares at par value to Everkept, Upright Victor, Equal Plus, Key Tide and ZHFA, for a consideration of HK\$67.99, HK\$3.33, HK\$14.00, HK\$12.67 and HK\$2.00 respectively.

Immediately following completion of the Capitalization Issue and the Global Offering, the authorized share capital of our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares, of which 480,000,000 Shares will be issued as fully paid, and 520,000,000 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 June 9, 2014" 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 or registered 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:

Bigtime Global

On July 3, 2013, each of Mr. Kwok and his wife, Ms. Wong Tung Yam (黃東吟), subscribed for 7 shares and 3 shares of Bigtime Global at par value of US\$1.0 each respectively. Upon settlement and completion of such subscription, Bigtime Global became held as to 70% by Mr. Kwok and 30% by Ms. Wong Tung Yam.

On January 13, 2014, our Company acquired 7 share and 3 shares of Bigtime Global for a consideration of US\$7.00 and US\$3.00 from Mr. Kwok and Ms. Wong Tung Yam respectively at par value of US\$1.0 each, representing 70% and 30% of the total issued share capital of Bigtime Global. Upon settlement and completion of such transfer on the same day, Bigtime Global became a wholly-owned subsidiary of our Company.

Tiger Capital HK

On January 15, 2014, the authorized share capital of Tiger Capital HK was increased from HK10,000 to HK\$100,000.

On January 15, 2014, Bigtime Global subscribed for 90,000 new shares of Tiger Capital HK for a consideration of HK\$90,000 at par value of HK\$1.0 each. Upon settlement and completion of such subscription, Tiger Capital HK became held as to 90%, 9%, and 1% by each of Bigtime Global, Mr. Kwok and Ms. Wang Hsiu Chin, respectively.

On January 21, 2014, Bigtime Global acquired 9,000 and 1,000 shares of Tiger Capital HK, representing 9% and 1% of the issued share capital of Tiger Capital HK for a consideration of HK\$9,000 and HK\$1,000, from Mr. Kwok and Ms. Wang Hsiu Chin respectively. Upon settlement and completion of such acquisitions on the same day, Tiger Capital HK became a wholly-owned subsidiary of Bigtime Global.

Save as disclosed above, there has been no alteration in the share capital or registered capital of the subsidiaries of our Company within the two years preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on June 9, 2014

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of our Company, which were passed on June 9, 2014:

- (a) the authorized share capital of our Company be increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each which shall rank pari passu in all respects with the Shares in issue as at the date of passing of this written resolutions;
- (b) subject to the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorized to allot and issue a total of 359,990,000 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 at the close of business on June 9, 2014 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective existing shareholdings by way of capitalization of the sum of HK\$3,599,900 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, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering 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 were approved and our Directors were authorized to allot and issue the Offer Shares on and subject to the terms and conditions stated in this prospectus and in the relevant application forms;
 - (ii) 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; allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (iv) 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 (v) 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 which 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 options which may be granted the Share Option Scheme;

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;
- (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, 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 be and is approved; and
- (g) the adoption of the Articles of Association.

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 June 9, 2014 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 June 9, 2014” 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 section entitled “History and Development — 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) the listing consultancy service agreement dated October 15, 2010 entered into between Fordoo Clothing and Shanghai Zhonghui, pursuant to which Shanghai Zhonghui agreed to provide certain corporate advisory and consultancy services to our Group as non-cash consideration, in exchange for 2% of the issued share capital in our Company before the Listing;
- (b) the equity transfer agreement dated December 13, 2012 entered into between Tiger Capital Fashion and Fordoo Clothing, pursuant to which Tiger Capital Fashion transferred 100% equity interest in Tiger Capital Technology to Fordoo Clothing for a consideration of RMB\$30 million;
- (c) a supplemental agreement dated December 31, 2013 entered into between Fordoo Clothing and Shanghai Zhonghui in respect of the listing consulting service agreement dated October 15, 2010 above, pursuant to which the parties confirmed, among others, that the services provided by Shanghai Zhonghui to our Group as non-cash consideration have been completed;
- (d) the Deed of Non-competition;
- (e) the Deed of Indemnity; and
- (f) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group







