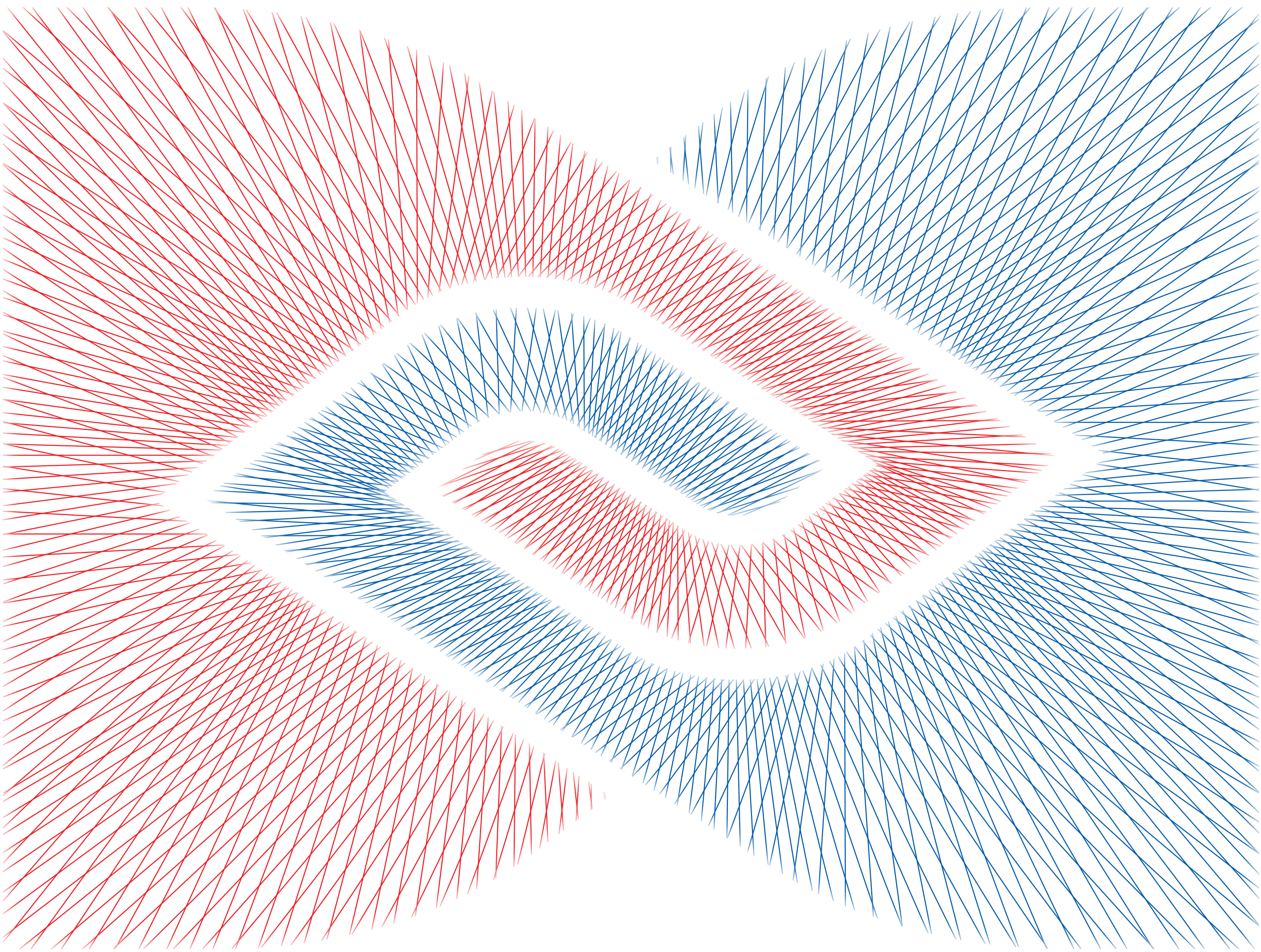
晶苑國際集團有限公司*

Crystal International Group Limited

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

Stock code: 2232



GLOBAL OFFERING

Joint Sponsors

Morgan Stanley HSBC

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley HSBC citi

*For identification purposes only

Printed on environmentally friendly paper

IMPORTANT

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

Crystal International Group Limited
晶苑國際集團有限公司*

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**509,300,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**50,930,000 Shares (subject to adjustment)**
Number of International Offer Shares	:	**458,370,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$8.80 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**2232**

Joint Sponsors

Morgan Stanley HSBC

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley HSBC citi

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V, 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 (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on or about Friday, October 27, 2017, and, in any event, not later than Wednesday, November 1, 2017. The Offer Price will be not more than HK$8.80 per Offer Share and is currently expected to be not less than HK$7.30 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$8.80 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$8.80 per Offer Share.

The Joint Global Coordinators (on behalf of the Hong Kong Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering 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, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the 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 out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before Wednesday, November 1, 2017 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

* *for identification purposes only*

October 23, 2017

IMPORTANT

The Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of the Company at **http://www.crystalgroup.com** and the Stock Exchange at **http://www.hkexnews.hk** under the "*HKExnews > Listed Company Information > Latest Listed Company Information*" section, respectively.

Members of the public may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Monday, October 23, 2017 until 12:00 noon on Thursday, October 26, 2017 at the following locations:

1. any of the following branches of the receiving banks for the Hong Kong Public Offering:

(a) **The Hongkong and Shanghai Banking Corporation Limited**

District	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central, Hong Kong
	Causeway Bay Branch	Basement 1 & Shop G08, G/F, Causeway Bay Plaza 2, 463-483 Lockhart Road, Hong Kong
Kowloon	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok, Kowloon
	Tsim Sha Tsui Branch	Basement & 1/F, 82-84 Nathan Road, Tsim Sha Tsui, Kowloon
New Territories	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150-160 Castle Peak Road, Yuen Long, New Territories

(b) **Standard Chartered Bank (Hong Kong) Limited**

District	Branch Name	Address
Hong Kong Island	Hennessy Road Branch	399 Hennessy Road, Wanchai, Hong Kong
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point, Hong Kong
Kowloon	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong, Kowloon
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon

2. any of the following offices of the Joint Global Coordinators:

(a) Morgan Stanley Asia Limited, at 46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

(b) The Hongkong and Shanghai Banking Corporation Limited, at 1 Queen's Road Central, Central, Hong Kong; and

(c) Citigroup Global Markets Asia Limited, at 50/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

3. the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every branch of The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Monday, October 23, 2017 until 12:00 noon on Thursday, October 26, 2017, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out in *"How to Apply for Hong Kong Offer Shares"*.

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **https://www.eipo.com.hk**[2] . . . . 11:30 a.m. on Thursday, October 26, 2017

Application lists open[3] . . . . 11:45 a.m. on Thursday, October 26, 2017

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . 12:00 noon on Thursday, October 26, 2017

Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Thursday, October 26, 2017

Latest time for giving **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Thursday, October 26, 2017

Application lists close[3] . . . . 12:00 noon on Thursday, October 26, 2017

Expected Price Determination Date[5] . . . . Friday, October 27, 2017

(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . Thursday, November 2, 2017

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus from. . . . . Thursday, November 2, 2017

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **http://www.hkexnews.hk** and our Company's website at **http://www.crystalgroup.com**[6] from . . . . Thursday, November 2, 2017

Results of allocations in the Hong Kong Public Offering will be available at **https://www.iporesults.com.hk** with a "search by ID" function from	Thursday, November 2, 2017
Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9]	Thursday, November 2, 2017
Dispatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9]	Thursday, November 2, 2017
Dealings in the Shares on the Stock Exchange expected to commence on	9:00 a.m. Friday, November 3, 2017

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **https://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 at or before 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.

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 26, 2017, the application lists will not open or close on that day. See the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, October 27, 2017 and, in any event, not later than Wednesday, November 1, 2017. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us by Wednesday, November 1, 2017, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates will only become valid at 8:00 a.m. on Friday, November 3, 2017 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" 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.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our 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 Thursday, November 2, 2017 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which is eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Crystal International Group Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares 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 in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering 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.

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 Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investments. Some of the particular risks in investing in the Offer Shares are set forth in "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a global leader in the Apparel Manufacturing Industry with a diversified product portfolio under our differentiated value-add driven co-creation business model. According to *Euromonitor*, we were ranked first by production volume and second by production value in the global Apparel Manufacturing Industry in 2016, with a market share of approximately 0.4% in terms of production volume and 0.3% in terms of production value of the highly fragmented global Apparel Manufacturing Industry, with seven out of the top 10 global leading Brand Apparel Companies in 2016 as our customers. Our co-creation business model is critical to achieving and enhancing our industry leading position. This model is supported by the powerful combination of our almost five decades of industry experience, long-term partnerships with globally leading apparel brands, many of which we have 10 to over 30 years of relationships, a diversified product portfolio across five product categories, and a multi-country manufacturing platform. Our co-creation business model has driven our ability to launch continuously new commercially successful products for our customers.

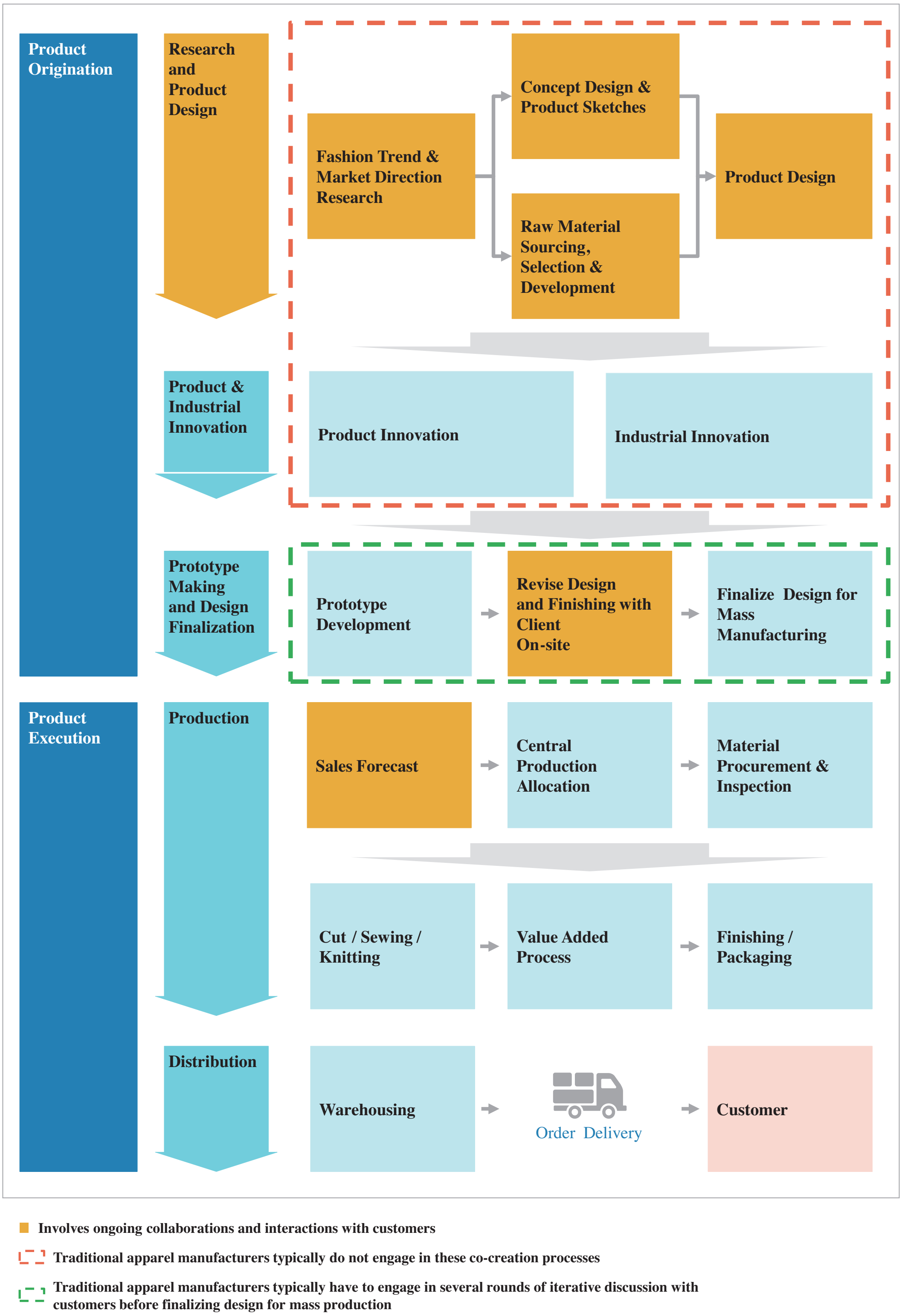
We were founded by Mr. & Mrs. Lo in 1970. At our inception, we had a few sewing machines and knitting looms, producing sweaters in a workshop in Hong Kong. Today, we have 20 self-operating manufacturing facilities with a total gross floor area of approximately 1.3 million sq.m. spanning across five countries, with a workforce of approximately 70,000, delivering around 350 million pieces of apparel a year primarily to globally leading apparel brands. We have achieved significant net profit growth and margin improvement during the Track Record Period. From 2014 to 2016, we recorded a CAGR of 22.9% in net profit, where our net profit increased from US$81.8 million for the year ended December 31, 2014 to US$123.7 million for the year ended December 31, 2016. Our net profit increased by 31.4% from US$52.7 million for the six months ended June 30, 2016 to US$69.2 million in the same period in 2017. For the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, our revenue amounted to US$1,700.7 million, US$1,688.5 million, US$1,763.4 million and US$1,027.5 million, respectively, while our cost of sales amounted to US$1,413.7 million, US$1,396.8 million, US$1,407.7 million and US$822.5 million, respectively.

Our "Co-Creation" Business Model

We call our business model "co-creation", where we offer our customers value-add services at various critical stages. Throughout product origination and execution, we initiate product ideas for our customers as well as transform customer concepts into product designs, develop and source raw materials, innovate industrial processes, optimize production costs through large scale global procurement power and choice of a multi-country manufacturing platform, and offer inventory management and delivery services.

For details on our co-creation business model, please see "Our Business — Our 'Co-creation' Business Model."

Our business model is illustrated in the following diagram:



Our co-creation business model has evolved from a traditional apparel manufacturer model and differs from other apparel manufacturers. Please see "Our Business — Our 'Co-creation Business Model' for details."

Our Industry and Market Position

From 2012 to 2016, the retail sales value of the global apparel retail market increased steadily at a CAGR of 3.9%, reaching a total size of US$1,323.1 billion in 2016. It is expected that the global apparel retail market will experience a faster growth at a CAGR of 4.6% from 2016 to 2021, reaching an estimated retail sales value of US$1,659.5 billion by 2021, mainly driven by consumption trade-up as well as an increase in average selling price especially in developing countries.

The Apparel Manufacturing Industry is highly fragmented, with a large number of players of various scale of operations. In 2016, we were the industry's No. 1 company in terms of production volume with a market share of approximately 0.4% and No. 2 company in terms of production value with a market share of approximately 0.3% of the global Apparel Manufacturing Industry; we were also the No. 1 company in terms of production volume with a market share of approximately 0.6% and No. 2 company in terms of production value with a market share of approximately 0.7% of the Asia Apparel Manufacturing Industry. We enjoy a leading position among denim jeans manufacturers in the Asia Apparel Manufacturing Industry, being the No. 1 company, in terms of production volume and production value, in this particular category in 2016. We also have strong competitiveness in lifestyle wear, being the No. 2 company and No. 3 company in terms of production volume and production value in 2016. We were the No. 2 company, in terms of production volume and production value in 2016 in intimate, and also the No. 3 company and No. 4 company, in terms of production volume and production value in 2016 in the sweater segment.

Our Products

Our products are categorized into five segments, namely, lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel. The following table sets forth a breakdown of our revenue by product category, each expressed as an absolute amount and as a percentage of our revenue, during the Track Record Period.

	Year ended December 31,						**Six months ended June 30,**			
	2014		**2015**		**2016**		**2016**		**2017**	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	785,436	46.2%	736,650	43.6%	748,488	42.4%	391,917	47.2%	404,492	39.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	261,334	25.4%
Intimate	244,690	14.4%	240,247	14.2%	294,209	16.7%	128,071	15.4%	187,549	18.3%
Sweater	332,606	19.5%	272,008	16.1%	223,131	12.7%	85,779	10.3%	68,990	6.7%
Sportswear and Outdoor Apparel [(1)]	—	—	—	—	—	—	—	—	98,439	9.6%
Others [(2)]	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

Our revenue growth for the six months ended June 30, 2017 was partly contributed by the inorganic growth arising from the acquisition of Vista, with Vista contributing US$98.4 million for the six months ended June 30, 2017.

Our Customers

Our customers primarily consist of globally leading Brand Apparel Companies located in various markets. As of the Latest Practicable Date, we served more than 30 customers covering over 50 brands. Over the years, our ability to consistently meet and exceed our customers' high-quality and sophisticated requirements has allowed us to develop and retain strong relationships with them and to attract more globally leading Brand Apparel Companies. The following list sets forth our key customers for each product line:

- **Lifestyle Wear**: Fast Retailing (UNIQLO, GU), H&M, Marks & Spencer, Abercrombie & Fitch and Gap;
- **Denim**: Gap, Levi's, Target, Abercrombie & Fitch, VF (Lee) and H&M;
- **Intimate**: L Brands (Victoria's Secret, PINK), Marks & Spencer, Fast Retailing (UNIQLO, GU) and H&M;
- **Sweater**: Fast Retailing (UNIQLO, GU), Marks & Spencer, Gap and Abercrombie & Fitch; and
- **Sportswear and Outdoor Apparel**: Under Armour, VF (The North Face) and PUMA.

Our Multi-country Manufacturing Platform

We currently have 20 self-operating manufacturing facilities spanning across five countries. As of June 30, 2017, we operated six manufacturing facilities in China with an aggregate GFA of 484,777 sq.m. for lifestyle wear, denim, intimate and sweater products, four manufacturing facilities in Vietnam with an aggregate GFA of 419,685 sq.m. for lifestyle wear, intimate, sweater and sportswear and outdoor apparel products, four manufacturing facilities in Cambodia with an aggregate GFA of 161,653 sq.m. for lifestyle wear, denim, intimate and sportswear and outdoor apparel products, four manufacturing facilities in Bangladesh with an aggregate GFA of 105,456 sq.m. for lifestyle wear, intimate and sweater products, and two manufacturing facilities in Sri Lanka with an aggregate GFA of 83,718 sq.m. for lifestyle wear and intimate products.

OUR COMPETITIVE STRENGTHS

- Pre-eminent global apparel manufacturer with diversified product portfolio
- Differentiated value-add driven co-creation business model
- Strategic partnerships with the world's leading apparel brands
- Multi-country manufacturing platform supported by efficient manufacturing and supply chain management
- Track record in integrating new businesses
- Genuine focus on sustainability
- Visionary, experienced and dedicated management team with a focus on human capital

OUR DEVELOPMENT STRATEGIES

- Continue to focus on our co-creation business model to improve our growth and profitability
- Further strengthen our existing product categories as well as new product categories
- Continue to focus on expansion into sportswear and outdoor apparel category
- Expansion of manufacturing facilities internationally to capture organic and consolidation growth
- Upstream vertical expansion by expanding into fabric production to capture further value
- Focus and dedication on human capital, sustainability and environmental consciousness

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, as well as our unaudited consolidated financial information as of and for the six months ended June 30, 2016, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary below should be read in conjunction with the consolidated financial information in Appendix I.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary, for the Track Record Period, of our consolidated results of operations. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Revenue	1,700,714	1,688,458	1,763,392	830,047	1,027,463
Cost of sales	(1,413,701)	(1,396,778)	(1,407,730)	(678,648)	(822,528)
Gross profit	**287,013**	**291,680**	**355,662**	**151,399**	**204,935**
Other income	23,581	5,127	20,844	11,652	3,287
Selling and distribution expenses	(42,009)	(33,416)	(32,076)	(14,907)	(16,579)
Administrative and other expenses	(160,946)	(182,530)	(196,101)	(84,567)	(101,087)
Finance costs	(5,895)	(5,537)	(4,853)	(2,380)	(7,765)
Loss on fair value changes and disposals of held-for-trading investments	(4,555)	(1,357)	—	—	—
Share of results of an associate	(218)	(431)	1,304	145	(677)
Share of results of joint ventures	(2)	—	—	—	—
Gain on derecognition of joint ventures	—	6,323	—	—	—
Profit before tax	**96,969**	**79,859**	**144,780**	**61,342**	**82,114**
Income tax expense	(15,166)	(11,574)	(21,128)	(8,675)	(12,884)
Profit for the year/period	**81,803**	**68,285**	**123,652**	**52,667**	**69,230**

Our total revenue decreased by 0.7% from US$1,700.7 million in 2014 to US$1,688.5 million in 2015, and increased by 4.4% to US$1,763.4 million in 2016. Our total revenue increased by 23.8% from US$830.0 million in the six months ended June 30, 2016 to US$1,027.5 million in the same period in 2017. During the Track Record Period, we had encountered a change in the purchasing model of a U.K. customer, which, to some extent, affected our revenue generated from lifestyle wear, intimate and sweater products. During the Track Record Period, we strategically declined certain unprofitable orders under the different purchasing model and proactively reduced our adverse exposure to such customer-initiated change. For details on the U.K. Customer Purchasing Adjustment, please see "— Factors Affecting Our Financial Condition and Results of Operations — Our Relationships with Key Customers." Our profit for the year decreased from US$81.8 million in 2014 to US$68.3 million in 2015, but later increased to US$123.7 million in 2016. Our profit for the period increased from US$52.7 million in the six months ended June 30, 2016 to US$69.2 million in the same period in 2017. Our net margin decreased from 4.8% in 2014 to 4.0% in 2015, but later increased to 7.0% in 2016. Our net margin increased from 6.3% in the six months ended June 30, 2016 to 6.7% in the same period in 2017. For discussion on changes in profit for the year and net margin, please see "Financial Information — Period to Period Comparison of Results of Operation."

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Assets					
Non-current assets	433,647	493,104	702,146	740,785	757,087
Current assets	798,446	580,760	658,677	692,554	708,435
Total assets	**1,232,093**	**1,073,864**	**1,360,823**	**1,433,339**	**1,465,522**
Total equity	**539,868**	**531,960**	**308,229**	**313,771**	**346,430**
Liabilities					
Non-current liabilities	25,354	36,536	77,837	72,588	67,665
Current liabilities	666,871	505,368	974,757	1,046,980	1,051,427
Total liabilities	**692,225**	**541,904**	**1,052,594**	**1,119,568**	**1,119,092**
Net current assets (liabilities)	**131,575**	**75,392**	**(316,080)**	**(354,426)**	**(342,992)**
Total assets less current liabilities	**565,222**	**568,496**	**386,066**	**386,359**	**414,095**

We recorded net current liabilities of US$316.1 million, US$354.4 million and US$343.0 million as of December 31, 2016, June 30, 2017 and August 31, 2017, respectively. Our net current liabilities position as of December 31, 2016, primarily reflected (i) an increase in trade, bills and other payables, resulting from an increase in trade payables to raw material suppliers attributable to sales growth and an increase in payables attributable to the acquisition of Vista; (ii) an increase in amount due to our ultimate holding company of US$98.0 million, for the funding of capital expenditure for the first half of 2017, including the purchases of property, plant and equipment in relation to certain manufacturing facilities; and (iii) an increase in bank borrowings to finance the acquisition of Vista for a consideration of US$190.1 million and part of the payment of an interim dividend of US$349.2 million. We recorded the amount due to our ultimate holding company and the bank borrowings as current liability in accordance with IFRS because they are repayable on demand. Our net current liabilities increased from US$316.1 million as of December 31, 2016 to US$354.4 million as of June 30, 2017, primarily due to an increase in bank borrowings, resulting from the new bank borrowing raised to finance the net amount of repayment of amount due to ultimate holding company of US$118.6 million and our capital expenditure in the first half of 2017, partially offset by (i) a decrease in amount due to ultimate holding company, resulting from the repayment of such amount; and (ii) an increase in trade, bills and other receivables resulting from an increase in trade receivables from our top customers due to increases in sales revenue. We expect to be in a net current asset position upon Listing. For details, please see "Financial Information — Working Capital."

In December 2016, we acquired a Singapore-based sports apparel manufacturer, Vista, for a consideration of US$190.1 million. The amount of goodwill arising as a result of the acquisition was approximately US$74.9 million as of the date of the acquisition. The fair value of the net tangible assets and intangible assets, including customer relationship and brand name, as of the date of the acquisition was US$9.7 million and US$105.5 million, respectively. As of June 30, 2017, we recorded goodwill, net tangible assets and intangible assets of US$74.9 million, US$11.8 million and US$103.1 million from our acquisition of Vista in December 2016, accounting for 5.2%, 0.8% and 7.2%, respectively, of our total assets. If our goodwill and intangible assets are impaired, or there is any change in the assumptions used in the impairment testing of our goodwill and intangible assets, our total assets, net assets and total profit would be impacted. For details, please see "Financial Information — Analysis of Selected Items in Consolidated Statements of Financial Position — Goodwill and Intangible Assets" and "Risk Factors — We have recognized a large amount of goodwill and intangible assets. If our goodwill and intangible assets were determined to be impaired, it would adversely affect our results of operations and financial position."

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Net cash from operating activities	79,895	108,825	198,787	45,241	22,546
Net cash used in investing activities	(96,394)	(38,184)	(133,048)	(43,691)	(60,989)
Net cash from (used in) financing activities	94,626	(150,724)	(35,092)	(8,165)	5,835
Net increase (decrease) in cash and cash equivalents	78,127	(80,083)	30,647	(6,615)	(32,608)
Cash and cash equivalents at beginning of the year/period	123,504	196,462	114,723	114,723	144,101
Effect of foreign exchange rate changes	(5,169)	(1,656)	(1,269)	1,235	(2,454)
Cash and cash equivalents at end of the year/period	**196,462**	**114,723**	**144,101**	**109,343**	**109,039**

MAJOR FINANCIAL RATIOS

The following table sets forth certain of our major financial ratios for the periods or as of the dates indicated.

	Year ended/As of December 31,			Six months ended/ As of June 30,	
	2014	2015	2016	2016	2017
Profitability:					
Gross margin	16.9%	17.3%	20.2%	18.2%	19.9%
Net profit margin	4.8%	4.0%	7.0%	6.3%	6.7%
Rates of return:					
Return on assets	6.6%	6.4%	9.1%	N/A	N/A(1)
Return on equity	15.2%	12.8%	40.1%	N/A	N/A(1)
Liquidity:					
Net debt to equity ratio	17.3%	18.3%	106.4%	N/A	180.1%
Current ratio	1.2	1.1	0.7	N/A	0.7
Quick ratio	0.9	0.8	0.5	N/A	0.4

Note:

(1) This semi-annual number is not meaningful as it is not comparable to the annual numbers.

Our net debt to equity ratio increased significantly from 18.3% as of December 31, 2015 to 106.4% and 180.1% as of December 31, 2016 and June 30, 2017, respectively, primarily because we incurred additional bank borrowings to finance the acquisition of Vista of US$190.1 million, part of the interim dividend of US$349.2 million, and the net amount of repayment of amount due to ultimate holding company of US$118.6 million, which was used to finance the capital expenditure for the expansion of our manufacturing facilities. For details, please see "Financial Information — Major Financial Ratios".

Our financial performance is, to some extent, impacted by how our customers purchase products and services from us and the corresponding changes in pricing arrangements. During the Track Record Period, as part of its corporate strategies, a customer in the United Kingdom adopted a different purchasing model (the "**U.K. Customer Purchasing Adjustment**"). Prior to the purchasing model adjustment, we primarily provided full supply chain services, including design, manufacturing, transportation, exportation and warehousing of products. Under the adjusted purchasing model, suppliers, like our Company, continue to develop and manufacture products and transport products to customer-designated delivery points, while reducing or discontinuing certain services related to the design and logistics elements for which suppliers are no longer compensated under the adjusted model. For details, please see "Financial Information — Factors Affecting Our Financial Condition and Results of Operations — Our Relationship with Key Customers." While we continued to provide parts of the design and logistics services during the Track Record Period in order to assist this customer in their transition to the different purchasing model, we strategically decreased or declined the unprofitable or low-margin purchase orders from this customer, therefore proactively reducing our adverse exposure to this customer-initiated adjustment. As a result of the different purchasing model, the average selling price of products sold to this customer as well as revenue generated from this customer decreased over the Track Record Period.

The following table sets forth a breakdown of our sales volume, average selling price, gross profit and gross profit margin by product category for the periods indicated, separately identifying the impact of the U.K. Customer Purchasing Adjustment.

	Year ended December 31,												Six months ended June 30,							
	2014				2015				2016				2016				2017			
	Sales Volume	Average Selling Price	Gross Profit	Gross Profit Margin	Sales Volume	Average Selling Price	Gross Profit	Gross Profit Margin	Sales Volume	Average Selling Price	Gross Profit	Gross Profit Margin	Sales Volume	Average Selling Price	Gross Profit	Gross Profit Margin	Sales Volume	Average Selling Price	Gross Profit	Gross Profit Margin
	'000 pieces	*US$*	*US$'000*	*(%)*	*'000 pieces*	*US$*	*US$'000*	*(%)*	*'000 pieces*	*US$*	*US$'000*	*(%)*	*'000 pieces*	*US$*	*US$'000*	*(%)*	*'000 pieces*	*US$*	*US$'000*	*(%)*
														(Unaudited)						
Lifestyle Wear	136,958	4.7	121,060	19.0%	144,498	4.5	128,357	19.8%	167,425	4.2	139,886	20.0%	90,772	4.0	66,921	18.3%	104,196	3.7	75,846	19.7%
Denim	39,710	8.4	46,541	14.0%	49,722	8.6	61,484	14.4%	55,877	8.7	85,585	17.7%	25,521	8.5	36,105	16.6%	29,798	8.7	49,855	19.1%
Intimate	48,942	3.0	22,568	15.3%	56,482	2.8	34,436	21.5%	70,314	3.2	48,127	21.3%	29,603	3.1	16,521	18.3%	40,577	3.7	34,319	22.6%
Sweater	31,462	9.0	33,369	11.8%	25,456	9.4	20,219	8.4%	21,431	9.1	47,367	24.2%	7,981	9.1	15,130	20.9%	7,131	8.5	12,492	20.7%
Sportswear and Outdoor Apparel[(1)]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12,940	7.6	17,693	18.0%
A U.K. Customer	48,760	6.0	57,387	19.5%	44,105	4.5	37,464	18.8%	33,028	4.3	25,157	17.6%	18,509	4.2	12,311	15.9%	15,893	4.1	9,751	14.9%
Others[(2)]	—	—	6,088	97.3%	—	—	9,720	77.9%	—	—	9,540	71.1%	—	—	4,411	70.2%	—	—	4,979	74.8%
Total	**305,832**	**5.5**	**287,013**	**16.9%**	**320,263**	**5.2**	**291,680**	**17.3%**	**348,075**	**5.0**	**355,662**	**20.2%**	**172,386**	**4.8**	**151,399**	**18.2%**	**210,535**	**4.8**	**204,935**	**19.9%**
Total (excluding a U.K. customer)	**257,072**	**5.4**			**276,158**	**5.3**			**315,047**	**5.1**			**153,877**	**4.9**			**194,642**	**4.9**		

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

Our revenue decreased by 0.7% from 2014 to 2015, primarily due to an adjustment in the purchasing model with a U.K. customer. Our revenue increased by 4.4% from 2015 to 2016, primarily due to the increased sales orders in lifestyle wear, denim and intimate from our existing customers as a result of our co-creation capabilities. Our revenue increased by 23.8% in the six months ended June 30, 2016 to the same period in 2017, primarily due to (i) the increased sales orders in lifestyle wear, denim and intimate as a result of our co-creation and cross-selling capabilities (ii) our enhanced customer penetration as a result of supplier consolidation of our customers, and (iii) the inorganic growth arising from the acquisition of Vista. Our overall gross profit margin increased from 16.9% in 2014 to 17.3% in 2015, primarily due to the growth in profit margin of denim and intimate products, partially offset by a decrease in profit margin of sweater products. Our overall gross profit margin increased from 17.3% in 2015 to 20.2% in 2016, and also increased from 18.2% in the six months ended June 30, 2016 to 19.9% in the same period in 2017, primarily due to the following equally important reasons being (i) the increased contribution of higher profit margin products over the Track Record Period, such as wireless bras which were developed through our co-creation services; (ii) the reduced cost of sales as a percentage of our revenue due to migration of production from China to regions with lower staff and production costs, such as Vietnam and Bangladesh, and economies of scale; and (iii) the optimization of our customer and product portfolio with a focus on higher margin orders.

OUR SHAREHOLDING STRUCTURE

Immediately upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Lo and Mrs. Lo will indirectly, through CGL, own approximately 80.67% of our enlarged issued share capital of our Company (assuming that the Over-allotment Option is not exercised). Accordingly, Mr. Lo, Mrs. Lo and CGL will be a group of Controlling Shareholders.

We implemented Share Award Scheme A in December 2016, pursuant to which CGL transferred a total of 128 Shares (representing 24,606,720 Shares after Re-denomination Issue and approximately 0.87% of our enlarged issued share capital (assuming that the Over-allotment Option is not exercised)) to eight members of our senior management team (including three executive Directors) for nil consideration. We have also adopted Share Award Scheme B in April 2017 in order to recognize our existing or past executives, consultants or officers for their past service and contribution to our Group. Upon completion of the Global Offering, the Trustee will hold 13,062,000 Shares, representing approximately 0.46% of our enlarged issued share capital (assuming that the Over-allotment Option is not exercised), on behalf of 93 of our executives. The principal terms of the Share Award Scheme B are summarized in "Appendix IV — Statutory and General Information — D. Share Award Scheme — 1. Share Award Scheme B".

RECENT DEVELOPMENTS

Set forth below are recent developments on our financial condition after June 30, 2017, which is the end of the Track Record Period, prepared based on the unaudited consolidated financial information of the Group for the eight months ended August 31, 2017, which have been reviewed by our reporting accountants in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board:

- Our revenue increased from US$321.0 million for the two months ended August 31, 2016 to US$410.3 million for the same period in 2017 at a period-on-period growth rate of 27.8%. Our revenue growth after the Track Record Period was partly contributed by the inorganic growth arising from the acquisition of Vista, with Vista contributing US$35.0 million in revenue in the two months ended August 31, 2017. Excluding the impact of Vista, our revenue increased from US$321.0 million for the two months ended August 31, 2016 to US$375.3 million for the same period in 2017 at a period-on-period growth rate of 16.9%, primarily due to the increase in sales volume across all segments attributable to the continued expansion of our business with the existing customers.

- Our gross profit margin decreased from 21.3% for the two months ended August 31, 2016 to 20.6% for the same period in 2017. The gross profit margin of Vista was 20.5% for the two months ended August 31, 2017. Excluding the impact of Vista, our gross profit margin decreased from 21.3% for the two months ended August 31, 2016 to 20.6% for the same period in 2017, primarily due to the lower margin for our sweater products for the two months ended August 31, 2017.

After due and careful consideration, our Directors confirm that up to the date of this prospectus, there has been no material adverse change in our financial and trading position since June 30, 2017, and there is no event since June 30, 2017 which would materially affect the audited financial information as set out in Appendix I to this prospectus.

LISTING EXPENSE INCURRED AND TO BE INCURRED

During the Track Record Period, we incurred listing expenses of approximately US$0.7 million and US$2.2 million, respectively, which was recognized as administrative and other expenses in our consolidated statements of profit or loss and other comprehensive income for 2016 and the six months ended June 30, 2017, respectively. We expect to incur additional listing expenses of approximately US$23.8 million after the Track Record Period, of which US$4.4 million is expected to be recognized as administrative and other expenses in the second half of 2017 and US$19.4 million is expected to be recognized as a deduction in equity directly. Our Directors do not expect such expenses to have a material and adverse impact on our financial results in 2017.

OFFERING STATISTICS

Offer Size:	Initially 18.00% of the enlarged issued share capital of our Company
Offering Structure:	Initially 10% for the Hong Kong Public Offering (subject to adjustment) and 90% for the International Offering (subject to adjustment and the Over-allotment Option)
Over-allotment Option:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share:	HK$7.30 to HK$8.80 per Offer Share

	Based on an Offer Price of HK$7.30 per Offer Share	**Based on an Offer Price of HK$8.80 per Offer Share**
Our Company's capitalization upon completion of the Global Offering(1)(2) . . .	HK$20,653 million	HK$24,897 million
Unaudited pro forma adjusted consolidated net tangible asset per Share(3).	HK$1.64	HK$1.90

Notes:

(1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 2,829,242,000 Shares expected to be in issue and outstanding immediately upon completion of the Re-denomination Issue and the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II "Unaudited Pro Forma Financial Information" in this prospectus and on the basis of 2,816,180,000 Shares are issued and outstanding immediately upon completion of the Re-denomination Issue and the Global Offering, without taken into account any Award Shares granted or may be granted under Share Award Scheme B.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$8.05 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$3,892.0 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes.

- Approximately HK$1,751.4 million (approximately 45% of our total estimated net proceeds) is intended to be used for funding capital expenditures in connection with the expansion of manufacturing capacity;

- Approximately HK$778.4 million (approximately 20% of our total estimated net proceeds) is intended to be used for the upstream vertical expansion into fabric production in Asia; we plan to construct fabric mills in Bangladesh to produce fabrics to be used in our lifestyle wear and sportswear and outdoor apparel production. In addition, we intend to expand into fabric production in other locations where we currently have manufacturing facilities such as Vietnam. Once we identify a location, we will look for suitable land and undertake appropriate planning permissions before we commence construction. We expect that our fabric production facilities will commence operation approximately two years after the initial investment. Please see the section headed "Future Plans and Use of Proceeds" in this prospectus for further details;

- Approximately HK$973.0 million (approximately 25% of our total estimated net proceeds) is intended to be used for repaying Vista related loans; and

- Approximately HK$389.2 million (approximately 10% of our total estimated net proceeds) is intended to be used for our working capital and general corporate purposes.

For further details, please see the section headed "Future Plans and Use of Proceeds" in this prospectus, for information relating to our future plan and use of proceeds from the Global Offering, including the adjustment on the allocation of the proceeds in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range.

DIVIDENDS

We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant. Subject to the Companies Law and other applicable laws and regulations, we currently target to distribute to our Shareholders no less than 30% of our distributable profits for any particular year. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. During the Track Record Period, we declared dividends of US$19.8 million in 2014, US$77.8 million in 2015, US$349.2 million in 2016 and US$64.5 million in the six months ended June 30, 2017, respectively. All declared dividends during the Track Record Period have been fully settled.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our industry and business, (ii) risks relating to doing business in China, (iii) risks relating to doing business in countries other than China and (iv) risks relating to the Global Offering. For example, a substantial portion of our business is derived from a limited number of major customers. Any decrease in our sales to any of them would materially and adversely affect our business, prospects, financial condition and result of operations. A detailed discussion of all the risk factors involved are set forth in "Risk Factors" and you should read the whole section carefully before you decide to invest in the Offer Shares.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Apparel Manufacturing Industry"	the industry of manufacturing apparel for customers, which excludes the apparel manufacturing companies which only manufacture for their own branded operations, as well as the part of manufacturing for own branded operations of certain apparel manufacturing companies whose operations include both manufacturing for own branded operations and contracted manufacturing for third parties
"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
"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time), conditionally adopted with effect from the Listing Date, a summary of which is set out in Appendix III
"ASEAN"	the Association of Southeast Asia Nations, established on August 8, 1967, the member states of which comprise Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
"BDT"	Bangladeshi Taka, the lawful currency of Bangladesh
"Board" or "Board of Directors"	the board of directors of our Company
"Brand Apparel Companies"	companies that sell apparel products under its own brands, including brand holding companies and retailers with private labels, for the purpose of this prospectus
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate, calculated on the basis that each year's growth is compounded
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"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
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCoE"	Customer Centre of Expertise
"CGL"	Crystal Group Limited, a company incorporated in Bermuda and registered by way of continuation in the Cayman Islands on December 29, 2016, one of our Controlling Shareholders
"Chairman"	the chairman of our Board
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"CM Ceylon"	Crystal Martin Ceylon (Private) Limited, a limited liability company incorporated in Sri Lanka on April 2, 1981, and an indirect wholly-owned subsidiary of our Company
"CM Far East"	Crystal Martin (Far East) Limited, formerly known as Martin Emprex (Hong Kong) Limited and Martin Emprex (Far East) Limited, a limited liability company incorporated in Hong Kong on November 19, 1971, and an indirect wholly-owned subsidiary of our Company
"CM Holdings"	Crystal Martin Holdings Limited, a limited liability company originally incorporated in the U.K. on December 28, 1922 as Albert Martin and Company Limited, and an indirect wholly-owned subsidiary of our Company
"CM Hong Kong"	Crystal Martin (Hong Kong) Limited, previously known as Martin Emprex (Hong Kong) Limited, a limited liability incorporated in Hong Kong on November 16, 1982, and an indirect wholly-owned subsidiary of our Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented 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 or supplemented from time to time

"Company", "our Company"	Crystal International Group Limited (formerly known as Crystal International Limited), a company incorporated in Bermuda with limited liability on January 4, 1993 and registered by way of continuation in the Cayman Islands as an exempted company on December 29, 2016, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
"Controlling Shareholders"	collectively refers to Mr. Lo, Mrs. Lo and CGL, as a group of Controlling Shareholders
"Crystal Crown"	Crystal Crown Limited, a limited liability company incorporated in Bermuda on July 25, 2003, and a direct wholly-owned subsidiary of our Company
"Crystal Knitters"	Crystal Knitters Limited, a limited liability company incorporated in Hong Kong on November 10, 1970, and a direct wholly-owned subsidiary of our Company
"Crystal Martins"	Crystal Martins Limited, a limited liability company incorporated in Bermuda on November 1, 2000, and a direct wholly-owned subsidiary of our Company
"Crystal Master"	Crystal Master Limited, a limited liability company incorporated in Bermuda on January 11, 2011, and a direct wholly-owned subsidiary of our Company
"Crystal Peak"	Crystal Peak International Limited, a limited liability company incorporated in the BVI on July 1, 2010, and a direct wholly-owned subsidiary of our Company
"Crystal Textiles"	Crystal Textiles (Bermuda) Limited (formerly known as Crystal Holdings Limited), a limited liability company incorporated in Bermuda on May 31, 1984, and a direct wholly-owned subsidiary of our Company
"Crystal Trading"	Crystal Trading Limited, a limited liability company incorporated in Bermuda on September 30, 1986, and a direct wholly-owned subsidiary of our Company
"Deed of Non-Competition"	a deed of non-competition dated October 6, 2017 entered into by Mr. Lo, Mrs. Lo and our Company, particulars of which are summarized in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Deed of Undertaking"	a deed of undertaking dated October 6, 2017 entered into by CGL in favor of our Company, particulars of which are summarized in the section headed "Relationship with Controlling Shareholders" in this prospectus

"Director(s)"	the director(s) of our Company
"Dongguan Crystal"	Dongguan Crystal Knitting & Garment Co., Ltd. (東莞晶苑毛織製衣有限公司), a limited liability company incorporated in the PRC on July 16, 1993, and an indirect wholly-owned subsidiary of our Company
"Dongguan Lianfeng"	Dongguan Lianfeng Enterprise Management and Consulting Services Limited (東莞聯豐企業管理諮詢服務有限公司), a limited liability company incorporated in the PRC on January 19, 2008, and an indirect wholly-owned subsidiary of our Company
"Dongguan Yeji"	Dongguan Yeji Industrial Co., Ltd. (東莞業基工業有限公司), a limited liability company incorporated in the PRC on October 19, 2004, and an indirect wholly-owned subsidiary of our Company
"EU"	the European Union
"Euro"	the lawful currency of the Eurozone
"Euromonitor"	Euromonitor International Limited, the industry consultant
"Fortune Joy"	Fortune Joy Investment Limited, a limited liability company incorporated in the British Virgin Islands on October 13, 2008, and an indirect wholly-owned subsidiary of our Company
"GBP"	British pounds, the lawful currency of the United Kingdom
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Hang Seng Bank"	Hang Seng Bank Ltd., a banking and financial services company incorporated in Hong Kong
"HKAEE"	Hong Kong Association of Energy Engineers (香港能源工程師學會)
"HKCSS"	Hong Kong Council of Social Services (香港社會服務聯會)

"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKPC"	Hong Kong Productivity Council (香港生產力促進局)
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 50,930,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 20, 2017, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and our Company as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"IFRS"	International Financial Reporting Standards
"independent third party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules

"International Offer Shares"	the 458,370,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to adjustments as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering"
"International Underwriters"	the group of underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Joint Global Coordinators, the International Underwriters and our Company on or about October 27, 2017, as further described in the section headed "Underwriting — The International Offering" in this prospectus
"Jeanologia"	Jeanologia S.L., a European-based company specializing in denim sustainable production technologies
"Jingli Changzhou"	Jingli (Chang Zhou) Apparel Limited (晶勵(常州)服裝有限公司), formerly known as Jingli (Jintan) Apparel Limited (晶勵(金壇)服裝有限公司), a limited liability company incorporated in the PRC on April 18, 2000, and an indirect wholly-owned subsidiary of our Company
"Joint Bookrunners" and "Joint Lead Managers"	Morgan Stanley Asia Limited, The Hongkong and Shanghai Banking Corporation Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering) and Citigroup Global Markets Limited (in relation to the International Offering)
"Joint Global Coordinators"	Morgan Stanley Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Citigroup Global Markets Asia Limited
"Joint Sponsors"	Morgan Stanley Asia Limited and HSBC Corporate Finance (Hong Kong) Limited

"King Jumbo"	King Jumbo Investment Limited, a limited liability company incorporated in the British Virgin Islands on October 10, 2007, and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	October 14, 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about November 3, 2017, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Martin Emprex"	Martin Emprex Textiles (Zhongshan China) Ltd. (英商馬田紡織品(中國-中山)有限公司), a limited liability company incorporated in the PRC on July 6, 1992, and an indirect wholly-owned subsidiary of our Company
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company (as amended from time to time), conditionally adopted with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
"Mirror Post"	The Mirror Post Cultural Enterprises Co., Ltd., a cultural service company incorporated in Hong Kong
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部)

"Mr. Andrew Lo"	Mr. Lo Ching Leung Andrew (羅正亮), an executive Director of the Company and son of Mr. Lo and Mrs. Lo
"Mr. Howard Lo"	Mr. Lo Howard Ching Ho (羅正豪), a senior management member of the Company and son of Mr. Lo and Mrs. Lo
"Mr. Lo"	Mr. Lo Lok Fung Kenneth (羅樂風), an executive Director and one of our Controlling Shareholders, the spouse of Mrs. Lo
"Mrs. Lo"	Mrs. Lo Choy Yuk Ching Yvonne (羅蔡玉清), an executive Director and one of our Controlling Shareholders, the spouse of Mr. Lo
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$8.80 and expected to be not less than HK$7.30, at which Hong Kong Offer Shares are to be subscribed and to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 76,395,000 additional Shares at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this Prospectus
"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Adviser"	Jingtian & Gongcheng, the legal adviser to our Company as to the laws of the PRC

"Price Determination Agreement"	the agreement to be entered into by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about October 27, 2017, on which the Offer Price will be determined, or such later time as the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event, not later than November 1, 2017
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Re-denomination Issue"	the re-denomination issue referred to in the paragraph headed "Statutory and General Information — A. Further Information About Our Group — 3. Resolution in Writing of the Shareholders of Our Company Passed on October 6, 2017" in Appendix IV to this prospectus
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SGS"	SGS Hong Kong Ltd., an inspection, verification, testing and certification company incorporated in Hong Kong
"Share Award Scheme A"	the share award scheme adopted in December 2016 for the Company's senior management team

"Share Award Scheme B"	the share award scheme adopted in April 2017, the principal terms of which are set out in "Statutory and General Information — D. Share Award Scheme — 1. Share Award Scheme B" in Appendix IV
"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary shares in the capital of our Company with nominal value of HK$0.01 each
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stabilizing Manager"	Morgan Stanley Asia Limited or any of its affiliates or any persons acting for it
"Stock Borrowing Agreement"	the agreement expected to be entered into on or about the Price Determination Date between CGL as lender and Morgan Stanley & Co. International plc as borrower, pursuant to which CGL shall, upon request, make available to Morgan Stanley & Co. International plc up to 76,395,000 Shares to cover, *inter alia*, over-allocations in the International Offering
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan"	the island of Taiwan and other areas under the effective control of the government of the Republic of China
"Track Record Period"	the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.K." or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"U.S." or "United States"	the United States of America
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"Vista"	Vista Corp Holdings Limited and its subsidiaries

"VND"	Vietnamese Dong, the lawful currency of Vietnam
"**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** **https://www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"WTO"	World Trade Organization
"Zhongshan Fufeng"	Zhongshan Fufeng Enterprise Management and Consulting Services Limited (中山富豐企業管理諮詢服務有限公司), a limited liability company incorporated in the PRC on November 2, 2010, and an indirect wholly-owned subsidiary of our Company
"Zhongshan Lifeng"	Zhongshan Lifeng Enterprise Management and Consulting Services Limited (中山利豐企業管理諮詢服務有限公司), a limited liability company incorporated in the PRC on May 27, 2016, and an indirect wholly-owned subsidiary of our Company
"Zhongshan Wema"	Zhongshan Wema Textiles Limited (中山威馬紡織品有限公司), a limited liability company incorporated in the PRC on May 27, 2016, and an indirect wholly-owned subsidiary of our Company
"Zhongshan Yida"	Zhongshan Yida Apparel Limited (中山益達服裝有限公司), a limited liability company incorporated in the PRC on December 4, 2003, and an indirect wholly-owned subsidiary of our Company
"%"	per cent

In this prospectus, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names (as appropriate) shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

This glossary of technical terms contains terms used in this prospectus in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms.