Trademarks

As at the Latest Practicable Date, we have registered 95 trademarks in the PRC, and the following trademarks are, in the opinion of our Directors, material to our business:

No.	Trademark	Place of registration	Class	Registration number	Expiry date
1	 FORDOO TIGER CAPITAL 虎都	PRC	1	3032106	March 27, 2023
2	 FORDOO TIGER CAPITAL 虎都	PRC	2	3032105	March 27, 2023
3	 FORDOO TIGER CAPITAL 虎都	PRC	3	3032104	March 20, 2024
4	 FORDOO 虎都	PRC	4	6719684	May 13, 2020
5	 FORDOO TIGER CAPITAL 虎都	PRC	4	3032103	August 6, 2023
6	 FORDOO 虎都	PRC	5	6719683	June 20, 2020
7	 FORDOO TIGER CAPITAL 虎都	PRC	5	3032102	December 27, 2022
8	 FORDOO 虎都	PRC	6	6719682	July 20, 2020

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No.	Trademark	Place of registration	Class	Registration number	Expiry date
9	 FORDOO TIGER CAPITAL 虎都	PRC	6	3029338	March 20, 2023
10	 FORDOO TIGER CAPITAL 虎都	PRC	7	3032101	July 6, 2023
11	 FORDOO TIGER CAPITAL 虎都	PRC	8	3032100	February 6, 2023
12	 FORDOO TIGER CAPITAL 虎都	PRC	9	3032099	February 20, 2023
13	 FORDOO TIGER CAPITAL 虎都	PRC	10	3032098	March 6, 2023
14	 FORDOO TIGER CAPITAL 虎都	PRC	11	3032097	June 6, 2023
15	 FORDOO TIGER CAPITAL 虎都	PRC	12	3032096	February 6, 2023
16	 FORDOO 虎都	PRC	13	6719701	June 6, 2020
17	 FORDOO TIGER CAPITAL 虎都	PRC	13	3032095	March 6, 2023
18	 FORDOO 虎仔	PRC	14	6719700	April 20, 2020


No.	Trademark	Place of registration	Class	Registration number	Expiry date
19	 FORDOO TIGER CAPITAL 虎都	PRC	14	3032094	February 6, 2023
20	 FORDOO TIGER CAPITAL 虎都	PRC	15	3032093	August 20, 2023
21	 FORDOO 虎都	PRC	16	6719699	August 27, 2020
22	 FORDOO 虎都	PRC	16	4195417	October 13, 2017
23	 FORDOO 虎都	PRC	16	1925113	February 13, 2023
24	 FORDOO TIGER CAPITAL 虎都	PRC	17	3032092	May 13, 2023
25		PRC	18	6365512	July 6, 2022
26	 FORDOO 虎都	PRC	18	6719698	August 6, 2020
27		PRC	18	4858437	April 27, 2019
28		PRC	18	4858436	April 27, 2019

No.	Trademark	Place of registration	Class	Registration number	Expiry date
29		PRC	18	4858439	September 20, 2019
30		PRC	18	4858438	April 27, 2019
31		PRC	18	1927352	November 6, 2022
32		PRC	19	3032091	March 27, 2023
33		PRC	20	3029340	April 6, 2023
34		PRC	21	3029339	March 27, 2023
35		PRC	22	3032090	March 27, 2023
36		PRC	23	3032089	September 6, 2023
37		PRC	24	6719697	August 6, 2020
38		PRC	25	6324697	July 13, 2020

No.	Trademark	Place of registration	Class	Registration number	Expiry date
39		PRC	25	4195416	May 27, 2018
40		PRC	25	4858433	April 27, 2019
41		PRC	25	4858432	November 13, 2019
42		PRC	25	4858435	November 13, 2019
43		PRC	25	4858434	April 27, 2019
44		PRC	25	1537450	March 13, 2021
45		PRC	25	6365511	June 6, 2020
46		PRC	25	2000683	January 13, 2023
47	HUDU 虎都	PRC	25	1254634	March 13, 2019
48	TIGER CAPITAL	PRC	25	1545656	March 27, 2021
49	虎 都	PRC	25	1545655	March 27, 2021
50		PRC	25	1545654	March 27, 2021