"3D"	3 dimensions
"AAIR"	AGV (Automated Guided Vehicle), ASRS (Automated Storage & Retrieval System), IPS (Intelligent Packaging System), RFID scanning gate (Radio-Frequency Identification)
"AGV"	automated guided vehicle to move materials around the production floor or warehouse
"ASRS"	automated storage & retrieval system
"BME"	bio-morphologic evolution, a new type of polyurethane printed onto garments to provide compressions to the wearers to improve blood flow and encapsulate muscle groups optimize their performance while protecting against injuries
"bottom wear"	garments that are worn on the lower part of the body including shorts, trousers and skirts, excluding jeans
"CFIR"	customer final inspection pass rate
"denim jeans"	includes pants made of denim, comprising of all lengths
"ECG"	electrocardiography, the process of recording the electrical activity of the heart over a period of time using electrodes placed on the skin
"FOB"	free on board, which means that the seller pays for transportation of the goods to the port of shipment as well as loading costs; the buyer pays cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination; and the passing of risks occurs when the goods are loaded on board at the port of shipment
"GRI"	global reporting initiative
"HIBOR"	Hong Kong Interbank Offered Rate
"laser"	a device for, a technology of, or light itself emitted through, a process of optical amplification based on the simulated emission of electromagnetic radiation

"LED"	light-emitting diode, a two-lead semiconductor light source
"LIBOR"	London Interbank Offered Rate
"linen"	a textile made from the fibers of the flax plant
"IPS"	intelligent packaging system
"ISO"	acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-governmental organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
"jackets and coats"	sleeved garments for the upper body that worn as an outer layer of clothing. Jackets are usually hip or waist length whereas coats can be calf-length
"loungewear"	includes all clothes designed to be worn indoors/in bed including pyjama separates and sets, and robes
"MES system"	manufacturing execution systems
"OEM"	an original equipment manufacturer, which refers to a company that manufactures a product in accordance with its customer's designs which ultimately will be branded by its customer for sale
"other apparel"	mainly includes baby and toddler wear, dresses, suits, swimwear, accessories and hosiery
"pieces"	units of our apparel products, except for the case of panties, where several pieces may be sold as one piece per customers' specification
"R&D"	research and development
"RFID"	radio-frequency identification technology system
"SAP ERP system"	the SAP ERP system, an enterprise resource planning software developed by the German company SAP SE
"sEMG"	surface electromyography, a diagnostic procedure to assess the health of muscles and the nerve cells that control them (motor neurons)
"sportswear and outdoor apparel"	includes clothing usually worn for sports and outdoor activities

"sweater"	knitted garments that cover the upper body or below, traditionally made from wool or cashmere but can now be made of cotton and synthetic fibers; major products include pullovers and cardigans
"top wear"	all garments for the upper body exclusive of jackets and coats and sweater. Major products include shirts, blouses, T-shorts, polo shirts, tank tops and sweatshirts
"underwear"	includes all items worn next to the skin and under other clothes, mostly including briefs, boxers, bras and lingerie sets
"UTM"	unified threat management
"VMI"	vendor-managed inventory

This prospectus contains certain forward-looking statements and information relating to our Company 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”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to the Group 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 our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to 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 the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate and consider the following risks associated with an investment in our Company before making any investment decision in relation to our Company. Any of the following risks may materially and adversely affect our business, financial condition or results of operations, or otherwise cause a decrease in the trading price of the Offer Shares and cause you to lose part or all of the value of your investment in the Offer Shares.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

A substantial portion of our business is derived from a limited number of major customers. Any decrease in our sales to any of them would materially and adversely affect our business, prospects, financial condition and results of operations.

A majority of our revenue is derived from a limited number of customers. In 2014, 2015, 2016 and the six months ended June 30, 2017, sales to our largest customer accounted for 33.0%, 34.1%, 36.2% and 33.0% of our revenue, respectively, while sales to our five largest customers accounted for 72.5%, 70.3%, 69.7% and 61.1% of our revenue, respectively.

Our concentration on a few significant customers exposes us to the risks of substantial losses if any of them stops engaging in businesses with us or significantly reduces orders to us. Specifically, any of the following events, among others, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our business, financial condition and results of operations:

- the reduction, delay or cancelation of purchase orders from one or more of our significant customers;
- the reduction in the selling price of our products;
- the rejection of products manufactured by us from one or more of our significant customers due to manufacturing defects or other reasons;
- the decision by one or more of our significant customers, to select our competitors to supply products;
- the loss of one or more of our significant customers, and our failure to identify and obtain new orders to replace the lost sales volume at satisfactory pricing or other terms; or
- the failure or inability of any of our significant customers to make timely payment for our products.

We anticipate that our dependence on a limited number of high-quality customers will continue for the foreseeable future. We cannot assure you that our customer relationships will continue to develop or if these customers will continue to generate significant revenue for us in the future. Any failure to maintain our existing customer relationships or to expand our customer base will materially and adversely affect our results of operations and financial condition.

We do not have long-term purchase commitments from our customers, which may subject us to uncertainty and revenue volatility from period to period.

We do not have long-term purchase commitments from our customers. Our customers' purchases are made on a purchase order basis, and it is difficult to forecast quantities of future purchase orders. Although most of our customers provide us with forecasts showing the expected overall volume of products they expect to order from us during the specified period covered by the forecast, these order forecasts are non-binding and we are subject to reduce lead-times in customer orders as customers may cancel or defer their orders or change the size or timing of their orders on short notice. We cannot assure you that the production volume or our customers' purchase orders will be consistent with our expectation when we plan for our expenditures. Cancelations, reductions or postponements of purchase orders by a major customer or by a group of customers could adversely affect business, financial condition and our results of operations.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, raw material procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products reduce our ability to estimate accurately future customer requirements. On occasion, customers may require rapid increases in production, which can strain our resources. Although we have increased our manufacturing capacity and have planned further expansion, we may not have sufficient capacity at any given time to meet our customers' demands. Although many of our costs and operating expenses are relatively flexible, a reduction in customer demand could still negatively impact our gross margin and results of operations.

Our success depends on our customers' ability to market and sell their products developed and manufactured by us.

All of our customers are Brand Apparel Companies. Consequently, our business and results of operations are directly affected by the demands for our customers' products. If the sales of our major customers' products manufactured by us decrease or do not grow as we expect, our customers may decrease the quantity or purchase price of their purchase orders, which could materially and adversely affect our business, financial condition and results of operations.

Our results of operations could be adversely affected if we fail to keep pace with customer demands and preferences for product design, research and development and manufacturing of our products.

We develop and manufacture lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel primarily for globally leading Brand Apparel Companies. The apparel market is affected by rapid changing fashion trend, market direction and consumer preferences as well as changes in consumers' spending patterns, which are often difficult to predict. Consequently, our success depends on our ability to identify these factors accurately and take them into account during our product planning and manufacturing process. This requires a combination of various elements, including, but not limited to, accurate analysis and prediction of market trends, timely collection of consumer feedback, strong research and development capability and flexible and cost-effective product production. If we are unable to anticipate, identify or timely react to changing consumer preferences or market trends or if we misjudge the market for our products, the growth and success of our business could be materially and adversely affected, potentially resulting in significant decreases in sales. Specifically, any of the following events, among others, may have a material and adverse effect on our business, financial condition and results of operations:

- failure to remain competitive in our product design, research and development capabilities;
- failure to maintain short cycles for product design, research and development while meeting evolving industry production standards;
- inability to maintain the high-quality of our manufacturing;
- failure to maintain our efficient and cost-effective production operation;
- inability to distribute our products in a timely and efficient manner in response to customer demand; or
- failure to recruit or train sufficient research and development employees.

Our financial performance and results of operations could be adversely affected by global trade policies and trade protection measures.

The apparel manufacturing business is global in nature. Sales to our customers may be affected by adverse changes and developments in global trade policies and trade protection measures, such as the imposition of new trade barriers, sanctions, boycotts and other measures, which are beyond our control. The impact of bilateral or multilateral agreements intended to liberalize global trade could significantly affect apparel manufacturers such as our Company. WTO member nations phased out textile and apparel quotas as of January 1, 2005. Apparel manufacturers, including our Company, have consolidated operations, after years of having geographically dispersed operations as a result of the quota system. If new quotas, higher tariffs or other trade barriers are introduced or imposed in place, apparel manufacturers such as our Company may have to slow down the anticipated increase in exports to major markets such as Asia Pacific, the United States and Europe, and other WTO member nations. Our business in foreign markets requires us to respond timely and effectively to rapid changes in global trade policies. Any change described above may have a material adverse effect on our business, growth prospects, financial performance and results of operations.

On March 29, 2017, the United Kingdom gave formal notice of leaving the European Union, or EU. The United Kingdom leaving the EU has created political and economic uncertainty which may last for years. Our business in the United Kingdom and other European countries, and worldwide could be affected during this period of uncertainty, and perhaps longer. There are many ways in which our business could be affected, only some can be identified as of the date of this prospectus. The withdrawal of the United Kingdom from the EU has caused and may continue to cause the possible breakup of the United Kingdom and significant volatility in global financial markets. The volatility could cause a slowdown in economic activity in the United Kingdom, Europe or globally, which could adversely affect our operating results and growth prospects. In addition, our business could be adversely affected by new trade agreements between the United Kingdom and other countries, and by the possible imposition of trade or other regulatory barriers in the United Kingdom. These possible negative impacts, and others resulting from the United Kingdom's actual or threatened withdrawal from the EU, may adversely affect our operating results and growth prospects.

During the recent presidential election in the United States, there was discussion and commentary regarding significant potential changes to United States trade policies, treaties and tariffs, including trade policies and tariffs regarding China. The results of the presidential election have created significant uncertainty about the future relationship between the United States and China, as well as other countries, including with respect to the trade policies, treaties, government regulations and tariffs that could apply to trade between the United States and other nations. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between these nations and the United States. Any of these factors could depress economic activity, restrict our access to customers and have a material adverse effect on our business, financial condition and results of operations and affect our strategy in major markets in the world.

Failure to protect the intellectual property and brands of our customers could harm our business.

Our success depends on our ability to protect the intellectual property and brands of our customers. We cannot assure you that our customers' designs, trademarks, patents and other intellectual property rights that we have access to during the manufacturing process will not be misappropriated despite the stringent precautions that we have taken to protect those rights. As of the Latest Practicable Date, we were not aware of any incident related to failure to protect the intellectual property rights of our customers. In the event that our policies and the precautions we have taken do not adequately safeguard our customers' intellectual property rights, our customers could cease sharing their latest designs of product outlook or other work with us and even reduce or discontinue their purchase orders with us, which would have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in expanding our operations, managing our growth effectively or opening our new facilities in a timely manner.

We have experienced significant growth during the Track Record Period. In order to meet growing customer demand for our products, in the past few years, we have increased our production capacity and output, and expanded, trained and managed our rapidly growing workforce. We are undertaking future expansion projects based on our future business planning.

The success of our future expansion projects depends on a few factors beyond our control, such as the progress of the construction conducted by the third party construction companies, local laws and regulations, government support, including in the form of tax breaks, the continuing availability of low-cost skilled labor and customer demand for our expanded production capacity. In addition, the integration of future expansion projects into our existing operations may be subject to unforeseeable delays, which may, among other things, increase our integration costs, strain our production capacity at other locations, cause delays in delivery of customer orders and decrease our production efficiency. Furthermore, as we expand our business operations in the future organically or by acquisition, we expect to incur additional depreciation and operational expenses. While depreciation and operational expenses remained relatively stable as a percentage of our revenue during the Track Record Period, the expenses can increase as a percentage of our revenue in the future and adversely affect our profitability if we cannot manage our growth effectively. Accordingly, we may not be able to achieve the expansion of our operations or the management of our growth in a timely or cost-effective manner. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies or respond to competitive pressures which could have a material adverse effect on our results of operation and prospects.

We may face labor shortages, increases in staff cost and labor disputes which could adversely affect our growth and results of operations.

Our production activities are labor intensive and dependent on the availability of a large number of skilled and unskilled workers. In 2014, 2015, 2016 and the six months ended June 30, 2017, our staff cost included in cost of sales amounted to US$286.8 million, US$313.0 million, US$309.6 million and US$183.6 million, respectively, representing 16.9%, 18.5%, 17.6% and 17.9% of our revenue, respectively. Shortage of labor, inefficient labor management or any labor disputes may result in disruption of our business operations, which may in turn have a material and adverse effect on our business, prospects, financial condition and results of operations. In particular, if we cannot recruit sufficient or sufficiently trained labor for our additional manufacturing facilities, our expansion plan and production activities may be negatively affected or even interrupted.

In addition, staff costs in regions where we operate have been increasing in recent years and could potentially continue to increase. If staff costs in these regions continue to increase, our production costs will increase. We may not be able to pass on these increased costs to consumers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have an adverse effect on our results of operations.

Our success as a leading apparel manufacturing company depends to a great extent on our research and development capabilities and failure to derive the desired benefits from our product research and development efforts may hurt our competitiveness and profitability.

Our success as a leading apparel manufacturing company is dependent on our ability to develop new products and more efficient production capabilities. We make significant investments in product research and development, in particular, to improve the quality of our products and expand our new product offerings, which we believe are crucial factors for our future growth and prospects. In 2014, 2015, 2016 and the six months ended June 30, 2017, we incurred research and development costs of US$24.4 million, US$29.0 million, US$29.3 million and US$19.9 million, respectively. We cannot assure you that our future product research and development projects will be successful or be completed within the anticipated time frame or budget, or that our newly developed products will achieve wide market acceptance. Even if such products can be successfully commercialized, there is no guarantee that they will be accepted by our customers and achieve anticipated sales target or in a profitable manner.

In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or are more competitively priced. As it is often difficult to project the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we continuously fail in our product launching efforts, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We depend on a stable and adequate supply of quality raw materials which are subject to price volatility and other risks.

In 2014, 2015, 2016 and the six months ended June 30, 2017, our costs of raw materials accounted for 48.6%, 46.9%, 47.6% and 47.7%, respectively, of our revenue over the same periods. As a result, our production volume and production costs depend on our ability to source quality key raw materials at competitive prices. We procure our raw materials mainly from the reputable and large suppliers, many of which are nominated by our customers, and generally do not enter into long-term supply agreements.

If we are unable to obtain raw materials in the quantities, of a quality or at a price that we require, our production volume, quality of products and profit margins may be adversely affected. Raw materials used in our production are subject to price volatility caused by external conditions, such as market supply and demand, commodity price fluctuations, currency fluctuations, fluctuations in transportation costs, changes in governmental policies and natural disasters. The key raw materials of our apparel products include fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories. Market prices of these raw materials would be affected by the cyclicality and volatility of prices for crude oil. There was no significant fluctuation on the prices of our key raw materials during the Track Record Period. However, historically our key raw materials experienced fluctuations.

Therefore, there is no assurance that our raw material cost will not increase significantly in the future. Our ability to pass on increased raw material costs to our customers may be limited by market competitive pressure. We cannot assure you that we will be able to raise the prices of our products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of sufficient supply of qualified raw materials for our production process. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations.

In 2014, 2015, 2016 and the six months ended June 30, 2017, purchases from our five largest suppliers accounted for 32.0%, 32.3%, 30.8% and 26.4% of our total purchases, respectively, while our largest supplier for the same periods accounted for 11.9%, 11.9%, 11.7% and 9.1% of our total purchases, respectively. Although we believe that we have a good working relationship with our key suppliers, if our current key suppliers decide to terminate business relationships with us or if the raw materials supplied by our current suppliers fail to meet our standard, or if our current supplies of raw materials are interrupted for any reason, qualified suppliers may not be readily available and we may not be able to easily switch to other suppliers in a timely fashion, which may materially and adversely affect our business and financial results.

We may not be able to manage our inventory risks effectively.

We may not be able to effectively manage our inventory risks. Our scale and business model require us to manage a large volume of inventory effectively. Although we try to minimize our inventory risk by placing orders with our suppliers after consolidating order received from our customers, our customers may cancel orders with us, and we may not be able to resell those products. In addition, we depend on our demand forecasts for the raw materials to make purchase decisions and to manage our inventories. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we hope to sell it, and as such our customers may not order products in the quantities that we expect. Our inventory amounted to US$186.6 million, US$198.0 million, US$217.1 million and US$241.3 million, accounted for 23.4%, 34.1%, 33.0% and 34.8% of our total current assets as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively. As we plan to continue expanding our production to meet customers' demands, we may not be able to manage our inventory effectively.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition. If we fail to resell products from cancelled orders, our financial condition and results of operations may be materially and adversely affected.

We face intense competition in our business.

The global apparel industry is highly competitive and has a significant number of companies offering similar apparel products. Similar to us, these companies endeavor to increase their market shares through measures such as continued research and development efforts, optimized production process and active marketing campaigns. We expect to face strong competition from both existing and new competitors as we expand our business into new customer segments, geographic markets and product categories. Intense competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. If we fail to compete effectively, we may be unable to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

Any disruption of our current manufacturing facilities or any downtime for maintenance and repair of our equipment could reduce or restrict sales and materially and adversely affect our business.

As of the Latest Practicable Date, we operated a total of 20 manufacturing facilities spanning across five countries. We store our raw materials, work-in-progress and finished products at our manufacturing facility. Natural disasters or other unanticipated catastrophic events, including storms, fires, explosions, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land underlying our facility, could significantly impair our ability to manufacture our products and operate our business. In addition, an aggregate GFA of 283,860 sq.m. of our manufacturing facilities, warehouses and offices are leased properties. Such leases are renewable upon expiration. Our ability to renew existing leases upon their expiry is crucial to our production activities, operations and profitability. At the end of lease terms, if we are unable to negotiate an extension, we may be forced to relocate our operations at certain facilities. Our facilities and equipment would be difficult and costly to replace or relocate on a timely basis. In addition, as of the Latest Practicable Date, certain lessors of some of our leased properties were unable to provide the applicable ownership or land use certificates for these properties. The leases related to such properties may be void and we may be forced to relocate. For more information about our properties, see "Our Business — Properties." If we experience any unanticipated catastrophic events that force us to shut down our manufacturing facility or unable to renew our current leases, our production will be severely disrupted, which may in turn materially and adversely affect our business and results of operations. Catastrophic events could also destroy any inventory located in our manufacturing facility. The occurrence of any catastrophic event could result in the temporary or long-term closure of our manufacturing facility, severely disrupt our business operations and materially and adversely affect our results of operations and financial condition.

Additionally, our machinery and equipment may be subject to breakdowns. Significant downtime associated with the maintenance and repair of equipment used in our manufacturing facilities will result in temporary interruption of our production. Although we have implemented a comprehensive maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment, the failure of equipment manufacturers or our team to provide timely repairs on our equipment could interrupt the operation of our manufacturing facility for extended periods of time. Such extended downtime could result in lost revenue for us. We may lose customers and may be unable to regain those customers thereafter. As a result, our business and results of operations could be materially and adversely affected.

Our business relies on the proper operation of our information technology systems, any malfunction of which for extended periods could materially and adversely affect our business.

Our business relies on the proper functioning of our information technology systems. We use our advanced information technology platform, which integrates the SAP ERP system, MES system and office automation systems, to enable us to retrieve and analyze our operational data and information, including procurement, sales, inventory, logistics, production, customer and financial, on a real time basis efficiently and reliably. We use our information technology platform to assist us in planning and managing our production, budgeting, human resources, inventory control, sales management and financial reporting. As a result, our information technology platform is critical to us in monitoring the inventory and sales levels and for our customers to place orders with us. Although we did not experience any information technology system breakdown during the Track Record Period, we cannot assure you that our information technology systems will always operate without interruption.

Any malfunction to a particular part of our information technology systems may adversely affect our operations and our results of operations. In addition, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of these may have a material and adverse impact on our business, financial situation and results of operations.

We are dependent on our reputation, and any negative publicity about us could have a material adverse effect on our business, results of operations and financial condition.

We are dependent on our reputation in conducting our business and we expect to continue to heavily rely on it. Negative publicity arising from, but not limited to, product defects, non-compliance with relevant laws and regulations, and non-adherence to certain level of social responsibility and sustainability standards, are all potential threats to the strength of our reputation. If we fail to promote and protect our reputation, our image may deteriorate, and we may not be able to maintain our sales and current prices, introduce new products, or successfully expand into new markets and attract new customers. As a result, our business, results of operations and financial conditions would be materially and adversely affected.

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks as well as employee and third-party confidentiality agreements to protect our intellectual property rights. As of the Latest

Practicable Date, we had 19 registered trademarks in China and six registered trademarks in other countries, and a total of 48 issued patents and five pending patent applications, which are material to our business. As of the same date, we were not aware of any material violation or infringement of our patents, trade secrets, trademarks and other intellectual property rights. However, we cannot assure you that infringement of our intellectual property rights by other parties does not exist now or will not occur in the future. To protect our intellectual property rights and maintain our competitive advantage, we may engage in legal proceedings against parties who we believe are infringing upon our intellectual property rights. Legal proceedings are often costly and may divert management attention and our other resources away from our business. In certain situations, we may have to initiate legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings and the amount of damages that we can recover. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties.

Our success also depends on our ability to use, develop and protect our technology and know-how without infringing the intellectual property rights of third parties. We cannot assure you that we will not be subject to claims of infringement upon the intellectual property rights of third parties. The validity and scope of any potential claims relating to our production technology and know-how involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we are a party may subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties, or redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation may also result in our customers or potential customers deferring or limiting their purchase of our products until resolution of such litigations.

Our success depends upon our key personnel. Any failure to attract and retain necessary talents may materially and adversely affect our business, prospects, financial condition and results of operations.

Our success depends, to a significant extent, on the capability, expertise and continued services of our senior management team. We rely on the expertise and experience of our key executives in developing business strategies, product development, business operation and maintaining relationships with customers. If we lose the services of any of our key executives, we may not be able to find a suitable replacement with comparable knowledge and experience, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our success also depends on our ability to attract and retain talented personnel. We may not be able to attract or retain all the key personnel we need. We may also need to offer better remuneration and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs or that our costs and expenses will not increase significantly as a result of increased talent acquisition and retention cost. Our failure to attract and retain competent personnel, and any increase in staffing costs to retain such personnel may have a negative impact on our ability to maintain our competitive position and to grow our business. If this occurs, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to laws and regulations in the jurisdictions where we operate and changes to the regulatory environment in which we operate or failure to comply with applicable laws and regulations could adversely affect our business, financial condition and results of operations.