No.	Trademark	Place of registration	Class	Registration number	Expiry date
51		PRC	25	1933508	August 20, 2022
52		PRC	25	1565241	May 6, 2021
53	 TIGER CAPITAL	PRC	25	514221	March 9, 2020
54	 hudu	PRC	25	766662	September 13, 2015
55		PRC	25	1717127	February 20, 2022
56	 FORDOO 虎都	PRC	26	6719696	August 6, 2020
57	 FORDOO TIGER CAPITAL 虎都	PRC	27	3029342	April 27, 2023
58	 FORDOO TIGER CAPITAL 虎都	PRC	26	3032087	September 27, 2023
59	 FORDOO 虎仔	PRC	28	4195415	March 27, 2018
60		PRC	28	6365510	April 27, 2020
61	 FORDOO TIGER CAPITAL 虎都	PRC	28	3029341	April 6, 2023

No.	Trademark	Place of registration	Class	Registration number	Expiry date
62	 FORDOO TIGER CAPITAL 虎都	PRC	29	3032086	January 6, 2023
63	 FORDOO 虎都	PRC	29	4243420	December 27, 2016
64	 FORDOO TIGER CAPITAL 虎都	PRC	30	3032085	March 13, 2023
65	 FORDOO 虎都	PRC	30	4243419	December 27, 2016
66	 FORDOO TIGER CAPITAL 虎都	PRC	31	3032084	November 27, 2022
67	 FORDOO TIGER CAPITAL 虎都	PRC	32	1994107	December 6, 2022
68	 FORDOO TIGER CAPITAL 虎都	PRC	33	1990855	October 20, 2022
69	 FORDOO TIGER CAPITAL 虎都	PRC	34	1990871	January 6, 2023
70	 FORDOO TIGER CAPITAL 虎都	PRC	35	1968575	March 13, 2023
71		PRC	35	6365509	June 27, 2020

No.	Trademark	Place of registration	Class	Registration number	Expiry date
72	 FORDOO 虎都	PRC	35	6719695	December 20, 2020
73	 FORDOO 虎仔	PRC	35	4195414	December 27, 2017
74		PRC	35	4858469	March 6, 2019
75		PRC	35	4858468	March 6, 2019
76		PRC	35	4858479	March 6, 2019
77	 FORDOO 虎都	PRC	36	6719694	April 20, 2020
78	 FORDOO TIGER CAPITAL 虎都	PRC	36	3032083	May 13, 2023
79	 FORDOO TIGER CAPITAL 虎都	PRC	37	3032082	May 13, 2023
80	 FORDOO 虎都	PRC	38	6719693	April 6, 2021
81	 FORDOO TIGER CAPITAL 虎都	PRC	38	3032080	May 13, 2023


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No.	Trademark	Place of registration	Class	Registration number	Expiry date
82		PRC	39	3032081	November 27, 2023
83		PRC	40	3032079	April 20, 2023
84		PRC	41	6719692	September 6, 2020
85		PRC	41	3032078	April 20, 2023
86		PRC	42	3032077	February 6, 2023
87		PRC	43	6719711	February 20, 2021
88		PRC	44	6719710	February 20, 2021
89		PRC	45	6719709	February 20, 2021
90		PRC	25	710884	October 13, 2014
91	FORDOO	PRC	18	11451831	February 6, 2024
92	FORDOO	PRC	25	11451895	February 6, 2024

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No.	Trademark	Place of registration	Class	Registration number	Expiry date
93	FORDOO	PRC	28	11451841	February 6, 2024
94	FORDOO	PRC	35	11455905	February 6, 2024
95	 FORDOO TIGER CAPITAL 虎都	PRC	24	3032088	February 6, 2024

As at the Latest Practicable Date, we have registered 6 trademarks in countries and regions outside the PRC and the following trademarks are, in the opinion of our Directors, material to our business:

No.	Trademark	Place of registration	Class	Registration number	Expiry date
1	 FORDOO 虎都	Taiwan	25	01310011	April 30, 2018
2	 TIGER CAPITAL	France	25	99828505	December 13, 2014
3	 TIGER CAPITAL	Australia	25	937338	November 11, 2022
4	 FORDOO 虎都	USA	25	3737481	January 11, 2020
5	 TIGER CAPITAL	Hong Kong	25	199712556	July 3, 2023
6	 FORDOO 虎都	Hong Kong	25	200403348	March 11, 2020