Our business requires compliance with many laws and regulations in the jurisdictions where we operate, including, without limitation, labor and employment, tax, environmental, anti-bribery laws and regulations, trade laws and customs, consumer protection and zoning and occupancy laws, and laws and ordinances that regulate apparel manufacturers generally. In addition, in the future, there may be new legal or regulatory requirements or more stringent interpretations of applicable requirements, which could increase the complexity of the regulatory environment in which we operate and the related cost of compliance. If we fail to comply with existing or new laws and regulations, we could be subject to liabilities, including monetary damages and fines, which could impact our production capabilities, result in suspension of our business operations and have a material adverse effect on our business, results of operations or financial condition.

Particularly, we are subject to environmental protection laws and regulations in the jurisdictions where we operate. We have established environmental protection systems to treat waste materials at all of our manufacturing facilities and have been granted the necessary permits for the treatment and discharge of waste water produced by our manufacturing facilities during the manufacture of apparel. We believe that our environmental protection facilities and systems are currently adequate to comply with the existing environmental protection regulations in the jurisdictions where we operate. We have not been subject to any material fine or penalty for any breach of applicable environmental protection laws or regulations. However, there can be no assurance that the relevant local governmental authorities will not impose additional or more stringent laws and regulations which would require additional expenditure on environmental compliance cost or changes in our environmental protection facilities and systems. In addition, there can be no assurance that our manufacturing facilities would not contaminate the environment, and that any such contamination would not cause our business operations to be interrupted or to cease, or result in material remediation costs or penalties to us, any of which could have a material adverse effect on our business, financial condition and results of operations.

We require various licenses, certificates and permits to operate our business, and the failure to obtain or renew any or all of these licenses, certificates and permits could adversely affect our business, financial condition and results of operations.

We are required to maintain various licenses, certificates and permits in order to operate our manufacturing facilities. We are required to comply with applicable standards in relation to our production processes. Our facilities are subject to regular inspections by the regulatory authorities for compliance with the relevant laws and regulations in the jurisdictions where we operate. Failure to pass these inspections, or otherwise obtain or renew our licenses, certificates and permits, could lead to temporary or permanent suspension of some or all of our production activities which would adversely affect our business, financial condition and results of operations.

Our failure to maintain an effective quality management system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

The quality of our products are critical to the success of our business. These factors depend significantly on the effectiveness of our quality management system, which in turn, depends on a number of factors, including the design of the system, the machineries used, the quality of our staff and related training programmes and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on the U.S., European Union and other international product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection of our products are also based on relevant national and industry standards. For details of our quality management, please refer to the section headed "Business — Quality Management" in this prospectus. We cannot assure you that our quality management system will continue to be effective and in compliant with relevant laws and regulations and standards. Any significant failure in or deterioration of the efficacy of our quality management systems could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, reputation, financial condition and results of operations.

We are subject to various customer-imposed guidelines and may not be successful in maintaining an effective quality management system.

In addition to the laws and regulations in the jurisdictions where we operate, we are subject to a variety of guidelines imposed by our customers relating to product safety, health and environmental conditions, and some of our customers require us to implement an internal quality management system to perform various inspections over the course of the entire manufacturing process. In addition, most of our customers require us to comply with the product safety laws and regulations in jurisdictions where we operate. Although we have been in full compliance with our customers' stringent quality control requirements, we cannot assure you that our quality management system will continue to be effective. Any significant failure or deterioration of our quality management system with respect to, among other things, our production process and product inspection, may seriously compromise our product quality and have a material adverse effect on our reputation in the market among our existing or prospective customers, which may, in turn, lead to reduced orders or loss of customers in the future, thereby severely harming our business, financial condition and results of operations.

We grant credit terms to our customers, and our working capital and cash flow position may be adversely affected if our customers fail to settle or delay their payments.

Our financial position and profitability are dependent on the creditworthiness of our customers and their ability to settle payment in a timely manner. Currently, we grant credit terms to our customers ranging from 15 days to 120 days, depending on a number of factors, including the past payment history and the length of business relationship with the relevant customers. As of December 31, 2014, 2015, 2016 and June 30, 2017, our trade, bills and other receivables were US$273.0 million, US$258.1 million, US$287.5 million and US$337.7 million, respectively, while our trade and bills receivables turnover days were 44, 49, 47 and 46 for the respective years and period. We did not experience material loss on customer receivables during the Track Record Period. However, there is no assurance that we will not encounter doubtful or bad debts in the future due to a slow-down of industry growth, an individual customer's deteriorating financial condition or otherwise. There is also no assurance that our allowance for impairment losses on trade, bills and other receivables is sufficient to cover the actual losses on our receivables in the future. Should we experience any unexpected delay or difficulty in collecting receivables from our customers, our cash flows, financial condition and results of operations may be materially and adversely affected.

We rely on third parties to provide services in connection with certain aspects of our business, and any failure by these third parties to perform their obligations could have an adverse effect on our business, financial condition and results of operations.

We have entered into agreements with third parties that include, but are not limited to, production, logistics services, information technology systems and other professional services. Services provided by third-party suppliers could be interrupted as a result of many factors, such as acts of nature or contract disputes. Any failure by a third party to provide services for which we have contracted on a timely basis or within expected service level and performance standards could result in a disruption of our business and have an adverse effect on our business, financial condition and results of operations.

We have engaged subcontractors in our manufacturing process and our business, reputation, financial condition and results of operations may be materially and adversely affected by the performance of or disruption in supply from our subcontractors.

During the Track Record Period, we outsourced parts of the production process of our products to third-party subcontractors with factories in China and Southeast Asia mainly to provide us with flexibilities in our production capacity planning. During the Track Record Period, our subcontracting expenses incurred represented approximately 10.3%, 8.8%, 6.9% and 7.6%, respectively of our total cost of sales. For details, please refer to the section headed "Our Business — Production — Outsourced Manufacturing" in this prospectus. However, the products processed by any of our subcontractors may not be delivered to us in a timely manner or be of satisfactory quality. If our subcontractors do not perform satisfactorily, substantially reduce their production capacity allocated to us, substantially increase the prices of their services or terminate their business relationships with us, we may need to replace our subcontractors or take other remedial actions which could increase our costs of operations. As we do not have direct control over our subcontractors, if they become involved in the unauthorized production of products, whether it be by using raw materials which are not provided by us or otherwise not complying with our requirements or that of our customers, the quality of our products will be affected. Our reputation in the industry will also be adversely affected if our subcontractors do not comply with applicable laws and regulations, or do not maintain satisfactory health and environmental conditions at their production sites. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

Our business is capital intensive and the sources of our future financing can be uncertain.

We operate in a capital intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the purchase of machinery. To the extent that we expand or add new manufacturing facilities, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, cash generated from operations, banking facilities and proceeds from the Global Offering. We expect to have sufficient cash and/or committed financing to meet our obligations as they fall due. However, no assurance can be given that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are reasonable to us or consistent with our expectations. To the extent we cannot finance our expansion or acquisitions at reasonable rates or at all in the future, our business may be harmed.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all, and if we are unable to raise funds, the value of your investment in us may be adversely impacted.

We believe that our cash and cash equivalents on hand, our operating cash flows, banking facilities and the estimated net proceeds available to us from the Global Offering will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There can be no assurance that we can obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including, but not limited to:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in our Company may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We recorded net current liabilities during the Track Record Period.

We had net current liabilities of US$316.1 million as of December 31, 2016, primarily reflected by (i) an increase of US$138.7 million in trade, bills and other payables, resulting from an increase in trade payables to raw material suppliers attributable to sales growth and an increase in payables attributable to the acquisition of Vista; (ii) an increase of US$98.0 million in amount due to ultimate holding company, for the funding of capital expenditure for the first half of 2017, including the purchases of property, plant and equipment in relation to certain manufacturing facilities; and (iii) an increase of US$227.6 million in bank borrowings, primarily due to the acquisition of Vista and the partial payment of an interim dividend. Our net current liabilities increased from US$316.1 million as of December 31, 2016 to US$354.4 million as of June 30, 2017, primarily due to an increase in bank borrowings, resulting from new bank borrowing raised to finance the net amount of repayment of amount due to ultimate holding company and our capital expenditure in the first half of 2017, partially offset by (i) a decrease in amount due to ultimate holding company, resulting from the repayment of such amount; and (ii) an increase in trade, bills and other receivables resulting from an increase in trade receivables from our top customers due to increases in sales revenue. For further information on our net current liabilities position during the Track Record Period, please see "Financial Information — Working Capital" in this prospectus. Although our net current liabilities position only occurred in 2016 and as of June 30, 2017 during the Track Record Period, we cannot assure you that we will have sufficient financial resources to meet our anticipated cash needs, including capital requirements, capital expenditure, repayment of our future indebtedness, if any, when it falls due and various contractual obligations. In the event that the commercial banks providing existing banking and credit facilities do not continue to extend similar or more favorable facilities to us and we fail to obtain alternative banking and credit facilities on reasonable terms, or at all, our business, results of operations and prospects may be adversely affected.

Our acquisitions could expose us to risks that may have a material adverse effect on our business, financial condition and results of operations.

We acquired new companies during the Track Record Period and may acquire additional companies in the future that complement our existing business and expand our business scale. The integration of the newly acquired companies may prove to be expensive and time-consuming. We cannot assure you that we will be able to integrate successfully the newly acquired companies or operate them in a profitable manner to achieve business and financial synergies. Our failure to locate an appropriate acquisition target, to integrate and operate acquired companies successfully, and to identify substantial liabilities associated with acquired companies, may materially and adversely impact our operations and profits.

We have recognized a large amount of goodwill and intangible assets. If our goodwill and intangible assets were determined to be impaired, it would adversely affect our results of operations and financial position.

We recorded goodwill and intangible assets of US$180.5 million from our acquisition of Vista in December 2016. We test annually whether goodwill and intangible assets have suffered any impairment. In the event that our goodwill and intangible assets are impaired, the amount of the impairment will constitute a non-cash expense on the income statement. A slowdown in sales growth of our sportswear and outdoor apparel business or our inability to maintain any of our customer relationship or decrease in profit margins could result in an impairment to our goodwill and intangible assets. We cannot assure you that we will continue to maintain or increase the level of sales and margin from our sportswear and outdoor apparel business, or that we will be able to maintain any of the customer relationship brought in by Vista. In addition, a small change in the assumptions used in the impairment testing of goodwill and intangible assets may lead to significant impairment losses. If our goodwill and intangible assets are impaired, or there is any change in the assumptions used in the impairment testing of our goodwill and intangible assets, our results of operations would be adversely affected. For more details, please see the paragraphs headed "Critical Accounting Policies and Estimates — Impairment of non-financial assets" and "Critical Accounting Policies and Estimates — Goodwill" in the section headed "Financial Information" in this prospectus.

Our business and operating results are subject to seasonal fluctuations.

Our operating results vary due to the seasonality of our products and are historically stronger in the second half of the year. This variation primarily results from the higher demands of our customers toward the year-end holiday season, and, to a lesser extent, the stronger demands for sweater products during the same period. These seasonality fluctuations may affect our sales revenue and the utilization rate of our manufacturing facilities. Our operating results for our peak periods should not be taken as an indication of our performance for the entire financial year. Hence, prospective investors should be aware of these seasonal fluctuations when making any comparison of our operating results.

We may be involved in legal or other proceedings arising out of our operations, including product liability claims, from time to time and may face significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, insurers and banks. These disputes may lead to legal or other proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

We are also exposed to potential product liability claims in the event that there is any damage caused by defective products. A successful product liability claim against us could require us to pay for substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. In the event that our products prove to be defective, we may be required to redesign or recall such products. We cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim, with or without merit, could result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing operations are subject to a variety of health and safety laws and regulations that could subject us to costs or liabilities.

We are subject to a variety of health and safety laws and regulations imposed by the local governments in the jurisdictions where we operate. Compliance with existing and future health and safety laws and regulations could subject us to costs or liabilities, including monetary damages and fines; impact our production capabilities; result in suspension of our business operations; and generally impact our financial performance. Although we have not experienced any violations of such health or safety laws and regulations, we cannot assure you that such event will not happen in the future. If we are held liable for damages in the event of any injury or other violation of applicable health or safety laws or regulations, we may also be subject to negative publicity and our financial condition and results of operations could be materially and adversely affected.

Foreign exchange fluctuations may adversely affect our earnings and profitability.

We operate in various locations and most of our sales and purchases transactions are denominated in the U.S. dollars, the Hong Kong dollars and the RMB, while our operating expenses are denominated in the U.S. dollars, the Hong Kong dollars, the RMB, the VND and other local currencies. Foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. We are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which we or our subsidiaries operate. As we enter into transactions denominated in currencies other than the local currencies in which we or our subsidiaries operate, we face foreign currency transaction risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated.

The value of RMB against U.S. dollars and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. Since July 21, 2005, the Chinese government changed its decade-old policy of pegging the value of RMB to U.S. dollars, RMB is permitted to fluctuate within a band against a basket of currencies, determined by the People's Bank of China ("**PBOC**"), against which it could rise or fall by a range. The range has been widened gradually over the years and currently the daily trading band is 2%. The PBOC has also introduced a series of measures to facilitate the reform of the RMB exchange rate regime, including the introduction of financial derivative products such as currency swaps, the relaxation on RMB trading by non-financial institutions and the introduction of market makers, comprising both domestic and foreign banks, for the trading of RMB. The PRC government plans gradually liberalize its currency policy, which could result in a further and more significant fluctuation in the value of RMB against U.S. dollars and other foreign currencies.

Changes in the exchange rate between the VND and the U.S. dollars may greatly affect the operating expenses of our Company as we have extensive operations in Vietnam and expect to continue to expand our production capacity in Vietnam in the future. The exchange rate of the VND to the U.S. dollars is controlled by the State Bank of Vietnam, with consideration of the local government's political and economic policies. In 2010 and 2011, the VND depreciated against the U.S. dollars by 5.5% and 7.9%, respectively, and further depreciated by 1.0%, 1.2% and 1.4%, respectively, in 2012, 2013 and 2014. In 2015 and 2016, the State Bank of Vietnam continued to devalue the VND against the U.S. dollars to keep inflation at a targeted level and maintain macroeconomic stability while supporting an appropriate economic growth. It is possible that the VND could depreciate further in the future against the U.S. dollars.

During the Track Record Period, we have entered into foreign currency exchange contracts for hedging purposes only. In particular, we have entered into foreign currency exchange contracts in respect of the RMB against the U.S. dollars and in respect of the GBP against the U.S. dollars. Any RMB or GBP fluctuations beyond the pre-determined exchange rates would result in gains or losses for us. For details on currency risk, please see "Financial Information — Quantitative and Qualitative Disclosures about Market Risk — Currency Risk." During the Track Record Period, we recorded gains on foreign currency exchange contracts of US$5.6 million, US$1.9 million and nil, respectively, in 2014, 2016 and the six months ended June 30, 2017, but recorded a loss on foreign currency exchange contracts of US$11.6 million in 2015, primarily due to the RMB against the U.S. dollars in 2015 depreciated much faster than we expected. If the RMB depreciates against the U.S. dollars substantially more than we expected in the future, our obligation to pay to the banks under the outstanding foreign currency exchange contracts may adversely affect our cash flows and financial position. However, the impact of future exchange rate fluctuations among these currencies on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our attempt to mitigate the adverse effects of exchange rate fluctuations will be successful or that such exchange rate fluctuations will not in the future have a material adverse effect on our results of operations, financial conditions and prospects.

During the Track Record Period, we recorded exchange loss arising on translation of foreign operations of US$8.4 million, US$22.2 million, US$29.6 million for 2014, 2015 and 2016, respectively, and exchange gain arising on translation of foreign operation of US$3.1 million for the six months ended June 30, 2017. Although the exchange difference arising on translation of foreign operations is recognized in other comprehensive income instead of in profit and loss and accumulated in equity, such amount will reclassify from the other comprehensive income to our profit and loss when the relevant foreign operations are disposed of in the future, which may adversely affect our earnings and profitability.

Our insurance coverage may not be adequate to cover all the risks related to our business and operations.

Our insurance coverage may not adequately protect us against all risks relating to our business and operations. We do not possess certain types of insurance in relation to our business operations, such as environmental damage insurance. No assurance can be given that our operations will be free of accidents. There is no assurance that we will be able to maintain sufficient insurance coverage in the future. As a result, losses incurred as a result of any defective product claim, business interruption, litigation or natural disaster may have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks in relation to transportation services.

We typically adopt free-on-board as the international trade term. We arrange for delivery of products to our customers' designated delivery point either through our own delivery team or through third-party logistics services providers. Delivery disruptions to transport operators may occur due to various reasons beyond our control, including transportation bottlenecks, typhoon, flood, earthquakes, dense haze and other natural disasters and labor strikes, and could lead to delayed or lost deliveries. In addition, our products may face the risk of theft or damage due to any poor handling by us or the logistics companies. If our products are not delivered to customers' designated delivery points on time, or are damaged or lost during delivery, we may have to pay compensation to the relevant parties and could lose certain customers as well as suffer harm to our reputation.

We have adopted share award schemes in the past and will continue to do so in the future, which may have an adverse effect on our future profit. The vesting of the Shares granted will increase the number of our Shares in circulation, which may adversely affect the market price of our Shares.

We have adopted Share Award Scheme A in December 2016 and Share Award Scheme B in April 2017 in order to recognize the existing or past executives, consultants or officers of the Group for their past service and contribution to our Group, and to motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group. Pursuant to Share Award Scheme A, CGL transferred a total of 128 shares (representing 24,606,720 Shares after Re-denomination Issue and approximately 0.87% of our enlarged issued share capital upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised)) to our senior management team. Pursuant to Share Award Scheme B, upon completion of the Global Offering, the Trustee will hold 13,062,000 Shares, representing approximately 0.46% of our enlarged issued share capital (assuming that the Over-allotment Option is not exercised), on behalf of our executives. The estimated fair values of the 128 Shares under Share Award Scheme A amounting to approximately US$9.9 million have been recognized as share-based payment expense, which have an adverse effect on our profit for the period. In 2014, 2015 and 2016 and the six months ended June 30, 2017, we recorded share-based payment expenses of nil, nil, US$9.9 million and nil, respectively. For the year ending December 31, 2017, we estimate that we will record approximately US$6.0 million of share-based compensation expenses for Share Award Scheme B, assuming fair value of each share granted under Share Award Scheme B is HK$8.05 (being the mid-point of the Offer Price range). In addition, the vesting of the Shares we have granted will increase the number of our Shares in circulation. Any vesting of the Shares we have granted may adversely affect the market price of our Shares.

Our business, financial condition and results of operations may be materially and adversely affected in the event of fire, breakdown, failure of our equipment and machinery, power shortage, labor strikes, acts of war, political unrest, outbreak of a contagious or epidemic disease and natural disasters.

Our revenue is dependent on the uninterrupted operation of our manufacturing facilities. Our manufacturing facilities are located in China, Vietnam, Cambodia, Bangladesh and Sri Lanka. Our business operations are subject to risks beyond our control including, among others, fire, breakdown, failure of our equipment and machinery, power shortage, water supply shortage, labor strikes, acts of war, political unrest and outbreak of a contagious or epidemic disease and natural disasters. Any or a combination of these could cause material damage to, or the loss of, our operational facilities. For example, in 2003, certain Asian countries and regions, including China and Taiwan, encountered an outbreak of Severe Acute Respiratory Syndrome, or SARS, a highly contagious form of atypical pneumonia. More recently, the Ebola virus has caused thousands of casualties in African countries and Middle East Respiratory Syndrome ("**MERS**"), another highly contagious form of atypical pneumonia, has spread in the Middle East and South Korea. A recurrence of SARS, influenza A ("**H1N1**") or avian flu ("**H5N1**") in China or any other parts of the world as well as a new outbreak of Ebola and MERS may cause disruption of regional or national economic activity, which can affect consumer activities in the affected areas and, therefore, reduce demand for our products. Such events may also result in limitations on our ability to travel, delays in transportation and delivery of our products, disruption of raw material supplies, as well as temporary closure of our manufacturing facilities for quarantine or for preventive purposes. The time required to rectify such problems could be lengthy, and could result in significant increases in costs or reduction in sales. Frequent or prolonged occurrences of any of the aforesaid events may have a material and adverse effect on our business, financial condition and results of operations.

In addition, several countries in the Asia Pacific region have suffered earthquakes in the past. Past occurrences of tsunamis or earthquakes have caused different degrees of damage to national economies. The global economy may also be adversely affected if the situation exacerbates. The occurrence of any natural disasters may also materially and adversely affect our business, financial condition and results of operation.

As of the Latest Practicable Date, we maintain insurance policies covering risks in respect of buildings in our manufacturing facilities, equipment and machinery used in our operations, our products and our employees. There is no assurance that our insurance coverage would be sufficient to cover any or all of our potential losses. For further details on the insurance policies we maintain, please refer to the section headed "Our Business — Insurance" in this prospectus. In the event that our insurance policies do not or cannot sufficiently compensate for the losses we sustain, we would have to pay for the difference ourselves and our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN CHINA

The economic, political and social conditions in China, as well as government policies, laws and regulations, could affect our business, financial condition and results of operations.

A majority of our business operations are in China and especially our production operations. Accordingly, our results of operations and prospects are, to a significant degree, subject to economic, political and legal developments in China. The economy of China differs from the economies of most developed countries in many respects, including the extent of government involvement, its level of development, its growth rate and its control over foreign exchange. China's economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the Chinese Government has implemented measures emphasizing market forces for economic reform, the reduction of State ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a significant portion of productive assets in China is still owned by the Chinese Government. The Chinese Government continues to play a significant role in regulating industrial development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. All of these factors could affect the economic conditions in China and, in turn, our business.

Adverse developments in China's economy or an economic slowdown in China may reduce the demand for our products and services and have a material adverse effect on our business, financial condition, results of operations and prospects.

We conduct part of our business and generate part of our revenues in China. As a result, economic developments in China have a significant effect on our business, financial condition and results of operations, as well as our prospects. In recent years, China has been one of the world's fastest growing economies in terms of GDP growth. However, the global financial crisis that unfolded in 2008 and continued in the past few years has led to a marked slowdown in the economic growth of China. For example, the GDP growth rate of China decreased from 14.2% in 2007 to 6.9% in 2015, and further slowed down to 6.7% in the six months ended June 30, 2016 compared to the same period in 2015. The global economy may continue to deteriorate in the future and continue to have an adverse impact on the China's economy. Any significant slowdown in the China's economy could have a material adverse effect on our business and operations. In particular:

- during a period of economic slowdown, there is a greater likelihood that more of our customers or counterparties could become delinquent in respect of their obligations to us;

- we may not be able to raise additional capital on favorable terms, or at all; or
- trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of China's apparel industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in China, Asia and elsewhere in the world.

As such, if China's economy experiences significant adverse developments or a significant downturn, our business, financial condition and results of operations would be materially and adversely affected.

Uncertainties with respect to China's legal system could limit the legal protections available to you and us.

Some of our operating subsidiaries are incorporated under and governed by the laws of China. China's legal system is based on written statutes. Prior court decisions may be cited for reference, but have limited precedential value. In 1979, the Chinese government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. As a significant part of our business is conducted in China, our operations are principally governed by Chinese laws and regulations. However, since China's legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. In addition, we cannot predict the effect of future developments in China's legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

Chinese regulation of loans and direct investment by offshore holding companies to Chinese entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our Chinese subsidiaries.

In utilizing the proceeds from the Global Offering or any other debt or equity offering, as an offshore holding company of our Chinese subsidiaries, we may make loans to our Chinese subsidiaries, or we may make additional capital contributions to our Chinese subsidiaries. Any loans to our Chinese subsidiaries are subject to the Chinese regulations and approvals. For example, loans by us to our wholly-owned Chinese subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart. We may also decide to finance our Chinese subsidiaries through capital contributions. These capital contributions must be approved by the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and to capitalize our Chinese operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our core businesses through our operating subsidiaries, particularly those in China. We rely on dividends paid by these subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our Chinese subsidiaries is also required to set aside at least 10% of its after-tax profit based on the Chinese accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our Chinese subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our Chinese subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our Chinese subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the Enterprise Income Tax Law, or EIT Law, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》), or Notice 112, which was issued on January 29, 2008, the Arrangement between China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (《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》), or the Double Taxation Arrangement (Hong Kong), which became effective on December 8, 2006, and the Notice of the State Administration of Taxation Regarding Interpretation and Recognition of Beneficial Owners under Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中收益權人的通知》), or Notice 601, which became effective on October 27, 2009, dividends from our Chinese subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between China and the tax residence of the holder of the Chinese subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

We may be classified as a "resident enterprise" for Chinese enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-Chinese shareholders.

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. In addition, a circular issued by the State Administration of Taxation on April 22, 2009 regarding the standards used to classify certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside of China as "resident enterprises" clarified that dividends and other income paid by such "resident enterprises" will be considered to be Chinese source income, subject to Chinese withholding tax, currently at a rate of 10%, when recognized by non-Chinese enterprise shareholders. This circular also subjects such "resident enterprises" to various reporting requirements with Chinese tax authorities. Under the implementation regulations to the enterprise income tax, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, the circular mentioned above sets out criteria for determining whether "de facto management bodies" are located in China for overseas incorporated, domestically controlled enterprises. However, as this circular only applies to enterprises established outside of China that are controlled by Chinese enterprises or groups of Chinese enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" of overseas incorporated enterprises. Therefore, although substantially all of our management is currently located in China, it remains unclear whether the Chinese tax authorities would require or permit our overseas registered entities to be treated as Chinese resident enterprises. We do not consider our Company to be a Chinese resident enterprise. However, if Chinese tax authorities disagree with our assessment and determine that we are a "resident enterprise", we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-Chinese shareholders as well as capital gains recognized by them with respect to the sale of our Shares may be subject to a Chinese withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-Chinese shareholders.

We face uncertainties with respect to indirect transfers of equity interests in our Chinese subsidiaries by our non-Chinese holding companies.

On February 3, 2015, the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅

若干問題的公告》) (Circular No.7 by State Administration of Taxation in 2015) (or Circular No.7) was promulgated by the Chinese State Administration of Taxation, which abolished certain provisions in the Notice on Strengthening the Administration of Enterprises Income Tax on Non-Resident Enterprises (《關於加强非中國居民企業股權轉讓所得企業所得稅管理的通知》) (Guoshui Han [2009] Circular No.698) (or Notice No.698) issued by the PRC State Administration of Taxation on December 10, 2009.

When a non-resident enterprise (not including individuals or Chinese resident enterprises) transfers the assets (including equity interests) in an overseas holding company, which directly or indirectly owns Chinese taxable properties, including shares in a Chinese company (or Chinese Taxable Assets), for the purposes of avoiding Chinese enterprise income taxes through an arrangement without reasonable commercial purpose, such indirect transfer should be reclassified and recognized to be a direct transfer of the assets (including equity interests) of a Chinese resident enterprise in accordance with the Enterprise Income Tax Law, unless the overall arrangements relating to an indirect transfer of Chinese Taxable Assets fulfill one of the following conditions: (i) where a non-resident enterprise derives income from the indirect transfer of Chinese Taxable Assets by acquiring and selling equity interests of a listed overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such Chinese Taxable Assets, the income from the transfer of such Chinese Taxable Assets would have been exempted from enterprise income tax in China under an applicable tax treaty or arrangement. Therefore, a Shareholder buying and selling our Shares on a public market after the Listing is unlikely to be considered to indirectly transfer equity interest or other assets in any of our Chinese subsidiaries held by our Company. Although the exemptions above are clarified in Circular No.7, as Circular No. 7 was newly implemented and only became effective in February 2015, there is limited guidance and practical experience regarding the application and enforcement of Circular No.7 and the related SAT notices and it remains uncertain whether such exemptions will be applicable to the transfer of our Shares or whether any future acquisition by us outside of China involving Chinese Taxable Assets will be reclassified by applying Circular No.7. Therefore, Chinese tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of China involving Chinese Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional Chinese tax reporting obligations or tax liabilities. Any such outcome could have a material adverse effect on our business, financial condition, results of operations and prospects.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-Chinese courts.

Some of our Directors and executive officers reside within China, and most of our assets and substantially all of the assets of those persons are located within China. It may not be possible for investors to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgments obtained from non-Chinese courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in China if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met.

Therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

The Chinese government's control over foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the Chinese foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. The Chinese government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

SAFE regulations may limit our ability to finance our Chinese subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions.

If we finance our Chinese subsidiaries through overseas shareholder loans or additional capital contributions, registration with and/or approval of Chinese governmental authorities are required. Any overseas shareholder loans to our Chinese subsidiaries must be registered with the local branch of SAFE as a procedural matter and such loans cannot exceed the difference between the total amount of investment our Chinese subsidiaries are approved to make under the relevant Chinese laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approval of the MOFCOM or its local counterpart. On March 30, 2015, SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. Under

SAFE Circular 19, a foreign-invested enterprise may also choose converting its registered capital from foreign currency to RMB on self-discretionary basis, but shall not use such converted registered capital to provide entrusted loans or repay loans between non-financial enterprises. A foreign-invested enterprise with equity investments as its main business can use the RMB capital converted for equity investments within China.

In light of the various requirements imposed by Chinese regulations on loans to and direct investment in Chinese entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans or capital contributions by us to our Chinese subsidiaries and conversion of such loans or capital contributions into RMB. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our Chinese operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

The enforcement of Chinese labor contract law, social insurance law and other labor related regulations may materially affect our business, financial condition and results of operations.

Pursuant to Chinese Labor Contract Law, or the Labor Contract law, effective in January 2008 and amended in July 2013, and its implementation rules that became effective in September 2008, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate the employment of some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. In addition, as our operating results vary due to the seasonality of our products and are historically stronger in the second half of the year, these seasonality fluctuations may affect our related labor arrangements and our production employees of our PRC subsidiaries may have to work overtime to satisfy customer demand during periods of increased production activity. As confirmed by our PRC Legal Adviser, based on the confirmation letters issued by the competent government authorities, we are in compliance with the relevant laws and regulations relating to labor affairs in all material respects and were not subject to any penalties relating to any failure to comply with the overtime working hours limitations. However, if we were found to be in violation with the overtime working hours limitations as stipulated in the PRC Labor Law, it may subject us to a fine that ranges from RMB100 to RMB500 per person from local government authorities and we may be requested to take rectification measures to reduce the overtime working hours of our production employees.

On October 28, 2010, the Standing Committee of the National People's Congress promulgated Chinese Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011. According to the Social Insurance Law, employees must 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 the social insurance premiums for such employees.

As the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations (the **"labor-related laws and regulations")** are still evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Present or future environmental, safety and occupational health laws and regulations in China may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain Chinese laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as waste water, noise, smoke and dust. The discharge of waste water and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expense. Should China imposes stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Inflation in China could negatively affect our profitability and growth.

Economic growth in China has, during certain periods, been accompanied by periods of high inflation, and the Chinese government has implemented various policies from time to time to control inflation. For example, the Chinese government introduced measures in certain sectors to avoid overheating of the Chinese economy, including increasing interest rates and capital reserve thresholds at Chinese commercial banks. The effects of the stimulus measures implemented by the Chinese government since the global economic crisis that commenced in 2008 and the continued growth in the overall economy since then have resulted in sustained inflationary pressures. If these inflationary pressures continue and are not mitigated by Chinese government measures, our cost of sales will likely increase and our profitability could be materially reduced, as there is no assurance that we would be able to pass any cost increases onto our customers.

RISKS RELATING TO DOING BUSINESS IN COUNTRIES OTHER THAN CHINA

We face risks associated with our operations in South and Southeast Asia.

We operate in various countries in South and Southeast Asia, representing several developing countries with evolving legal frameworks and government policies, which are Vietnam, Cambodia, Sri Lanka and Bangladesh. For the six months ended June 30, 2017, our South and Southeast Asian operations accounted for 65.5% of our revenue. As of June 30, 2017, South and Southeast Asian operations accounted for 68.2% of our total non-current assets. Our business, financial condition and results of operations are subject to risks and uncertainties relating to the relevant countries in which we operate, including but not limited to:

- exposure to international, regional and local economic and political conditions and regulatory policies;
- exposure to different legal standards and ability to enforce contracts in some jurisdictions;
- changes in legal developments and enforcement risks;
- control of foreign exchange and fluctuations in foreign exchange rate;
- inflation;
- developments in labor law and increase in staff cost;
- failure to negotiate the collective labor agreements on satisfactory terms with trade unions;
- restrictions or requirements relating to foreign investment;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries;
- compliance with the requirements of applicable sanctions, anti-bribery and related laws and regulations;
- failure to protect our reputation from negative publicity against us;
- limitation on ability of non-nationals to reside and work in such countries; and
- lack of availability of sufficient quantity of competent and experienced workers.

For example, as a result of territorial and maritime disputes in the South China Sea, diplomatic relations between China and Vietnam have been tense from time to time and affected by events surrounding the assertion of sovereignty and territorial claims over the disputed areas, such as maritime confrontation and competing territorial claims. In recent years, Vietnam has criticized China's move to incorporate disputed island groups into a new administrative entity, and there has been social unrest in Vietnam targeting Chinese-related businesses. Any deterioration in relations among any of China, Vietnam and other South and Southeast Asian countries could result in the closing of borders, the imposition of trade barriers or a breakdown of diplomatic ties, any of which could have a negative effect on the general trading and economic conditions of these countries, which could negatively affect our business.

The South and Southeast Asian countries in which we operate may continue to undergo changes in political, economic and social conditions, as well as legal developments and government policies. We cannot assure you that any future changes will not materially and adversely affect our business, financial condition and results of operations.

Several countries in which we operate impose restrictions on foreign ownership of businesses. Changes in relevant laws and regulations or policies could materially and adversely affect our business, financial condition and results of operations.

Foreign investors are subject to restrictions on foreign ownership in certain industries in several countries in which we operate. The governments of these countries and other countries in which we operate may re-evaluate or amend the relevant laws and regulations or policies, and any adverse changes in the laws and regulations or policies, including their application or interpretation, could require us to remove or amend our existing arrangements or reduce our voting or economic interests in any existing or future subsidiaries and associates in these countries. Any such removal, amendment or reduction could affect our ability to successfully implement our business strategies and operate in the relevant countries. Furthermore, we cannot assure you that our subsidiaries or associates will be able to comply with any new restrictions on foreign ownership because compliance may be affected by whether other shareholders are considered domestic or foreign investors, as determined in accordance with the applicable laws and regulations. If foreign ownership restrictions are determined to have been violated, monetary and criminal penalties could be imposed and relevant licenses or agreements could be cancelled or voided. Any of these events could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares.

Prior to the Global Offering, there has not been a public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The initial Offer Price range for our Shares was the result of, and the Offer Price will be the result of, negotiations among us and the Joint Global Coordinators on behalf of the Underwriters and may not be indicative of prices that will prevail in the trading market after the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for the Shares in the Global Offering.

The market price of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering.

The market price of our Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or the intimate wear manufacture or sports goods manufacture industries;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, China, South and Southeast Asia and elsewhere in the world.

Moreover, in recent years, stock markets in general have experienced significant price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Since there will be a gap of several days between pricing and trading of our Offer Shares, the price of our Offer Shares could fall below the Offer Price when the trading commences.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall below the Offer Price when the trading commences as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible book value per Share prior to the Global Offering. Therefore, you will experience an immediate dilution in pro forma net tangible book value per Share. In addition, we may adopt share option schemes and issue additional Shares or equity-related securities in the future under such share option schemes or to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

There can be no assurance if and when we will pay dividends in the future and dividends declared in the past may not be indicative of our dividends in the future.

Our Board or our Company in general meeting may declare dividends but no dividends shall exceed the amount recommended by our Board. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, although we have declared interim dividends in the past, historical dividend distributions are not indicative of our future dividend distributions. There can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information — Dividends" for more details of our dividend policy.

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

The Shares held by our existing Shareholders are subject to certain lock-up periods expiring six and 12 months after the date on which trading in our Shares commences on the Stock Exchange, details of which are set out in "Underwriting". Our existing Shareholders may dispose of Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

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

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

There are risks associated with forward-looking statements

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “expect”, “estimate”, “may”, “ought to”, “should” or “will”. These statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Subscribers of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this “Risk Factors” section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that its plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements.

Facts and statistics in this prospectus relating to the countries and the industry in which we operate may not be fully reliable.

Facts and statistics in this prospectus relating to the countries and the industry in which we operate, including those relating to the economies of such countries and the apparel industry, are derived from various publications of governmental agencies or independent third parties which we believe are reliable. We cannot guarantee, however, the quality or reliability of these materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers or any other party involved in the Global Offering and no representation is given as to its accuracy and completeness. Investors should not place undue reliance on such facts or statistics.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. Please refer to the section headed "Connected Transactions" in this prospectus for details.

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. We expect to achieve a minimum market capitalization of at least HK$10 billion upon Listing and we have applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 18.51% of our issued share capital, or such higher percentage as is held by the public upon completion of any exercise of the Over-allotment Option. The above discretion is subject to the condition that we make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and confirm the sufficiency of the public float in our successive annual reports after the Listing. We and the Joint Sponsors will be able to demonstrate compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules.

In addition, we will implement appropriate measures and mechanisms to ensure continual maintenance of a 18.51% public float (or a higher percentage upon completion of any exercise of the Over-allotment Option). In the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, the Directors and our Controlling Shareholders will take appropriate steps to ensure the minimum percentage of public float prescribed by the Stock Exchange is complied with.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. 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.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF 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.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes 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 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 and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, November 3 , 2017. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 2232.

SHARES WILL BE ELIGIBLE FOR ADMISSION 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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Dealings in our Shares registered on our Hong Kong register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB and Hong Kong dollars have been translated, for the purpose of illustration only, into U.S. dollars in this prospectus at the following exchange rates: US$1.00: RMB6.7744 and US$1.00: HK$7.8053.

No representation is made that any amounts in RMB or US$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

ROUNDING

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.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
LO Lok Fung Kenneth (羅樂風)	7 Black's Link Repulse Bay Hong Kong	Chinese
LO CHOY Yuk Ching Yvonne (羅蔡玉清)	7 Black's Link Repulse Bay Hong Kong	Chinese
LO Ching Leung Andrew (羅正亮)	House 22, Phase 5 Bel-Air On the Peak Pok Fu Lam Hong Kong	Chinese
WONG Chi Fai (王志輝)	138A Hong Lok Road East Hong Lok Yuen Tai Po Hong Kong	Chinese
WONG Sing Wah (黃星華)	Flat A, 12/F, Pine Tree Gardens 4 Ede Road Kowloon Tong Hong Kong	Chinese
Independent Non-Executive Directors		
GRIFFITHS Anthony Nigel Clifton	5 Beaufort West, London Road Bath BA1 6QB Avon United Kingdom	British
TSE Man Bun Benny (謝文彬)	Flat F, 17/F, Block EF Pearl Gardens 7 Conduit Road Mid-Levels Hong Kong	Canadian
CHANG George Ka Ki (張家騏)	19A, Oak Mansion Taikoo Shing Hong Kong	Canadian
MAK Wing Sum (麥永森)	16D, Wealthy Heights 35 MacDonnell Road Hong Kong	Canadian

Further information about the Directors and other senior management members are set out in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	HSBC Corporate Finance (Hong Kong) Limited 1 Queen's Road Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Citigroup Global Markets Asia Limited 50/F, Champion Tower 3 Garden Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering)
50/F, Champion Tower
3 Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Legal Advisers to Our Company

As to Hong Kong and U.S. laws:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC laws:
Jingtian & Gongcheng
Suite 45/F, K.Wah Centre
1010 Huaihai Road (M)
XuHui District
Shanghai 200031
China

As to Bangladesh laws:
Ahammad, Jonaed & Partners
Suite B1, Plot 11/A-1
Road 41, Gulshan-2
Dhaka 1212
Bangladesh

As to Bermuda laws:
MJM Limited
Thistle House
4 Burnaby Street
Hamilton HM11
Bermuda

As to Cambodia laws:
Sciaroni & Associates
No. 24, Street 462
Sangkat Tonle Bassac
Phnom Penh
Cambodia

As to Cayman Islands laws:
Maples and Calder (Hong Kong) LLP
53rd Floor
The Center
99 Queen's Road Central
Hong Kong

As to English laws:
Browne Jacobson LLP
Castle Meadow Road
Nottingham NG2 1BJ
United Kingdom

As to Macau laws:
MdME
21/F and 23/F A-B
China Law Building
409 Avenida da Praia Grande
Macau

As to Samoa laws:
Drake & Co
Level 2, Chandra House
Convent Street
Apia
Samoa

As to Singapore laws:
Rajah & Tann Singapore LLP
9 Battery Road
#25-01
Singapore 049910

As to Sri Lanka laws:
FJ&G de Saram
216 de Saram Place
Colombo 10
Sri Lanka

	As to Vietnam laws: **ZICOlaw (Vietnam) Ltd** Level 14, CornerStone Building 16 Phan Chu Trinh Street Hoan Kiem District Hanoi Vietnam
Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Paul Hastings** 21st-22nd Floor, Bank of China Tower 1 Garden Road Central Hong Kong
	As to PRC law: **Commerce & Finance Law Offices** 6/F NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing China
Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Euromonitor International Limited** 60-61 Britton Street London EC1M 5UX United Kingdom
Compliance Adviser	**Guotai Junan Capital Limited** 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Receiving Banks	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

Registered Office	Ugland House P.O. Box 309 Grand Cayman KY1-1104 Cayman Islands
Headquarters	Crystal Industrial Building 71 How Ming Street Kwun Tong Kowloon Hong Kong
Company's Website	**http://www.crystalgroup.com** *(The information on the website does not form part of this prospectus)*
Company Secretary	LEE King Fai (李景輝) (*CPA*) Flat 4, 12/F Block B, Villa Rocha 10 Broadwood Road Happy Valley Hong Kong
Authorized Representatives	LO Ching Leung Andrew (羅正亮) House 22, Phase 5 Bel-Air On the Peak Pok Fu Lam Hong Kong
	LEE King Fai (李景輝) Flat 4, 12/F Block B, Villa Rocha 10 Broadwood Road Happy Valley Hong Kong
Audit Committee	GRIFFITHS Anthony Nigel Clifton *(Chairman)* TSE Man Bun Benny (謝文彬) CHANG George Ka Ki (張家騏)
Remuneration Committee	MAK Wing Sum (麥永森) *(Chairman)* TSE Man Bun Benny (謝文彬) CHANG George Ka Ki (張家騏) LO Lok Fung Kenneth (羅樂風)

Nomination Committee	LO Lok Fung Kenneth (羅樂風) *(Chairman)* GRIFFITHS Anthony Nigel Clifton MAK Wing Sum (麥永森)
Corporate Development Committee	LO Ching Leung Andrew (羅正亮) *(Chairman)* WONG Chi Fai (王志輝) WONG Sing Wah (黃星華) CHANG George Ka Ki (張家騏) MAK Wing Sum (麥永森) LEE King Fai (李景輝)
The Cayman Islands Principal Share Registrar and Transfer Office	**Maples Fund Services (Cayman) Limited** P.O. Box 1093 Boundary Hall, Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Principal Banks	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong **Citibank, N.A.** 50/F, Champion Tower 3 Garden Road Central Hong Kong **Standard Chartered Bank (Hong Kong) Limited** Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong

Certain information and statistics that appears in this Industry Overview and elsewhere in this prospectus relating to the global apparel manufacturing industry is derived from the industry report prepared by Euromonitor which was commissioned by us and is prepared primarily as a market research tool. The information extracted from the Euromonitor Report should not be considered as a basis for investments in the Offer Shares or as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Company. The Directors believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. The Directors have no reason to believe that such information and statistics is false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material respect. The information and statistics extracted from the Euromonitor Report has not been independently verified by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering or their respective directors, officers, employees, advisers, agents.

SOURCES OF INFORMATION

In connection with the Global Offering, we have commissioned Euromonitor, an independent third party, to conduct an analysis of the global apparel retail industry and manufacturing industry from 2012. The report we commissioned has been prepared by Euromonitor independent of our influence. We paid Euromonitor a fee of approximately US$130,000 for the preparation of the report. Established in 1972, Euromonitor is a global research organization with over 800 analysts in over 80 countries worldwide engaging in strategy research for both consumer and industrial markets.

In compiling and preparing the Euromonitor Report, Euromonitor used the following methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent's information and views against those of others: (i) secondary research, which involved reviewing published sources including national statistics and official sources, specialist trade press and associations, company reports including audited financial statements where available, independent research reports, and data based on Euromonitor's own research database; (ii) primary research, which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross-check the consistency of data and research estimates; (iii) derived projected data from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers; and (iv) reviewed and cross-checked all sources and independent analysis to build all final estimates including the size, drivers and future trends of the apparel manufacturing and retail market and to prepare the final report.

Forecasting Bases and Assumptions

Euromonitor based the Euromonitor Report on assumptions including 1) the economy of selected geographies is expected to maintain steady growth over the forecast period; 2) the social, economic, and political environment of selected geographies is expected to remain stable in the forecast period; 3) there will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of apparel manufacturing and retailing in selected geographies during the forecast period; and 4) key market drivers discussed in the report are expected to boost the development of the apparel manufacturing and retail markets in selected geographies.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. The market research was completed in April 2017 and all statistics in the Euromonitor Report are based on information available at the time of reporting. Euromonitor's forecast data comes from analysis of historic development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

OVERVIEW OF THE GLOBAL APPAREL RETAIL MARKET

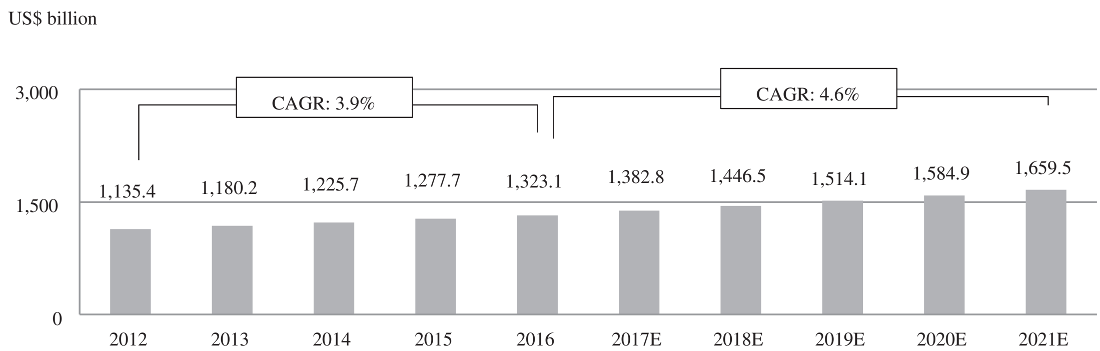
The global apparel retail market can be segmented into nine product categories in general including top wear, sportswear and outdoor apparel, bottom wear, underwear, denim jeans, sweater, jackets and coats, loungewear, and other apparel:

Market Size and Growth of the Global Apparel Retail Market

From 2012 to 2016, the retail sales value of the global apparel retail market increased steadily at a CAGR of 3.9%, reaching a total size of US$1,323.1 billion in 2016. It is expected that the global apparel retail market will experience a faster growth at a CAGR of 4.6% from 2016 to 2021, reaching an estimated retail sales value of US$1,659.5 billion by 2021, mainly driven by consumption trade-up as well as an increase in average selling price especially in developing countries.

The following chart sets forth actual and estimated total retail sales value of the global apparel retail market and breakdown of major apparel product categories for the periods indicated. The Company's product portfolio covers all the key categories including top wear, sportswear and outdoor apparel, bottom wear, underwear, denim jeans, sweater, jackets and coats and loungewear.