As at the Latest Practicable Date, 3 applications have been made for the registration of trademarks and the following trademarks are, in the opinion of our Directors, material to our business:

No.	Trademark	Place of Application	Class	Application number	Application date
1		PRC	28	11451828	September 5, 2012
2		PRC	35	11451887	September 5, 2012
3		PRC	35	11455921	September 6, 2012

Domain Names

As at the Latest Practicable Date, we have registered the following domain names:

Registrant	Domain Name	Date of Registration	Expiration Date
Fordoo Clothing	fordoo.cn	March 17, 2003	March 17, 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
袋蓋成型裝置	ZL 2010 2 0192955.9	PRC	May 10, 2020
一種新型胸襯	ZL 2010 2 0685610.7	PRC	December 28, 2020
臨縫機的車台結構	ZL 2010 2 0685809.X	PRC	December 28, 2020
一種舒挺型上衣	ZL 2010 2 0192921.X	PRC	May 10, 2020
健康型西褲	ZL 2009 2 0287187.2	PRC	December 30, 2019
衣領成型裝置	ZL 2010 2 0192925.8	PRC	May 10, 2020
一種防盜褲	ZL 2010 2 0192941.7	PRC	May 10, 2020
舒便型西褲	ZL 2009 2 0267600.9	PRC	December 22, 2019
一種具有隱形鈕扣的褲子	ZL 2010 2 0192834.4	PRC	May 10, 2020
一種新型褲子	ZL 2011 2 0165826.5	PRC	May 22, 2021
一種紅外線自動上大小門襟機	ZL 2012 2 0623287.X	PRC	November 21, 2022
一種後袋蓋縫紉模板	ZL 2012 2 0622301.4	PRC	November 21, 2022
一種自動包縫機	ZL 2012 2 0624291.8	PRC	November 21, 2022
一種整燙模壓機	ZL 2012 2 0624292.2	PRC	November 21, 2022
一種腰面一次成型結構	ZL 2012 2 0623161.2	PRC	November 21, 2022

3. Further information about our PRC establishments***Fordoo Clothing***

- | | |
|---|--|
| (i) nature of the company: | limited liability enterprise (solely-owned by Taiwan, Hong Kong, and Macau legal person) |
| (ii) term of business operation: | February 14, 2007 to February 13, 2027 |
| (iii) total investment: | HK\$60.0 million |
| (iv) registered capital: | HK\$60.0 million (fully paid) |
| (v) attributable interest of our Company: | 100% |
| (vi) scope of business: | Manufacturing of clothing, bags, shoes, leather products and other business activities |

Tiger Capital Fashion

- | | |
|---|--|
| (i) nature of the company: | limited liability enterprise (solely-owned by Taiwan, Hong Kong, and Macau legal person) |
| (ii) term of business operation: | March 2, 2004 to March 1, 2014 |
| (iii) total investment: | HK\$225.0 million |
| (iv) registered capital: | HK\$100.0 million (fully paid) |
| (v) attributable interest of our Company: | 100% |
| (vi) scope of business: | Manufacturing of clothing, bags, shoes, leather products and other business activities |

Tiger Capital Technology

- | | |
|--|---|
| (i) nature of the company: | limited liability enterprise (solely-owned by legal person) |
| (ii) term of business operation: | July 28, 2006 to July 27, 2056 |
| (iii) registered capital: | \$30.0 million Yuan (fully paid) |
| (iv) attributable interest of our Company: | 100% |

- (v) scope of business: Clothing embroidery system integration software, hardware design and development; computer network engineering, installation, construction; research information consultation, communication; lease of premises; large exhibition services and ancillary services, hotel management, property management; packaging, manufacturing and wholesales of clothing

Yindu Fashion

- (i) nature of the company: limited liability enterprise (jointly invested by foreign invested enterprise and domestic individuals)
- (ii) term of business operation: November 27, 2008 to November 26, 2018
- (iii) registered capital: RMB\$5.0 million (fully paid)
- (iv) attributable interest of our Company: 55%
- (v) scope of business: Sales of clothing, shoes, hats and sports products

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Directors' service contracts

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of our independent non-executive Directors has entered into a service contract with us for an initial fixed term of three year commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing by served by either party on the other, which notice shall not expire until after the fixed term.

Each of our executive Directors and independent non-executive Directors is entitled to the respective basic salary set out below. Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all our executive Directors in respect of any financial year of our Company may not exceed 5% of audited consolidated or combined net profit of (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional items) in respect of that financial year. 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:

Mr. Kwok	RMB1,800,000
Mr. Kwok Hon Fung (郭漢鋒)	RMB700,000
Ms. Yuan Mei Rong (袁美榮)	RMB500,000
Mr. Kwauk Teh-Ming Walter (郭德明)	HKD200,000
Mr. Zhang Longgen (張龍根)	HKD200,000
Mr. Zhang Zhaodong (張照東)	RMB100,000

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, 2011, 2012 and 2013, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was RMB1,651,000, RMB1,551,000 and RMB1,605,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the years ended December 31, 2011, 2012 and 2013 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) for the year ended December 31, 2014 will be approximately RMB2,500,000.

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 Share Option Scheme, 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

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding ⁽¹⁾
Mr. Kwok ⁽²⁾	Interest in a controlled corporation	244,800,000	51.00%
Mr. Kwok Hon Fung ⁽³⁾	Interest in a controlled corporation	50,400,000	10.50%

Note:

- (1) Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options which may be granted under the Share Option Scheme.
- (2) Under the SFO, Mr. Kwok is deemed to be interested in all the Shares held by Everkept by reason of his 70% interest in the share capital of Everkept, and Ms. Wong Tung Yam, the spouse of Mr. Kwok, is deemed to be interested in all the Shares in which Mr. Kwok is interested.
- (3) Under the SFO, Mr. Kwok Hon Fung is deemed to be interested in all the Shares held by Equal Plus by reason of his 100% interest in the share capital of Equal Plus.
- (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 upon exercise of options which may be granted pursuant to the Share Option Scheme, 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 ⁽¹⁾
Ms. Wong Tung Yam ⁽²⁾	Interest of spouse	244,800,000	51.00%
Everkept	Beneficial owner	244,800,000	51.00%
Equal Plus	Beneficial owner	50,400,000	10.50%
Mr. Kwok Hon Pan ⁽⁴⁾	Interest in a controlled corporation	45,612,000	9.50%
Key Tide.....	Beneficial owner	45,612,000	9.50%

Note:

1. Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options which may be granted under the Share Option Scheme.
2. Under the SFO, Mr. Kwok is deemed to be interested in all the Shares held by Everkept by reason of his 70% interest in the share capital of Everkept, and Ms. Wong Tung Yam, the spouse of Mr. Kwok, is deemed to be interested in all the Shares in which Mr. Kwok is interested.
3. Under the SFO, Mr. Kwok Hon Fung is deemed to be interested in all the Shares held by Equal Plus by reason of his 100% interest in the share capital of Equal Plus.
4. Under the SFO, Mr. Kwok Hon Pan is deemed to be interested in all the Shares held by Key Tide by reason of his 100% interest in the share capital of Key Tide.

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 the Shares which may be issued upon the exercise of options 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; and
- (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. 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 June 9, 2014 and adopted by a resolution of the Board on June 9, 2014 (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) to optimize their future contributions 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 proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Employee**”), 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 (“**Executive**”);
- (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; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (f) above (the person 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 Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 48,000,000 Shares), (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; and
- (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.

4. Maximum entitlement of each participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (including exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue 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, but 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. 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 offer the grant of any Option to any Eligible Person after inside information has come to its knowledge until it has announced the information 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 provided that no Option may be granted during any period of delay in publishing a results announcement.