Global Apparel Retail Market Size By Retail Sales Value 2012-2021E



Source: Euromonitor Passport Data, Apparel and Footwear - 2017 edition

Global Apparel Retail Market by Product Segment

	Ranking by Retail Sales Value in 2016	Market Share by Retail Sales Value in 2016	Retail Sales Value (US$ billion)			CAGR	
			2012	2016	2021E	2012-2016	2016-2021E
Top Wear	1	17.3%	197.0	228.4	285.4	3.8%	4.6%
Sportswear and Outdoor Apparel	2	13.0%	138.9	172.3	230.6	5.5%	6.0%
Bottom Wear	3	12.5%	145.5	165.0	199.0	3.2%	3.8%
Underwear	4	8.5%	92.0	112.3	145.4	5.1%	5.3%
Denim Jeans	5	7.6%	86.6	100.2	129.8	3.7%	5.3%
Sweater	6	6.4%	73.8	84.3	104.8	3.4%	4.5%
Jackets and Coats	7	6.1%	74.9	80.9	94.5	1.9%	3.2%
Loungewear	8	2.3%	24.8	29.8	37.7	4.7%	4.8%
Other Apparel		26.4%	301.8	349.9	432.2	3.8%	4.3%
Total Market		**100.0%**	**1,135.4**	**1,323.1**	**1,659.5**	**3.9%**	**4.6%**

Product Categories Covered by the Company

Source: Euromonitor estimates from desk research and trade interviews

Regional Breakdowns

The leading regional apparel retail markets in the world include the United States, China and Japan, as well as the European countries, which together accounted for 73.2% of the global market in terms of apparel retail sales value in 2016. These markets are the major sales markets of the Company:

- ***The United States:*** The United States has the largest apparel retail market in the world, generating US$273.7 billion retail sales in 2016. The overall U.S. market has grown at a CAGR of 2.1% from 2012 to 2016, and is expected to continue to grow at a CAGR of 3.2%

from 2016 to 2021, reaching apparel retail sales of US$320.1 billion by 2021. It is expected that innovative apparel products will create stronger demand while the continued development of internet retailing and omni-channel distribution will also drive market growth;

- ***China:*** China has the largest apparel retail market in Asia and the second largest in the world, generating US$273.5 billion in apparel retail sales in 2016. The apparel retail market in China has expanded rapidly at a CAGR of 6.1% from 2012 to 2016, and is expected to reach an estimated market size of US$340.7 billion by 2021 at a CAGR of 4.5%. The apparel retail market in China is mainly driven by increasing customer demand attributable to rising disposable income and sustained urbanization, increasing demand for fashionable and high quality apparels due to growing middle class and consumption upgrade, as well as fast development of categories such as sportswear and outdoor apparel due to growing health awareness;

- ***Japan:*** Although the apparel retail market in Japan has been rather stagnant over the last five years, it is still a key market in the world with reputable fashion brands that are internationally well-known. In 2016, the total retail sales in Japan amounted to US$69.2 billion, and the market is expected to stay relatively flat with an expected market size of US$68.8 billion by 2021;

- ***Europe:*** Affected by the stagnant economy, the European apparel retail market has stayed relatively flat in size from US$338.1 billion in 2012 to US$352.1 billion in 2016 and will see moderate rebound with a CAGR of 2.9% and reach an expected market size of US$406.5 billion by 2021, with all major product categories posting positive growth. Market growth will be driven by further development of online shopping, increasing demand for sportswear and outdoor apparel underpinned by a higher degree of participation in sporting activities and athleisure trends, and greater demand for casual wear to replace formal wear.

Major Brand Apparel Companies in the Global Apparel Retail Market

The Company has strategic relationships with leading players in the global apparel retail market. Seven out of the global top 10 leading Brand Apparel Companies in 2016 are the Company's customers. On a regional basis, the Company serves four, seven and seven out of the top 10 leading Brand Apparel Companies in Asia Pacific, the United States and Europe, respectively. The following table sets forth the major Brand Apparel Companies and their market share[(1)] in the global apparel retail market and the respective countries or regions.

Leading Brand Apparel Companies in the World

Ranking	Leading Brand Apparel Companies	Market Share in 2016
1	H&M	1.5%
2	Inditex	1.4%
3	Nike	1.2%
4	Gap	1.1%
5	Fast Retailing	1.0%
6	adidas	1.0%
7	PVH	0.9%
8	VF	0.7%
9	Hanesbrands	0.6%
10	Levi's	0.6%

Leading Brand Apparel Companies in Asia Pacific

Ranking	Leading Brand Apparel Companies	Market Share in 2016
1	Fast Retailing	2.7%
2	Bestseller	1.1%
3	adidas	0.9%
4	Heilan Home	0.8%
5	Shimamura	0.8%
6	Nike	0.8%
7	Inditex	0.7%
8	World Co Ltd	0.5%
9	H&M	0.5%
10	Semir Group	0.5%

1. Ranking by apparel retail sales value; excludes footwear, home textiles and personal accessories

Leading Brand Apparel Companies in the United States

Ranking	Leading Brand Apparel Companies	Market Share in 2016
1	Gap	4.0%
2	Wal-Mart	3.5%
3	Nike	2.7%
4	Hanesbrands	2.5%
5	L Brands	2.3%
6	PVH	2.1%
7	VF	2.1%
8	Under Armour	1.7%
9	Target	1.7%
10	Forever 21	1.6%

Leading Brand Apparel Companies in Europe

Ranking	Leading Brand Apparel Companies	Market Share in 2016
1	H&M	3.7%
2	Inditex	3.3%
3	Associated British Foods (Primark)	1.6%
4	Cofra Group (C&A)	1.6%
5	adidas	1.1%
6	Marks & Spencer	1.1%
7	Wal-Mart	1.0%
8	NEXT	0.8%
9	Nike	0.8%
10	PVH	0.8%

Source of the four ranking tables above: Euromonitor Passport Data, Apparel and Footwear - 2017 edition

Growth Drivers and Trends in Global Apparel Retail Market

The following trends have emerged as key themes for today's apparel retail market:

- *Fast changing consumer preferences for fashionable apparel products:* Fast development of information technology and globalization are leading the entire world towards becoming one market. Shoppers can learn latest global fashion trends faster and easier. Moreover, the growing influence of social media is also accelerating the changes of consumer preference of apparel products. In order to compete successfully, Brand Apparel Companies will need to react quickly to changing fashion trend and consumer demands and regularly introduce new and improved apparel products that appeal to consumers;

- *Continued growth of sportswear and outdoor apparel bolstered by growing health awareness and rising "athleisure" trend:* Consumers have become more conscious of the benefits of a healthy lifestyle and participate in sporting activities on a regular basis, leading to rapid growth of the sportswear and outdoor apparel retail market in recent years. Moreover, Brand Apparel Companies have introduced "athleisure" wear which combine casual apparel design with the functionality of sportswear and outdoor apparel, and have gained wide popularity among consumers;

- *Development of non-store based retail channels:* Online shopping has become a new theme around the world, with internet retailing posting significant growth in apparel sales in the past few years. To cater for changing consumer behavior, an increasing number of Brand Apparel Companies are investing in internet and mobile platforms in order to capture greater customer traffic. Brand Apparel Companies with a limited number of physical stores are able to achieve greater coverage through online retail efforts; and

- *Sustainability:* Around the globe, consumers are becoming more environmentally conscious and expect ecologically unobjectionable fabrics, reduced emission of pollutants, greater social commitment and fair treatment of employees in apparel production facilities. In many countries, regulators are requiring companies to create more sustainable products, such as by prohibiting certain harmful dyestuffs. This has vast implications for Brand Apparel Companies across the whole value chain to be adapted to make and market more sustainable products. Brand Apparel Companies that sell products marketed as sustainable and environmentally friendly have attracted strong interest from consumers.

OVERVIEW OF THE APPAREL MANUFACTURING INDUSTRY IN ASIA

Asia is the largest apparel production base in the world. In the 1970s, apparel manufacturing began to move from developed countries into Asia, in particular China, and the industry has grown rapidly driven by convenient access to labor as well as raw materials. In recent years, Brand Apparel Companies have gradually shifted their manufacturing orders to emerging apparel manufacturing hubs in Asia, namely Vietnam, Cambodia and Bangladesh, due to the lower labor costs and preferential trade agreements in these countries.

Market Size and Growth of the Apparel Manufacturing Industry in Asia

The Apparel Manufacturing Industry typically comprises two distinctive elements, namely, manufacturing for own branded operations and contracted manufacturing for third parties. The operations of certain apparel manufacturing companies include both elements as these manufacturers operate their own brands as well as manufacture for third party Brand Apparel Companies. For the purpose of this prospectus, the Apparel Manufacturing Industry excludes the apparel manufacturing companies which only manufactures for their own branded operations, as well as the own branded operations part for certain apparel manufacturing companies whose operations include both elements. The above defined Apparel Manufacturing Industry in Asia reached a total size of US$269.3 billion in terms of production value in 2016. The major product categories of the Company include lifestyle wear, denim jeans, intimate, sweater, and sportswear and outdoor apparel. The production value of these product categories accounted for over 40% of the Asian Apparel Manufacturing Industry in 2016. For data shown in the Industry Overview, lifestyle wear refers to all casual knitted tops made by cutting of knitted fabric and assembled by sewing process, including but not limited to t-shirts, polo shirts, blouses, tank tops, etc; intimate refers to women's underwear including bras and briefs.

The following table sets forth the production value of major apparel products for the periods indicated.

US$ million

	Production Value				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	23,546	29,493	37,740	5.8%	5.1%
Denim Jeans	20,543	23,813	28,586	3.8%	3.7%
Intimate	11,450	16,441	24,469	9.5%	8.3%
Sweater	14,054	16,301	18,504	3.8%	2.6%
Sportswear and Outdoor Apparel	19,109	24,959	31,539	6.9%	4.8%

Source: Euromonitor estimates from desk research and trade interviews

China, Vietnam, Bangladesh and Cambodia are the key apparel manufacturing countries in Asia.

China

According to *Euromonitor*, China is the biggest player in the global Apparel Manufacturing Industry, accounting for more than 60% of the apparel production volume in Asia, and more than 30% of the total apparel production volume in the world in 2016. Apparel manufacturers in China are reputable for delivering high value-add products, and are supported by well-developed infrastructure across China. With long-term and in-depth cooperation relationship with Brand Apparel Companies and experience accumulated over the years, Chinese apparel manufacturers are shifting their business model from focusing on production to more value-add services such as providing designs to the Brand Apparel Companies.

After rapid growth over the past three decades, China's economy has entered into a "new normal" stage with steady and moderate GDP growth. The minimum wage level has been increasing over the past five years. For example, the monthly minimum wage in Guangdong Province of China, our key production base, increased from US$206.3 per month in 2012 to US$287.1 per month in 2016, at a CAGR of 8.6%. The similar increasing trend is also witnessed in other key apparel clusters in China, including Zhejiang, Shandong and Jiangsu. Apparel products exported from China are duty free to ASEAN countries, Australia, New Zealand and Korea, and may be duty free to Japan pursuant to the Regional Comprehensive Economic Partnership ("**RCEP**"). The duty free trade agreement between China and ASEAN countries officially came into force in 2007 and is currently expected to end in 2020. According to the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-operation between China and ASEAN, all apparel products enjoy the FTA agreement and the valid duties for trading of these apparel products between China and ASEAN countries are 0%.

The following tables set forth the production value and volume of major apparel product categories in China for the periods indicated.

US$ million

	Production Value				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	12,813	15,164	18,618	4.3%	4.2%
Denim Jeans	15,362	17,248	18,842	2.9%	1.8%
Intimate	8,962	12,916	18,948	9.6%	8.0%
Sweater	9,119	10,333	11,223	3.2%	1.7%
Sportswear and Outdoor Apparel	14,100	18,227	22,798	6.6%	4.6%

Million pieces

	Production Volume				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	3,253	3,420	3,815	1.3%	2.2%
Denim Jeans	1,887	2,073	2,195	2.4%	1.2%
Intimate	3,464	4,026	4,435	3.8%	2.0%
Sweater	1,486	1,496	1,585	0.2%	1.2%
Sportswear and Outdoor Apparel	3,500	3,999	4,502	3.4%	2.4%

Source: Euromonitor estimates from desk research and trade interviews

Vietnam

In recent years, Vietnam has emerged as a strategic location for apparel manufacturers. The trend to relocate textile and garment production to developing Southeast Asian countries such as Vietnam opened up the opportunity to attract more capital, technology and talent to develop the local textile and garment industry. Vietnam has a growing skilled labor force but relatively lower labor cost. Manufacturers located in Vietnam are well organized, experienced with exports, and compliant with social standards.

Vietnam has seen steady GDP growth at mid-to-high single digit over the last few years. The minimum wage level has been increasing over the last few years, growing from US$96.0 per month in 2012 to US$159.2 per month in 2016. With the Vietnam government's efforts to remain competitive in labor costs to attract foreign investment, the growth rate of minimum wage in Vietnam is expected to remain modest in the near future; Vietnam's National Wage Council announced a 7.3% average increase in monthly minimum wages across the country for 2017. Apparel products exported from Vietnam are duty free to Japan pursuant to the Japan-Vietnam Economic Partnership Agreement and duty free to China pursuant to the ASEAN-China Free Trade Area Framework Agreement, and will be duty free to the European Union pursuant to the EU-Vietnam Free Trade Agreement. As a member country of ASEAN countries, apparel products originated from Vietnam are also duty free to other ASEAN countries, Australia, New Zealand, Russia and Korea. Vietnam signed Free Trade Agreement & Economic Integration Agreement with Japan in December 2008, which officially came into force in 2009 and is currently expected to end in 2026. Vietnam's duty free trade agreement with ASEAN countries is currently expected to end in 2018. The EU-Vietnam Free Trade Agreement is expected to be ratified by all member countries by 2018 and take effect from 2019 onwards.

The following tables set forth the production value and volume of major apparel product categories in Vietnam's for the periods indicated.

US$ million

	Production Value				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	2,612	3,916	5,485	10.7%	7.0%
Denim Jeans	674	830	1,185	5.3%	7.4%
Intimate	444	583	819	7.0%	7.0%
Sweater	1,079	1,496	1,884	8.5%	4.7%
Sportswear and Outdoor Apparel	1,508	2,199	2,997	9.9%	6.4%

Million pieces

	Production Volume				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	714	992	1,328	8.6%	6.0%
Denim Jeans	92	126	170	8.3%	6.2%
Intimate	179	226	298	6.0%	5.6%
Sweater	190	259	318	8.1%	4.2%
Sportswear and Outdoor Apparel	422	570	742	7.8%	5.4%

Source: Euromonitor estimates from desk research and trade interviews

Bangladesh

As a result of increasing labor costs in China and other neighboring countries, the Apparel Manufacturing Industry has seen good growth in Bangladesh, primarily due to inexpensive and readily accessible labor, favorable government policies and preferential trade agreements. Bangladesh currently stands as the second largest player after China in terms of share in global apparel exports.

Over the past five years, Bangladesh has maintained yearly real GDP growth over 6%. The country's labor force has been also slowly increasing starting from an employment rate of 67.6% in 2012 to 68.0% in 2016. At the same time, the minimum wage in Bangladesh's Apparel Manufacturing Industry has been increasing, from US$38.1 per month in 2012 to US$68.3 per month in 2016. Minimum wage level may further grow from the current level in the coming years. As a Least Developed Country ("**LDC**"), Bangladesh has been a WTO member since 1995 and benefited from the EU's "Everything but Arms" arrangement, which grants duty free, quota free access for all exports, except arms and ammunition. Moreover, apparel products exported from Bangladesh are duty free as an LDC to Canada, Japan and China, and are duty free to Singapore, Australia, New Zealand, Russia and Korea. Bangladesh enlisted as an LDC in 1975 and is expected to graduate from the group by 2025 due to increasing government revenue, according to the United Nations.

The following tables set forth the production value and volume of major apparel product categories in Bangladesh for the periods indicated.

US$ million

	Production Value				
Category	**2012**	**2016**	**2021E**	**CAGR 12-16**	**CAGR 16-21E**
Lifestyle Wear	3,783	4,992	6,838	7.2%	6.5%
Denim Jeans	1,288	2,040	4,224	12.2%	15.7%
Intimate	216	425	1,078	18.4%	20.5%
Sweater	1,981	2,559	3,345	6.6%	5.5%
Sportswear and Outdoor Apparel	171	266	427	11.6%	9.9%

Million pieces

Category	Production Volume 2012	2016	2021E	CAGR 12-16	CAGR 16-21E
Lifestyle Wear	1,886	2,498	3,402	7.3%	6.4%
Denim Jeans	184	292	600	12.2%	15.5%
Intimate	108	213	529	18.6%	20.0%
Sweater	248	320	416	6.6%	5.4%
Sportswear and Outdoor Apparel	86	134	215	11.6%	9.9%

Source: Euromonitor estimates from desk research and trade interviews

Cambodia

As a result of the Multi-Fibre Arrangement from 1974 to 2004, which imposed quotas on apparel exports from many developing countries, the Apparel Manufacturing Industry started to develop in Cambodia, which has also subsequently developed and diversified its export market through trade liberalization by participating in free trade agreements. Despite the strong growth, most Cambodian apparel factories engage only in cut-make-trim activities and depend on fabrics and accessories imported from other countries. The Apparel Manufacturing Industry is facing increasing competition as the U.S. dollar further appreciates and the Cambodian economy becomes heavily dollarized. Competition is also coming from low-wage countries such as Myanmar.

Cambodia's GDP grew at a CAGR of 9.0% from 2012 to 2015. Monthly minimum wage has been steadily rising from US$61.0 per month in 2012 to US$140.0 per month in 2016 for workers in the apparel industry due to constant pressure from labor unions and human rights organizations. In 2017, the Ministry of Labor and Vocational Training has agreed to raise the monthly minimum wage to US$153, a 9.2% increase from 2016. Being a member country of ASEAN and also as an LDC, apparel products from Cambodia are duty free to China pursuant to the ASEAN-China Free Trade Area, duty free to other ASEAN member countries and have duty free preferences granted by major markets including EU, Japan, Canada, Australia, New Zealand, Korea since 2008. The implementation of the duty free trade agreement with ASEAN countries is currently expected to end in 2018.

The following tables set forth the production value and volume of major apparel product categories in Cambodia for the periods indicated.

US$ million

Category	Production Value 2012	2016	2021E	CAGR 12-16	CAGR 16-21E
Lifestyle Wear	865	1,188	1,462	8.3%	4.2%
Denim Jeans	424	551	621	6.8%	2.4%
Intimate	229	287	358	5.8%	4.5%
Sweater	580	476	459	(4.8%)	(0.7%)
Sportswear and Outdoor Apparel	426	573	715	7.7%	4.5%

Million pieces

Category	Production Volume 2012	2016	2021E	CAGR 12-16	CAGR 16-21E
Lifestyle Wear	286	389	463	7.9%	3.6%
Denim Jeans	61	79	89	7.0%	2.3%
Intimate	94	118	142	6.0%	3.7%
Sweater	110	91	87	(4.6%)	(0.9%)
Sportswear and Outdoor Apparel	143	191	230	7.4%	3.8%

Source: Euromonitor estimates from desk research and trade interviews

Key Drivers and Trends in Apparel Manufacturing Industry in Asia

According to *Euromonitor*, the key growth drivers of Apparel Manufacturing Industry in Asia include the following:

- *Economic development and government support:* Rapid and stable economic development in Asia is favorable for the development of the Apparel Manufacturing Industry, which is still a pillar industry in many Asian countries as well as the key driver for economic development. Benefiting from the favorable policies and greater emphasis on the Apparel Manufacturing Industry in these countries, abundant future opportunities for apparel manufacturers are created;
- *Enhancement of technology in the manufacturing process and supply chain management:* The manufacturing industry in Asia, especially in China, is going through a stage of upgrading, with apparel manufacturers investing more in advanced equipment and new technology in order to improve production efficiency and provide high value-add products. With improvement in supply chain management, apparel manufacturers based in Asia will be able to win orders from both domestic and overseas markets, thereby ensuring the stable growth of the apparel manufacturing in Asia;
- *Abundant labor force with relatively low cost:* Asia is densely populated with large numbers of laborers available, at a much lower cost compared with developed economies. Within Asia, South and Southeast Asian countries have relatively lower labor costs compared with China, which has seen increasing labor costs in recent years. However, China has an experienced labor force qualified for producing more technically advanced apparel products. As a result, an increasing number of global brand apparel companies are collaborating with apparel manufacturers to establish production bases in South and Southeast Asian countries for mass production of basic apparel products that require less complicated technologies, while maintaining manufacturing bases in China for producing high value-added apparel products;
- *Favorable trade policies:* Being important apparel manufacturing hubs in the world, South and Southeast Asian countries generally enjoy favorable trade policies. Apparel products exported from Vietnam are duty free to countries including Japan, China and other ASEAN countries pursuant to a number of agreements, and will be duty free to the European Union pursuant to the EU-Vietnam Free Trade Agreement. As LDC, apparel products exported from Bangladesh and Cambodia are respectively duty free to a number of countries and have duty free preferences granted by other major markets. Thus, as export competitiveness of Southeast Asian countries has increased, new opportunities are also created for manufacturers to establish bases in these countries, which will propel further development of the Apparel Manufacturing Industry in Asia; and
- *Continued growth of the global apparel retail market and fast-growing local brands in Asia*: As the global apparel retail market grows steadily, the Apparel Manufacturing Industry in Asia will continue to expand driven by demand from the retail market, bolstered by advantages that it possesses over other regions in the world. In addition, local apparel brands in Asia have shown great growth potential due to their familiarity with the demand of local consumers. Those brands usually choose to collaborate with local manufacturers for proximity. Moreover, development of online sales has created a large number of stores operated by private owners, who outsource production to local OEM manufacturers. All these factors are expected to drive further development of the Apparel Manufacturing Industry in Asia.

Barriers to Entry into the Apparel Manufacturing Market

According to *Euromonitor*, there are significant barriers to entry for apparel manufacturing companies, including the following:

- *High initial investment costs:* Establishing a factory requires a great amount of investment, especially in premises, equipment and R&D. Moreover, a highly skilled labor force is required to run a technology-driven manufacturing base. In addition, apparel manufacturers are also required to comply with Brand Apparel Companies' various policies on sustainability, thus need to invest in relevant infrastructure and technologies to meet the requirements;
- *Long-standing relationships with customers:* Successfully running a business in the Apparel Manufacturing Industry is underpinned by long-term relationships with Brand Apparel Companies. The established players have spent decades building long-standing relationships with clients, and accumulated deep knowledge to meet demand of those clients; and

- *Convenient access to the raw material and sophisticated supply network:* The existing manufacturers in Asia have been benefiting from convenient access to raw materials and sophisticated supply network that has been established. It takes a great deal of resources for new entrants to develop a sophisticated and seamless supply network, which is essential for manufacturers to ensure timely delivery.

Consolidation Trend in Apparel Manufacturing Industry in Asia

According to *Euromonitor*, the apparel OEM manufacturing market is highly fragmented in Asia. There are over ten thousands of scaled apparel manufacturers located in different countries across Asia. As of 2016, the market share in terms of sales value of the top 10 leading apparel manufacturers in Asia increased by approximately 1% compared to 10 years ago, which implies consolidation within the Apparel Manufacturing Industry. It is expected that the industry will undergo further consolidation in the future, as many middle-sized and small manufacturers would be eliminated from the market when facing the rapid growth of operational costs and increasing requirements from Brand Apparel Companies, while large companies will benefit from scaled production. In addition, Brand Apparel Companies are consolidating their supplier base and tend to collaborate with large manufacturers who can respond quickly with flexible production capability.

Due to the aforementioned significant entry barriers into the Apparel Manufacturing Industry, it is expected that existing leading players such as the Company will continue to experience growth, bolstered by the continuing expansion of the Apparel Manufacturing Industry in Asia as well as the squeeze-out of small players due to consolidation.

COMPETITIVE LANDSCAPE

The Apparel Manufacturing Industry is highly fragmented, with a large number of players of various scale of operations. In 2016, we were the industry's No. 1 company in terms of production volume with a market share of approximately 0.4% and No. 2 company in terms of production value with a market share of approximately 0.3% in the global Apparel Manufacturing Industry; we were also the No. 1 company in terms of production volume with a market share of approximately 0.6% and No. 2 company in terms of production value with a market share of approximately 0.7% in the Asia Apparel Manufacturing Industry. The following table sets forth the top 5 leading apparel manufacturers in the global and Asia Apparel Manufacturing Industry and their respective market share in 2016.

Leading Global Apparel Manufacturers

Ranking	Leading apparel manufacturers	Production volume (million pieces) in 2016	Market share by production volume globally in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value globally in 2016
1	Our Company	348.1	0.4%	1	Company A	2,287.7	0.4%
2	Company A	341.9	0.4%	2	Our Company	1,763.4	0.3%
3	Company B	310.0	0.3%	3	Company B	1,138.4	0.2%
4	Company C	221.1	0.2%	4	Company C	946.8	0.2%
5	Company D	163.5	0.2%	5	Company D	944.2	0.2%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

Leading Apparel Manufacturers in Asia

Ranking	Leading apparel manufacturers	Production volume (million pieces) in 2016	Market share by production volume in Asia in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value in Asia in 2016
1	Our Company	348.1	0.6%	1	Company A	2,287.7	0.8%
2	Company A	310.0	0.6%	2	Our Company	1,763.4	0.7%
3	Company B	294.0	0.5%	3	Company B	979.0	0.4%
4	Company C	163.5	0.3%	4	Company C	789.0	0.3%
5	Company D	159.2	0.3%	5	Company D	695.0	0.3%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

We enjoy a leading position among denim jeans manufacturers in the Asia Apparel Manufacturing Industry, being the No. 1 company, in terms of production volume and production value, in this particular category in 2016. We also have strong competitiveness in lifestyle wear, being the No. 2 company and No. 3 company in terms of production volume and production value in 2016. We were the No. 2 company, in terms of production volume and production value in 2016 in intimate, and also the No. 3 company and No. 4 company, in terms of production volume and production value in 2016 in the sweater segment.

Leading Lifestyle Wear Manufacturers in Asia

Ranking	Leading apparel manufacturers	Production volume (million pieces) in 2016	Market share by production volume in Asia in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value in Asia in 2016
1	Company A	230.5	2.8%	1	Company A	829.1	2.8%
2	Our Company	177.1	2.2%	2	Company B	760.6	2.6%
3	Company B	142.9	1.7%	3	Our Company	748.5	2.5%
4	Company C	76.4	0.9%	4	Company C	352.8	1.2%
5	Company D	64.1	0.8%	5	Company D	305.7	1.0%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

Leading Denim Jeans Manufacturers in Asia

Ranking	Leading apparel manufacturers	Production volume (million pieces) in 2016	Market share by production volume in Asia in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value in Asia in 2016
1	Our Company	55.9	1.9%	1	Our Company	484.2	2.0%
2	Company A	42.0	1.4%	2	Company A	300.0	1.3%
3	Company B	25.0	0.8%	3	Company B	239.9	1.0%
4	Company C	21.7	0.7%	4	Company C	219.6	0.9%
5	Company D	20.2	0.7%	5	Company D	147.2	0.6%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

Leading Intimate Manufacturers in Asia

Ranking	Leading apparel manufacturers	Production volume (Million Pieces) in 2016	Market share by production volume in Asia in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value in Asia in 2016
1	Company A	132.4	2.5%	1	Company A	450.0	2.7%
2	Our Company	90.1	1.7%	2	Our Company	294.2	1.8%
3	Company B	61.9	1.2%	3	Company B	179.6	1.1%
4	Company C	50.6	1.0%	4	Company C	156.8	1.0%
5	Company D	23.1	0.4%	5	Company D	57.7	0.4%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

Leading Sweater Manufacturers in Asia

Ranking	Leading apparel manufacturers	Production volume (Million Pieces) in 2016	Market share by production volume in Asia in 2016	Ranking	Leading apparel manufacturers	Production value (US$ million) in 2016	Market share by production value in Asia in 2016
1	Company A	42.8	1.8%	1	Company A	406.1	2.5%
2	Company B	27.0	1.1%	2	Company B	284.8	1.7%
3	Our Company	25.0	1.1%	3	Company C	272.7	1.7%
4	Company C	24.7	1.0%	4	Our Company	223.1	1.4%
5	Company D	18.1	0.8%	5	Company D	177.3	1.1%

* Companies mentioned in the above tables with the same annotations might not refer to the same companies.

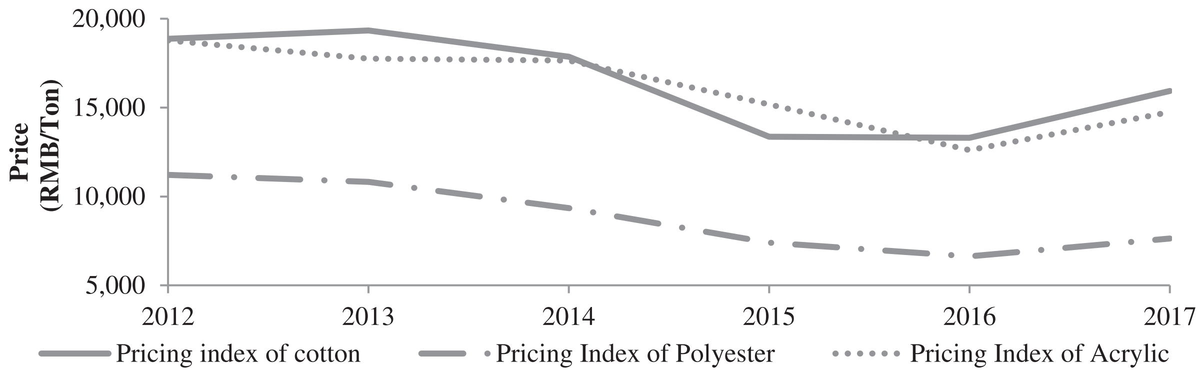
Source of the apparel manufacturing ranking tables above: Euromonitor estimates from desk research and trade interviews

Note: While audited data is available for select companies, they typically are not product / service specific. Euromonitor has estimated the market shares by considering both open sources and trade interview feedbacks.

RAW MATERIAL ANALYSIS

The major raw materials used in the production of our apparel products include fabric and yarn both primarily made of cotton, polyester and acrylic, which are mainly sourced from China by our suppliers. The fluctuation of cost of raw material directly affects our cost structure and product pricing. The following chart sets forth historical prices of major raw materials for apparel products for the periods indicated.

Pricing Index of Cotton(1), Polyester(2) and Acrylic(3)



Notes:

(1) Refers to the price of a standard type cotton with base quality of Grade 3 in China, average length of 28 mm and main micronaire

(2) Refers to the price of polyester staple fiber recorded from Shanghai International Cotton Exchange

(3) Refers to the price of acrylic staple fibers of 1.5*38 mm recorded from China Textile Raw Material Website

The price of cotton has decreased from RMB18,869 (US$2,785) per ton in 2012 to RMB15,939 (US$2,353) per ton by June 2017, primarily due to oversupply of cotton as a result of the increase of cotton planting effectiveness as well as the high stock of cotton in China.

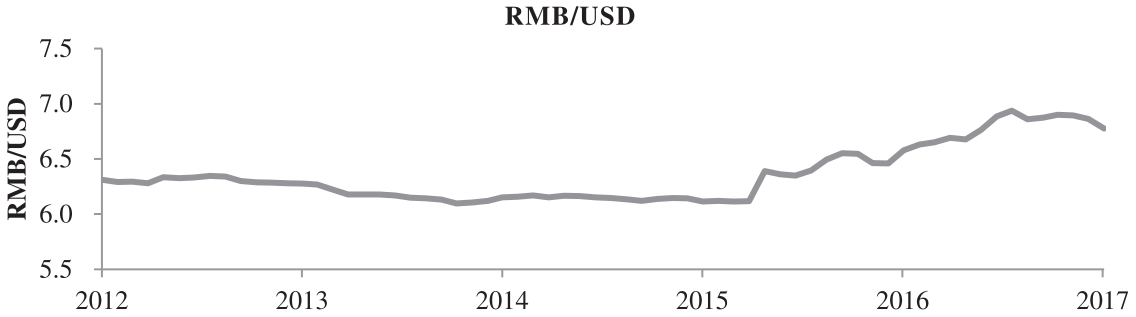
The price of polyester fell from RMB11,213 (US$1,655) per ton in 2012 to RMB6,630 (US$979) per ton in 2016 at a CAGR of -12.3%. This is mainly caused by depression of the oil price in the upstream industry and a reduction in market demand. The price of polyester rebounded to RMB7,625 (US$1,126) per ton by June 2017.

The price of acrylic fell from RMB18,775 (US$2,771) per ton in 2012 to RMB12,606 (US$1,861) per ton in 2016 at a CAGR of -9.5% in the past five years. This is mostly affected by declining in the price of acrylonitrile, a basic raw material of acrylic. The price of acrylic rebounded to RMB14,750 (US$2,177) per ton by June 2017.

EXCHANGE RATE ANALYSIS

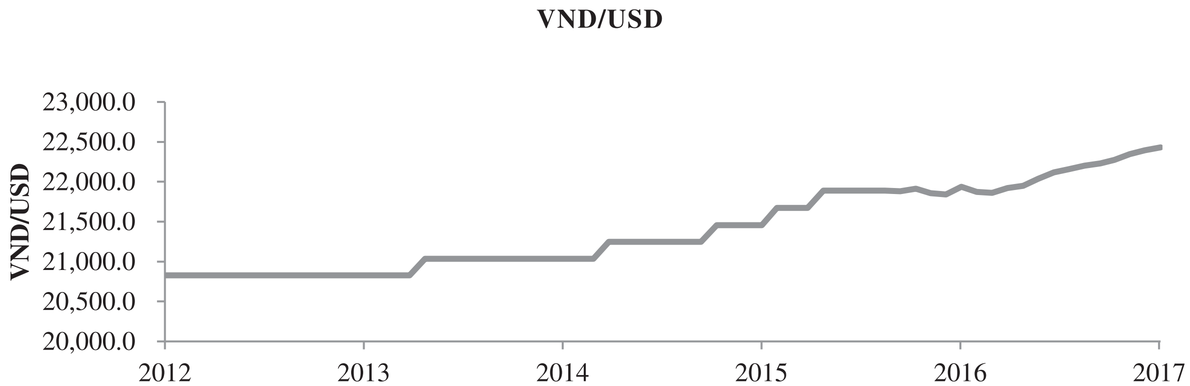
The following chart sets forth the historical exchange rates of the Company's major currencies against the US dollar for the periods indicated.

The Renminbi appreciated slightly from 2012 to mid-2015, but experienced devaluation against the US dollar since then. The devaluation trend has been continuing and the exchange rate of RMB against USD registered at 6.774 by June 2017.



Source: People's Bank of China

From 2012 to the first half of 2015, the central bank of Vietnam maintained a stable monetary policy, which helped control inflation and stabilize the macro-economy. However, since the last half of 2015, there has been a greater impact on Vietnam, especially currency exchange rates, by international markets. On December 31st 2015, the State Bank of Vietnam (SBV) issued Decision No. 2730, which adopts a more market-based methodology in setting a daily reference rate of VND versus US dollar, instead of announcing a fixed exchange rate, as previously. As a result, the exchange rate of the VND against the USD has risen from VND20,828 per US$1 in January 2012 to VND22,431 per US$1 by June 2017.



Source: State Bank of Vietnam

See "Financial Information — Factors Affecting Our Financial Condition and Results of Operations — Macro-economic Factors and Conditions" for details of analysis of the impact of currency exchange rate fluctuations on our business.

The following is a summary of laws and regulations which affect our business and operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as of the date of this prospectus, which may be subject to change.

LAWS AND REGULATIONS IN THE PRC

Laws and Regulations in Relation to Foreign Investment in the PRC

The incorporation, operation and management of corporate entities in the PRC, including foreign invested enterprises, are subject to the following principal laws and regulations:

- the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**")
- the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the "**Catalog**"), which divides industries into four categories in terms of foreign investment, which are "encouraged", "restricted", "prohibited" and all industries not listed under one of these categories are deemed to be "permitted."
- the Wholly Foreign-Owned Enterprise Law of the PRC(《中華人民共和國外資企業法》) and the Detailed Implementing Rules for the Wholly Foreign-Owned Enterprise Law of the People's Republic China(《中華人民共和國外資企業法實施細則》), pursuant to which an application for establishing a wholly foreign-owned enterprise (the "**WFOE**") shall be subject to examination and approval by the Ministry of Foreign Trade and Economic Cooperation of the PRC ("**MOFTEC**", currently known as the "**MOFCOM**")
- the Decision of the Standing Committee of the National People's Congress on Revising Four Laws including the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《全國人民代表大會常務委員會關於修改<中華人民共和國外資企業法>等四部法律的決定》) (the "**Decision on Revision of Four Laws**") and the Interim Measures for the Administration of Establishment and Change Filings of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Filings Measures**")

Laws and Regulations in Relation to Foreign Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》). Under these rules and other PRC rules and regulations on currency conversion, upon payment of the applicable taxes, foreign invested enterprises may convert the dividends they received in RMB into foreign currencies and remit such amount outside the PRC through their foreign exchange bank accounts. Generally, foreign invested enterprises may convert RMB into foreign currencies and remit them out of the PRC without the prior approval of the State Administration of Foreign Exchange (the "**SAFE**") under the two following circumstances: (a) when an enterprise needs to settle current account items in foreign currencies; and (b) when an enterprise needs to distribute dividends to its foreign shareholders. Under other circumstances, including the settlement of capital account items, foreign invested enterprises are subject to the above administrative regulatory restrictions on foreign exchange, and must acquire prior approval from SAFE or its branches before converting RMB into foreign currencies.

The Notice for the Provisions for Administration of Foreign Exchange Relating to Inbound Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) which standardized and simplified the foreign exchange operating procedures and standards in terms with direct investments by foreign investors with regards to the foreign exchange registration, the account opening and usage, the income and expenditure of the funds and the purchase and sales of foreign exchange.

Pursuant to the Circular 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》) (the "**SAFE Circular 59**"), approval is not required for the opening of an account entry in foreign exchange accounts under direct investment, for domestic transfer of the foreign exchange under direct investment. SAFE Circular 59 also simplified the capital verification and confirmation formalities for foreign-invested enterprises and the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire the equities and foreign exchange registration formalities required for the foreign investors to acquire the equities of a Chinese party, and further improve the administration of exchange settlement of foreign exchange capital of foreign-invested enterprises.

The Circular on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") cancelled the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. Besides, it simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange under the condition of direct domestic investment and direct overseas investment.

Pursuant to the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"), a foreign-invested enterprise may also choose to convert its registered capital from foreign currency to RMB on a self-discretionary basis, but the use of such converted registered capital is subject to certain limitations, including but not limited to, that a foreign-invested enterprise shall not use such converted registered capital to provide entrusted loans or repay loans between non-financial enterprises, or use such converted registered capital for expenditures beyond its business scope or expenditures prohibited by PRC laws or regulations. Foreign-invested enterprises with equity investments as their main business can use the RMB capital converted for equity investments within the PRC. Ordinary foreign-invested enterprises other than the ones mentioned above, by following the stipulated procedures under Circular 19, may use their capital in foreign currencies or their converted RMB capital for equity investments within the PRC.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), enterprises registered in PRC may also convert their foreign debts from foreign currency into RMB on a self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Circular 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within the PRC unless otherwise specifically provided. Besides, the converted RMB shall not be used to make loans for non-related enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise's own use with the exception of the real estate enterprise.

Laws and Regulations in Relation to Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (collectively the "**EIT Law**"), enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or which are incorporated pursuant to the foreign laws with their "de facto management bodies" located in the PRC, are deemed "resident enterprise'' and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and its income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with its establishments or places of business located in the PRC. Non-resident enterprises without an establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC.

Dividend Tax

According to the EIT Law, dividends paid to foreign investors of foreign-invested companies are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. According to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《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》), if an enterprise in Hong Kong directly holds at least 25% of the equity of an enterprise in the PRC, then the withholding tax rate shall be 5% for the dividends distributed by the enterprise in the PRC to the enterprise in Hong Kong.

Pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), all of the following requirements shall be satisfied in order to enjoy the preferential tax rates provided under a tax agreement: (i) the tax resident that receives dividends shall be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by the tax resident reaches the percentages specified in the tax agreement; and (iii) the equity interests of the PRC resident company directly owned by such tax resident at any time during the twelve months prior to receiving the dividends reach a percentage specified in the tax agreement.

According to the Announcement on the Administrative Measures for Non-resident Taxpayers to Enjoy the Treatment Under Tax Treaties (關於發布《非居民納稅人享受稅收協定待遇管理辦法》的公告), (the "**2015 Administration Measures**"), prior approval from or filings with SAT is no longer required before a non-resident taxpayer can enjoy the tax preferential treatment under the relevant treaties. A non-resident taxpayer may enjoy the tax preferential treatment at the time of tax return filings or withholding and declaration through a withholding agent if it is eligible for the tax preferential treatment under the relevant provisions of a tax treaty, subject to the follow-up administration by the relevant tax authority. In order to enjoy the tax preferential treatment, the non-tax resident shall file documents as required by the 2015 Administration Measures with the tax authority when filing tax returns or withholding and declaration through a withholding agent, among which is the tax resident identity issued by the tax authority of the counter party to the treaty. During the follow-up administration, the PRC tax authorities shall verify if the non-resident taxpayer is eligible for the tax preferential treatment, ask for supplemental documents from the non-tax resident or, if the non-resident taxpayer is deemed not eligible for the tax preferential treatment, require the non-resident taxpayer to pay up the non-payment or underpayment of the tax within a specified timeframe.

Value-Added Tax

Pursuant to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services and importation of goods within the territory of the PRC are subject to the payment of value-added tax (the "**VAT**"). The VAT payable is calculated as "output VAT" minus "input VAT" and the VAT rate is 17% or in certain limited circumstances 13%, depending on the products, except for a small-scale taxpayer under the Interim Regulations on Value-added Tax of the PRC.

Relevant Laws and Regulations on Environmental Protection

According to the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》) the Environmental Protection Administrative Department of the State Council is empowered to formulate the environmental quality standards and pollutant discharge standards of the PRC at national level. The provincial, autonomous and municipal people's governments, subject to report for record to the Environmental Protection Administrative Department of the State Council, may formulate local environmental quality standards and pollutant discharge standards for the subjects not yet regulated under the respective national standards and may formulate stricter standards for the subjects regulated under existing national standards. Enterprises shall comply with both national and local standards.

Laws and Regulations in Relation to Labor Law and Social Security

Enterprises in the PRC are subject to the PRC Labor Law (《中華人民共和國勞動法》) (the "**PRC Labour Law**"), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**") and the Implementations Regulations of the PRC Labour Contract Law (《中華人民共和國勞動合同法實施條例》), as well as other related regulations, rules and provisions issued by the relevant governmental authorities from time to time. According to the Labor Contract Law, enterprises established in PRC shall enter into employment agreements with their employees, in which the term of the employment agreement, job duties, working hours, rest and leave, social insurance, labor compensation, labor protection, working conditions and protection against occupational hazards shall be provided for. Both employer and employee shall duly perform their duties. Meanwhile, the Labor Contract Law also provides for the scenario of rescission and termination. Except in the situations explicitly stipulated in the Labor Contract Law which will not be subject to economic compensation, economic compensation shall be paid to the employee by the employer for the illegal rescission or termination of the employment agreement.

According to the Law of the People's Republic of China on Social Insurance (《中華人民共和國社會保險法》), the Decision of the State Council on Establishing a Unified Basic Pension System for Employees Working in Enterprises (《國務院關於建立統一的企業職工基本養老保險制度的決定》), the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System (《國務院關於建立城鎮職工基本醫療保險制度的決定》), the Provisional Measures on Birth Insurance for Employees Working in Enterprises (《企業職工生育保險試行辦法》), the Regulations on Work-Related Injury Insurance (《工傷保險條例》), and the Regulations on Unemployment Insurance (《失業保險條例》), employers in the PRC shall conduct registration of social insurance with the competent authorities, and make contributions to the basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for their employees. If employers fail to pay the social insurance, other than for legitimate reasons such as force majeure, the competent authority shall request the employers to pay the overdue payment or the deficit and the overdue fine within a specific term. In the event of failure to make the aforesaid payment, an additional fine may be imposed.

According to the Regulations on Management of the Housing Provident Fund (《住房公積金管理條例》), the employers must register with the competent housing provident fund management center and, upon the examination by such management center, complete procedures for opening an account at relevant banks for the deposit of their employees' housing provident fund. Employers are required to pay, on behalf of their employees, to housing funds. In the event of any failure of the employers to register or to pay the housing provident fund, the competent housing provident fund management center shall request completion of the formalities or payment of the overdue amount or the deficit within a specific term. Failure to do so may result in an overdue fine.

Laws in Relation to Production Safety

Pursuant to the PRC Production Safety Law (《中華人民共和國安全生產法》), the State Administration of Work Safety (國家安全生產監督管理總局) is in charge of the overall administration of production safety. The PRC Production Safety Law provides that any entity engaging in manufacturing must meet national or industry standards regarding safety production and provide qualified working conditions required by laws, administrative rules and national or industry standards.

The entity engaging in manufacturing must install prominent warning signs at or on the relevant dangerous operation site, facility and equipment. The design, production, installation, use, testing, maintenance, upgrade and disposal of safety equipment must comply with national or industry standards.

Transfer Pricing

In fiscal years 2014 and 2015, *Notice Issue by the State Administration of Taxation Regarding the "Implementation Measures of Special Tax Adjustments (Trial Version)*", Guo Shui Fa [2009] No. 2 ("**Circular 2**") were applicable to Chinese tax payers. In fiscal year 2016, *Public Notice Regarding Refining the Reporting of Related-Party Transactions and Administration of Transfer Pricing Documentation*, State Administration of Taxation Public Notice [2016] No. 42 ("**PN42**"), were applicable to China taxpayers.

Circular 2

Circular 2 provides rules for taxpayers to determine what transfer pricing compliance should be for 2008 and onward and outlines the roles and responsibilities of taxpayers and tax authorities regarding: (1) the scope of the transfer pricing rules; (2) documentation and disclosure requirements; (3) audit and adjustment procedures; (4) transfer pricing tools such as advance pricing arrangements and cost-sharing agreement; and (5) thin capitalization, general anti-avoidance, and controlled foreign corporation. In relation to transfer pricing compliance rules set out in Circular 2, it requires Chinese resident enterprises and non-Chinese resident enterprises with establishment in China must complete transfer pricing disclosure forms for submission with annual income tax filing by May 31 of the following year.

Circular 2 also requires an enterprise to prepare contemporaneous documentation reports by May 31 of the following the year of the transaction, if the enterprise fails to meet the exemption thresholds or conditions. The taxpayer must submit the transfer pricing documentation reports in Chinese to the tax authorities within 20 days upon request.

PN42

PN42, effective from fiscal year 2016 for China taxpayers, replaces the provisions on related party reporting and transfer pricing documentation originally stipulated in Circular 2 and provides additional requirements in transfer pricing disclosure forms. The new China transfer pricing documentation requirement has adopted a three-tiered approach, including master file, local file and special issue file. The exemption threshold, information required to be disclosed in each of the component of the transfer pricing documentation and period for which the transfer pricing documentation should be maintained by taxpayers are stipulated in PN42. Taxpayers should submit transfer pricing documentation within 30 days upon the tax authorities' request. Transfer pricing disclosure forms are required to be submitted to the tax authorities by May 31 of the following year together with annual income tax filing.

LAWS AND REGULATIONS IN SRI LANKA

Board of Investment Law No. 4 of 1978 as Amended ("BOI law")

The Board of Investment ("**BOI**") is the statutory authority set up by the Government of Sri Lanka through an Act of Parliament to encourage investment in Sri Lanka, both local and foreign, and the BOI Law provides for two types of investment approvals.