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 when the right to exercise the Option in respect of all or some of the Option Shares shall vest provided that such terms or conditions shall not be inconsistent with all or some 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 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 30 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 or independent financial advisor 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 shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.
- (c) Subject as hereinafter provided, an Option may be exercised by the Grantee at any time during the Option Period (in respect of any particular Option, the period commencing immediately after the Business Day (as defined under the Listing Rules) on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme ("**Commencement date**") and expiring on the date of the expiry of the Option as the Board may in its absolute discretion determine and which shall not exceed 10 years from the Commencement date but subject to the provisions for early termination thereof contained in the Share Option Scheme), provided that:
 - (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as the Board may determine;
 - (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;

- (iii) in the event that the grantee ceases to be an Executive by reason of his transfer of employment to our controlling shareholder (as defined under the Listing Rules) or our subsidiary or an associate of our controlling shareholder (as defined under the Listing Rules) (“**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 for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to an Affiliate Company or the termination of his or her employment with the relevant member of our Group by resignation or termination on the ground that he has been guilty of serious misconduct, or there exists grounds allowing his or her summary dismissal under his or her employment contract or under common law, or he or she is unable or has no reasonable prospects of being able to pay his or her debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time) or any other applicable law, or he or she has become otherwise insolvent or has made any arrangement or composition with his or her creditors generally, or he or she has been convicted of any criminal offence involving his or her integrity or honesty (“**Culpable Termination**”), the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment 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 cessation;
- (v) in the event that the Grantee ceases to be an Executive by reason of the termination of his or her employment by resignation or Culpable Termination, the 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 (v) shall be final and conclusive;

(vi) if a Grantee being:

- (1) an executive director of the Company ceases to be an Executive but remains a non-executive director, his or her 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 Non-Executive Director Retirement, his or her 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 or her 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 exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

(vii) 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 (vii) shall be final and conclusive;

(viii) 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 of suspension or cessation of business 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 our Company that the said change in constitution, management, directors or shareholding is material or on the date of notification by our 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 the clause in the Share Option Scheme corresponding to this paragraph (viii) by reason of breach of contract or material change in the constitution, management, directors or shareholding as aforesaid shall be final and conclusive;

(ix) if a grantee (being an individual):

- (1) is unable or has no reasonable prospects of being able to pay his or her debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time) or any other applicable law or has otherwise become insolvent; or
- (2) has made any arrangement or composition with his or her creditors generally; or
- (3) has been convicted of any criminal offence involving his or her integrity or honesty; 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 or she is deemed unable or to have no reasonable prospects of being able to pay his or her 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 or her creditors or on the date of his or her 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 (ix) for breach of contract as aforesaid shall be final and conclusive;

- (x) 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;
- (xi) 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 dispatches 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;
 - (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;
- (xii) 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 dispatches 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 the Share Option Scheme, the Share Option 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 clauses in the Share Option Scheme related to exercise of the Option;
- (c) subject to the terms of the period mentioned in the paragraph entitled “F. Share Option Scheme — 11. Exercise of Option” in this Appendix, 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 the Share Option Scheme with respect to the exercise or lapse 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 or independent financial advisor 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 5 September 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.

Share 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 the our Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Scheme and their respective associates shall abstain from voting:

- (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;
- (c) any change to the authority of the Board or any person or committee delegated by the Board pursuant to the clause in the Share Option Scheme related to the duration and administration to administer the day-to-day running of the Scheme; and
- (d) 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. The Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

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) the approval of all our Shareholders for the adoption of the Share Option Scheme;
- (b) the approval of the Stock Exchange for the listing of and permission to deal in, a maximum of 48,000,000 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; and
- (d) the obligations of the underwriters under the Underwriting Agreement(s), if any, becoming unconditional and not being terminated in accordance with the terms thereof or otherwise.

If the permission referred to in condition (b) above is not granted within two calendar months after, the Adoption Date:

- (a) the Share Option Scheme will forthwith determine;

- (b) any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect;
- (c) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any Option; and
- (d) the Board may further discuss and devise another share option scheme that is applicable to a private company for adoption by our Company.

Application has been made to the Stock Exchange for the Listing of 48,000,000 Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

G. OTHER INFORMATION

1. Estate duty, tax and other indemnity

Our Controlling Shareholders have entered into the Deed of Indemnity with our Company (for ourselves and as trustee for each of our subsidiaries) on June 9, 2014 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 and/or section 43 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 on or before the Relevant Date or any event or transaction on or before such date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Deed of Indemnity does not apply:

- (a) to the extent that provision or allowance has been made for such liability, taxation or claim in the consolidated audited accounts (the “**Accounts**”) of our Group for the three years ended December 31, 2013; or
- (b) to any liability or claim falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after December 31, 2013 unless such liability or claim would not have arisen but for any act or omission of, or transaction voluntarily effected by, any of the members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without

the prior written consent or agreement of our Controlling Shareholders other than any such act, omission or transaction:

- (1) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after December 31, 2013; or
 - (2) carried out, made or entered into pursuant to a legally binding commitment created on or before December 31, 2013; or
 - (3) consisting of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation; or
- (c) to the extent that any claim arises or is incurred as a result of any retrospective change in law or practice 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 of any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve so applied to reduce our Controlling Shareholders' liability in respect of such taxation shall not be available in respect of any such liability arising thereafter.

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\$6,500 and have been paid by us.

4. **Promoter**

There are no promoters of our Company.

5. **Sole Sponsor**

The Sole Sponsor 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 the Shares to be issued upon the exercise of options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which the Company agreed to pay the Sole Sponsor a fee of HK\$5 million to act as sponsor to the Company in the Global Offering.

6. No material adverse change

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since December 31, 2013 (being the date to which our latest audited combined 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 (Winding Up and Miscellaneous Provisions) 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
Barclays Capital Asia Limited	a licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants
Savills Valuation and Professional Services Limited	Independent professional property valuer
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
King & Wood Mallesons	PRC legal advisors to our Company
Frost & Sullivan	Independent industry consultant

10. Consents of experts

Each of the Sole Sponsor, KPMG, Savills Valuation and Professional Services Limited, Conyers Dill & Pearman (Cayman) Limited, King & Wood Mallesons and Frost & Sullivan 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. Selling Shareholders

An aggregate of up to 7,200,000 and 10,800,000 Shares to be sold by Selling Shareholders, namely ZHFA and Everkept, if the Over-allotment Option is exercised in full. Particulars of the Selling Shareholders are as follows:

Name:	Zhong Hui Financial Advisory Co., Ltd.
Address:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Nature of business:	Investment holding
Name:	Everkept Limited
Address:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Nature of business:	Investment holding

As at the date hereof, each of ZHFA and Everkept holds 200 Shares and 6,800 Shares, respectively, representing 2% and 68% of the issued share capital of our Company. Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), each of ZHFA and Everkept will hold 7,200,000 Shares and 244,800,000 Shares of our Company, representing 1.50% and 51% of the then issued share capital of our Company.

12. 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).

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 entitled “G. Other information — 10. Consents of experts” in Appendix VI, statement of particulars of the Selling Shareholders referred to in the paragraph entitled “G. Other information — 11. Selling Shareholders” in Appendix VI and copies of the material contracts referred to in the paragraph entitled “C. Further information about our business — 1. Summary of the material contracts” in Appendix VI to this prospectus.

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. up to and including the date which is 14 days from the date of this prospectus:

- (1) our Memorandum and the Articles of Association;
- (2) the report on the historical combined financial information of the companies now comprising the Group for the years ended December 31, 2011, 2012 and 2013 from KPMG, the text of which is set out in Appendix I to this prospectus;
- (3) the audited combined financial statements of the companies now comprising our Group for each of the years ended December 31, 2011, 2012 and 2013;
- (4) the report on unaudited pro forma financial information from KPMG, the texts of which is set out in Appendix II to this prospectus;
- (5) the letters from KPMG and the Sole Sponsor relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (6) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in Appendix IV to this prospectus;
- (7) the material contracts referred to in the paragraph entitled “C. Further information about our business — 1. Summary of the Material Contracts” of Appendix VI to this prospectus;
- (8) the service contracts with Directors, referred to in the paragraph entitled “Directors’ service contracts” of Appendix VI to this prospectus;
- (9) the written consents referred to in the paragraph entitled “G. Other information — 10. Consents of experts” of Appendix VI to this prospectus;

- (10) the PRC legal opinions prepared by King & Wood Mallesons, our legal advisor as to the PRC law, in respect of certain aspects of our Group and our property interests;
- (11) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarizing certain aspects of Companies Law referred to in Appendix V to this prospectus;
- (12) the Companies Law;
- (13) the rules of the Share Option Scheme; and
- (14) the statement of particulars of the Selling Shareholders.



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