Inland Revenue Act No. 10 of 2006 as Amended

In terms of section 2 of the Inland Revenue Act provides that income tax is charged in respect of the profits and income wherever arising in the case of a person resident in Sri Lanka during the year of assessment. The profits and income are defined to include profits from trade, business, vocation or profession. Section 61 of the Inland Revenue Act provides the amount to be calculated as income tax of a company resident in Sri Lanka for the year of assessment. At present, the corporate tax rate applicable to the apparels/garments business is 28%.

National Environment Act No. 47 of 1980 as Amended

The Act established the Central Environmental Authority ("**CEA**"), which has power to give directions to local authorities. The minister is to determine by Order in the Gazette the activities for which a licence is required. Known as "prescribed activities", these are defined as activities which involve or result in discharging, depositing or emitting waste into the environment causing pollution.

The CEA may issue a licence to any person to discharge, deposit or emit waste in to the environment in accordance with its standards and criteria if an application is made after paying a prescribed fee. This licence, renewable, is valid for a prescribed period, and if not specified, no more than three years. All prescribed activities must be carried under licence of the CEA in accordance with established standards prescribed under the above act. Anyone found guilty of a violation of this provision would be liable to a fine no less than Rs. 10,000, or a term of imprisonment no less than one year, or both and be required to obtain a licence as determined by the court. A license issued could be suspended or cancelled by the CEA if the holder of the said license acts in violation of the said terms and standards, if the continued discharge and emission of waste affects the beneficial use of the environment or if there is a change in the natural environment.

All prescribed projects would require approval from appropriate project approval agency concerned with the project, except in the case where certain projects will be determined by the Minister and approval by the project approval agency will be made in concurrence with the CEA. All project approving agencies have a duty to request an initial environmental examination report or an initial environmental impact assessment report from the project owner within a specific time. This is considered a public document per the provisions of the Act.

Labor Laws and Regulations

The Shop and Office (Regulation of Employment and Remuneration) Act No. 19 of 1954 (together, the "**Shop and Office Act**") broadly cover hours of employment, overtime, holidays and leave, and remuneration of employees.

Under the Shop and Office Act, normal working hours of any employee must not exceed eight (8) hours in any one day and forty five (45) hours in any one week, excluding time for rest and meals. Overtime rates should be paid after the normal working hours. Employees must not be engaged in overtime work in excess of twelve (12) hours in any one week. Overtime for work performed during normal working days will be remunerated by payment of overtime at the rate of one and half (1 ½) times the hourly rate.

An employee under the Shop and Office Act is entitled to 14 days of annual leave and 7 days of casual leave. Every employee must be granted a weekly holiday of 1½ days a week if they are in employment for over twenty eight (28) hours a week (exclusive of overtime and intervals for meals).

Under the Employees Provident Fund Act, every employee in a covered employment must contribute eight percent (8%), and the employer must contribute twelve per cent (12%), of the employee's total earnings each month to the Employees Provident Fund ("**EPF**") account of the employee. Under the Employees Trust Fund Act, every employer is required to contribute to the Employees Trust Fund ("**ETF**") established under the above Act a sum equivalent to three percent (3%) of the total earnings of every employee from his employment under such employer.

LAWS AND REGULATIONS IN VIETNAM

Business and Foreign Investment in Vietnam

The legal framework for a foreign enterprise in Vietnam is set out in the Law on Enterprises 2014 and the Law on Investment 2014 respectively. All validly existing private business enterprises in Vietnam must have an Enterprise Registration Certificate ("**ERC**"). The ERC is the written or electronic document issued by the licensing authority to an enterprise recording information about the enterprise registration. For foreign investors and companies in which foreign investors hold more than 51% or more of the equity, in addition to the ERC, the foreign investors and or foreigner enterprises are required to obtain an Investment Registration Certificate ("**IRC**"). The IRC is the written or electronic document issuing by the licensing authority recording information registered by the investors about an investment project. The IRC is not required for domestic investors or enterprises where foreign investors hold less than 51% of equity. Moreover, an IRC is not required when foreign investors invest more than 51% in existing Vietnamese companies that are not in conditional investment sectors.

Environmental Protection in Vietnam

The Law on Protection of the Environment 2014 and relevant sub-legislations regulate manufacturing operations. The law and regulations require companies, depending on their productivities, to prepare an Environmental Impact Assessment Report ("**EIAR**") and have it approved before construction of their garment factories. An EIAR must be prepared concurrently with the feasibility study of a project. For companies which perform dying or industrial laundering activities, they are required to report on completion of construction of environmental protection works before commencing their operations. Under the Law, waste must be managed in all stages of generation, reduction, sorting, collection, transportation, reuse, recycling and destruction.

Labor Protection and Social Security and Occupational Safety in Vietnam

Pursuant to the Vietnam's Labour Code 2012, child labor is prohibited. All employees must be at least 15 years old expect that persons under 15 years old can be employed for specific light jobs prescribed by law. A young employee is a person who is between 15 and 18 years old. An employer can sign a labor contract with young employees with the following conditions: working hours do not exceed eight hours per day and 48 hours per week; annual leave of 12 to 14 days per year; overtime or night shifts are not allowed; and heavy, hazardous and dangerous jobs or the jobs negatively affecting his or her personality are prohibited.

Pursuant to the Labor Code 2012, companies must enter into a written labor contract with any employee except where the employee works for less than three (3) months. The agreed wage must be mentioned in the labor contracts in which the minimum wage must be at least the regional minimum wage regulated by the law.

Pursuant to the Law on Social Insurance and Law on Health Insurance, both employers and employees who have signed a labor contract for three months or more are required to contribute to mandatory social insurance and health insurance. The parties are also required to contribute to additional unemployment insurance for those who have signed a labor contract for a term of three months or more.

Pursuant to the Law on Trade Union 2012, employees of enterprises have the right to establish trade unions. Companies must contribute to the trade union fund which is equivalent to 2% of the salary funds serving as the basis for social insurance premiums for the employees (regardless of the trade union being established or not). Such trade union funds must be paid once a month and at the same time of paying the Social Insurance Premium for the employees.

Taxation in Vietnam

(a) ***Tax Resident Business***

Vietnam does not explicitly define "tax residence" for business vehicles. However, business vehicles will be regarded as having Vietnamese tax residence if incorporated in Vietnam. Tax resident businesses are subject to corporate income tax ("**CIT**") and taxed on worldwide income.

(b) ***Non-tax Resident Business***

A non-tax resident business is a business vehicle incorporated outside of Vietnam but having Vietnam-sourced income (for example, income derived from carrying out business in Vietnam or engaging in a transaction with a Vietnamese contracting party). This is regardless of whether the services are performed inside or outside of Vietnam. The non-tax resident business is referred to as a "foreign contractor" under Vietnamese tax laws.

Foreign contractors are subject to foreign contractor tax ("**FCT**"), which consists of CIT and Value Added Tax ("**VAT**") and are taxed through a withholding mechanism. FCT rates vary and are specified according to the nature of the service supplied. For the CIT component, the rate varies from 0.1% to 10%. For the VAT component, the rate can range from exempted to 5%.

Types of Tax

(a) ***Corporate Income Tax***

Corporate Income Tax ("**CIT**") is a direct tax levied on the profits earned by companies or organizations. All income arising inside Vietnam is subject to CIT, no matter whether a foreign enterprise has a Vietnam-based subsidiary or whether that subsidiary is considered a permanent establishment. As of January 1, 2016, the standard corporate income tax rate is 20% (reduced from 25% to 22% in 2014 and to 20% presently). Preferential tax rates are available when certain criteria are met. Certain industries may have a higher tax rate applied (for example, oil and gas operations (ranging from 32% to 50%) and the natural resources industry (ranging from 40% to 50%)).

(b) ***Value Added Tax***

The Value Added Tax ("**VAT**") Laws in Vietnam are based on the Law on VAT No.13/2008/QH12 dated June 3, 2008 and Law No.31/2013/QH13 (the Law on Amendment of VAT) dated June 19, 2013 which amends the Law on VAT by the Vietnam's National Assembly. The Law on Amendment of VAT came into effect on January 1, 2014.

Registration of VAT is a compulsory procedure for all enterprises and individuals in order to run a business in Vietnam. VAT applies to the provision of goods and services used for the purposes of production, trading, and consumption in Vietnam. However, the goods which are sold for export and services which are sold to customers abroad are normally not subject to VAT. The standard rate of VAT is 10%. Reduced rates and exemptions are provided for certain categories.

(c) ***Business License Tax***

Business License Tax ("**BLT**") is imposed on enterprises in accordance with the registered capital in the business registration licence or the investment licence, ranging from VND1 million to VND3 million per year. Payment of BLT is due on the registration of the business for tax purposes and subsequently on an annual basis.

Pursuant to the Circular 302/2016/TT-BTC which became effective on January 1, 2017, the rate of collecting such BLT for enterprises that have production activity, trading goods and services that have charter capital or invested capital over VND10 billion is VND3 million per year and for enterprises with charter capital or invested capital under VND10 billion will be VND2 million per year; branches, representative offices, places of business and other economic organizations will pay VND 1 million per year.

(d) ***Import and Export Duties***

Most goods imported and exported across the borders of Vietnam, or which pass between the domestic market and a non-tariff zone, are subject to import/export duties. Exceptions to this include goods in transit, goods exported abroad from a non-tariff zone, goods imported from foreign countries into non-tariff areas for use in non-tariff areas only, and goods passing from one non-tariff zone to another. Most goods and services being exported are exempt from tax. Export duties (ranging from zero percent to 45 percent and computed on free-on-board ("**FOB**") price) are only charged on a few items, mainly natural resources such as minerals, forest products, and scrap metal. Consumer goods, especially luxury goods, are subject to high import duties, while machinery, equipment, materials and supplies needed for production, especially those items which are not produced domestically, enjoy lower rates of import duties, or even a zero percent tax rate. Duty rates for imported goods include preferential rates, special preferential rates, and standard rates depending on the origin of the goods. Import and export duties declarations are required upon registration of customs declarations with the customs offices. Export duties must be paid within 30 days of registration of customs declarations. For imported goods, import duties must be paid before receipt of consumer goods.

(e) ***Foreign Contractor Withholding Tax***

Generally, withholding tax is not imposed on domestic enterprises. Foreign Contractor Withholding Tax ("**FCWT**") applies to payments of interest, royalties, license fees, foreign contractors' fees, cross border leases, insurance/reinsurance, airline and express delivery charges to a foreign entity. FCWT includes a VAT element and a CIT element and it applies to payments derived from Vietnam.

Foreign enterprises and foreign individuals which are subject to FCWT are as follows:

- Foreign enterprises and individuals doing business in Vietnam or earning income in Vietnam on the basis of contracts, agreements with Vietnamese organizations, individuals, or between Vietnam foreign contractors and foreign sub-contractors to perform a part of the contractor agreement;

- Foreign enterprises and individuals supplying goods in Vietnam in the form of on the spot export/import and earning income in Vietnam on the basis of contracts, agreements with Vietnamese organizations; and

  (i) Dividends — There is no withholding or remittance tax imposed on dividends paid to the corporate shareholders.

  (ii) Interest — A withholding tax of 5% applies to interest paid on loans from foreign entities.

  (iii) Royalties, license fees, etc. — A 10% royalty withholding tax applies to payments made to a foreign party for transfers of technology.

  (iv) Freight & transportation services — Foreign entities performing outbound transportation services are subject to FCWT.

- Foreign individuals or between foreign contractors and foreign sub-contractors to perform a part of the contractor agreement.

Generally, the Vietnamese party is responsible for declaring, deducting and paying withholding tax on behalf of foreign party.

Foreign Exchange

The legal currency of Vietnam ("**VND**") is subject to foreign exchange control and is not freely convertible. The payment and remittance of foreign currencies whether inbound, outbound or within Vietnam are subject to controls by the State Bank of Vietnam ("**SBV**") and by the banking system in general.

All transactions, payments, listings, advertisements, quotations, setting prices and recording prices in contracts and agreements and other similar forms for both residents and non-residents within the territory of Vietnam are effected in VND subject to certain permitted exceptions permitted by the regulations of the SBV.

Companies can purchase foreign currency from licensed credit institutions for certain permitted transactions such as payments for imports and services abroad, repayment of certain loans and the payment of interest accrued thereon and repatriation of investments from Vietnam, subject to submission to the remitting bank of supporting documents evidencing the legitimate purpose of purchasing and remitting foreign currency.

Pursuant to the Law on Investment 2014 and the Foreign Exchange Control Regulations, companies are allowed to remit dividends in foreign currency to their foreign shareholders overseas. Subject to the fulfillment of all financial obligations towards the Vietnamese government, there is no profit remittance tax imposed on the same but companies are required to notify the tax authorities of the plan to remit profits at least seven working days prior to the scheduled remittance.

Transfer Pricing

Taxpayers were subject to the regulation of Decree 20/2017/ND-CP and Circular 41/2017/TT-BTC during the Track Record Period that covers transfer pricing requirements in Vietnam, which applies to taxpayers that are subject to corporate income tax in Vietnam and are carrying out business partly or wholly in Vietnam with related parties. Taxpayer is obliged to declare information about related party relationships and transactions, which should be submitted to tax authorities together with the corporate income tax finalization return. Transfer pricing documentation package including information relevant for global corporations and country-to-country report of an ultimate parent company, must be prepared before the time of filing corporate income tax finalization returns each year, and must be stored and presented as requested by tax authorities.

LAWS AND REGULATIONS IN CAMBODIA

Environmental Protection

Environmental matters are currently governed by the Law on Environmental Protection and Natural Resource Management (1996, "**LEPRM**"). The LEPRM grants powers to the Ministry of Environment ("**MOE**") to inspect any premises or any means of transport if it considers that it affects the environment. The LEPRM is supported by various governmental regulations including, among others, Sub-Decree 72 on Environmental Impact Assessment Process (1999, "**Sub-Decree 72**"), the Sub-Decree on Water Pollution Control, the Sub-Decree on Solid Waste Management and the Sub-Decree on Control of Air Pollution and Noise Disturbance.

Environmental Impact Assessments ("**EIAs**") are required for some projects depending on, among others, their nature, size and business activities, as specified in Sub-Decree 72. Sub-Decree 72 also sets out the exact nature and format the assessments are required to take. Investors whose projects are subject to an EIA (such as garment factories) are required to submit a preliminary EIA report and pre-feasibility study report to the MOE. For projects that may have severe environmental consequences, full EIA reports and feasibility study reports must also be submitted to the MOE. The approval of the MOE on the preliminary and full EIA reports must be obtained before commencing an intended project. The MOE, as a matter of practice rather than law, has been requiring newly licensed investment companies to enter into a separate contract with the MOE. The contract requires the investor to state that it will comply with environmental regulations, will act to safeguard the environment and will immediately remedy any negative environmental impact caused by the investing company.

Water Pollution Control

The Sub-Decree on Water Pollution Control was enacted in 1999 to prevent and reduce water pollution in public water areas such as seas, rivers, lakes and irrigation system that are for public use, as well as groundwater system. The Sub-Decree sets out the standards of liquid waste that can be discharged and the requirement to obtain a permit from the MOE prior to the discharge or the transport of liquid waste from certain industries. It also prohibits the dumping or storage of solid waste or hazardous substances that may lead to water pollution in public water areas or public drainage system.

Labor

The 1997 Labor Law ("**Labor Law**") is the primary legislation governing all employment activities in Cambodia. It is enforced and implemented by the Ministry of Labor and Vocational Training ("**MLVT**"). Within the MLVT, there are specific Departments of Labor and Vocational Training ("**DLVT**") for Phnom Penh and each province. Whether the MLVT or DLVT has authority over an enterprise for labor related matters depends on the location of an enterprise and number of employees that the enterprise employs. The Labor Law replaced the 1992 Labor Law, and it strengthened employees' rights to bargain collectively, form unions and strike — which enables this law to meet certain international standards. By meeting international standards, the changes in the Labor Law also meet the requirements of the United States for granting Most-Favored Nation ("**MFN**") and General System of Preferences ("**GSP**") status.

Foreign-owned companies have relatively unrestricted access to Cambodia's labor force as there are essentially no restrictions on employing Cambodian laborers with proper documentation. However, certain restrictions do exist for employing foreigners. The MLVT and Ministry of Interior ("**MOI**") have recently taken steps to enforce more strictly the laws concerning the employment of foreign nationals in Cambodia, particularly the requirement of an employment card and work permit.

Law on Trade Union

The Law on Trade Union 2016 ("**Law on Trade Union**") is intended to: (a) provide rights and freedoms for enterprises, establishments and persons governed by the provisions of the Labor Law and persons serving in air and maritime transportation; and (b) set out the organization and functioning of professional organizations of employees and employers. This law includes provisions related to, among other things, the establishment, operation, dissolution, rights and obligations and dispute resolution procedures concerning professional organizations of employees and employers. This law also addresses provisions related to staff representatives, employee unions having the "most representative" status, termination procedures of specially protected employees and negotiation of collective bargaining agreements ("**CBA**"). Staff representatives may be elected from among candidates nominated by a local union or from among employees who, while not members of a local union, volunteer to be candidates. Effectively, this requires that any enterprise employing eight or more employees must now arrange for an election of staff representatives after the enterprise has been in operation for three months. In addition, the Law on Trade Union indicates that an employees' union has three levels (a local union, a union federation and a union confederation), whereas the employers' association has two levels (employers' association and employer federation).

Failure to comply with the Law on Trade Union results in written warnings or monetary fines of between KHR 1,000,000 (approximately US$250) to KHR 10,000,000 (approximately US$2,500). For instance, employers are prohibited from retaliating against whistleblowers that report or provide testimony about an enterprise's compliance with Labor regulations. A breach of this restriction may result in a monetary fine of up to KHR 5,000,000 (approximately US$1,250).

Mandatory Employee Benefits

The terms of employment pertaining to compensation, maximum working hours, vacation leave, maternity leave, family leave, employee complaint processes, night and holiday work, medical care, and special rules governing child and women employees, are stipulated by law.

Maximum working hours are normally 8 hours per day and 48 hours per week, although some variation in the number of hours worked is permitted by regulation under certain circumstances, provided that rules on the maximum number of hours that can be worked per day are enforced. Overtime is compensated at 1.5 to two times the normal wage, depending on the time at which the overtime is worked.

The National Social Security Fund

In September 2002, the government passed the Law on Social Security ("**Social Security Law**") with the aim of establishing a new social security regime applicable to all employees to whom the provisions of the Labor Law apply. However, the latest scheme in relation to health care was only recently put into force.

The National Social Security Fund ("**NSSF**") scheme covers three pillars: (a) health insurance; (b) retirement pension; and (c) occupational risk (work-related accident and occupational disease) insurance. The NSSF has implemented the occupational risk insurance scheme since 2008, followed by the recent introduction in 2016 of health insurance. The retirement pension component of the scheme is yet to be implemented. The scheme is managed by the NSSF, a public establishment to which all employers, employees and workers must pay contributions. Pursuant to the Sub-Decree No.140 dated August 26, 2017, the obligation to pay contributions for the health care scheme shall be shifted from the employees to the employers from January 1, 2018 onwards. To date, only the work-related accident insurance scheme is fully operational with the details of the health insurance due to be confirmed in further regulations. Two further Prakas have set out the procedure for registering enterprises and their employees with the NSSF and have determined the rate of contribution to be paid with respect to the work-related injury component of the scheme.

Employers or enterprise owners employing 8 or more employees are obliged to register their business and its local and foreign employees with the NSSF within 45 days after the date of its actual opening or the date upon which they first employ 8 or more employees and pay monthly contribution ranging from USD0.4 to USD2 per employee and per month to the NSSF. Each registered enterprise must report to the NSSF on the number of employees before the 15th of every month. Each enterprise is required to pay its first monthly contribution to the NSSF within 30 days after the issuance date of the NSSF registration certificate and to pay the next contribution by the 15th day of the following month.

Taxation

In December 2015 the Law on Financial Management 2016 was promulgated and with it the abolition of the simplified and estimated regimes of taxation in Cambodia. Since January 1, 2016 there is only one regime of taxation in Cambodia — the real regime. The real regime has now been amended to create three classifications of real regime taxpayer: small, medium and large. Taxpayer classification depends on factors such as business form, turnover and business activities.

Taxpayers under the real regime system are liable to the following taxes, pursuant to the Law on Taxation ("**LOT**"):

Annual Taxes: Tax on profit ("**TOP**"); and patent tax certificate renewal.

Monthly Taxes: Prepayment of profits tax ("**PPT**"); withholding tax ("**WHT**"); tax on salary and fringe benefits ("**TOS**") and value added tax ("**VAT**").

Other Significant Taxes: Specific tax on certain merchandise and services ("**ST**"); accommodation tax ("**AT**"); tax on public lighting ("**TPL**"); tax on unused land; tax on immovable property; and additional tax on dividend distribution ("**ATDD**").

At the end of each taxable year, taxpayers pay either the TOP or the minimum tax ("**MT**") whichever is greater. TOP is a tax on profit with a standard rate of 20% of taxable profit. It is imposed on a resident taxpayer's world-wide income. MT is a yearly tax and is separate from TOP. MT is calculated at 1% of annual turnover inclusive of all taxes except VAT. Note however that the monthly settlement of the PPT (see below) is usually sufficient to cover the MT. Hence, if the MT is payable instead of the TOP, typically no additional MT payments need be made.

Prepayment of Profits Tax

PPT is calculated at 1% of a taxpayer's monthly turnover inclusive of all taxes, except VAT. Any PPT payments made will be credited against the TOP liability.

Withholding Tax

Taxpayers carrying on a business in Cambodia are required to withhold certain amounts from payments made to resident and non-resident taxpayers. The amounts withheld are remitted to the GDT. Payments subject to WHT at rates ranging from 10% to 15%. WHT does not apply to sale of goods payments.

Value Added Tax

VAT is applicable to the supply of goods and services. An enterprise is required to apply VAT at the standard rate of 10% on taxable supplies in Cambodia including the importation of goods into Cambodia. A VAT rate of 0% ("**zero-rate**") applies to goods exported from Cambodia.

The Cambodian VAT system follows conventional VAT systems, whereby a VAT registered enterprise can offset input VAT incurred on purchases against its output VAT. In circumstances where the taxpayer's input VAT for the month exceeds its output VAT (i.e. VAT credit), the taxpayer is allowed to carry forward the VAT credit to offset output VAT in the next period.

Tax Penalties

Tax penalties are imposed for violations of the LOT and its regulations. The level of the penalty depends upon the nature of the violation, and ranges from 10% to 40% of the unpaid tax. In addition, penalties are imposed for late payment of taxes and late lodgement of returns, together with interest charged at 2% per month.

Double Taxation Agreement

Cambodia and Singapore signed an Agreement for the Avoidance of Double Taxation ("**DTA**") on May 20, 2016, with entry into force and pending ratification of the agreement by both countries. This is Cambodia's first DTA and is expected to reduce barriers on cross-border investment and trade between the two countries not to mention the fostering of future economic growth for Cambodia. In addition, Cambodia also signed the DTA with various other countries including China, Brunei and Thailand, which are pending ratification from relevant countries.

Land Law

The 2001 Land Law, the 2007 Civil Code and the 2011 Law on the Implementation of the Civil Code constitute the main framework applicable to real estate transactions. In November 2001, a new Land Law was enacted which considerably improved the legal infrastructure for land-related investments in Cambodia. The 2001 Land Law clarified various types of rights relating to land, including ownership, easement, usufructs, security interest, state and private land concessions and leases. It also clarified the process by which land is transferred by sale or succession and registration of the transfer. In 2007, the new Civil Code helped consolidate the regulatory framework, previously implemented in the 2001 Land law through a series of provisions regarding leases, ownership and land securities amongst others. In accordance with the Law on the Implementation of the Civil Code ("**Implementation Law**"), the new Civil Code, passed in 2007, only came into force in 2011.

Land Investment Structuring

Nearly all investments in Cambodia involve some sort of investment in immovable property. Foreign persons (legal or natural) cannot be registered as the direct legal owner/holder of ownership over the land in Cambodia. Therefore, for foreign investors, such investment is usually in the form of a long term lease, also known as a perpetual lease, (15 years or more), a concession from the state or a minority interest (up to 49 percent) in a Cambodian-owned company that owns the land, coupled with secured lending against the land.

A perpetual lease can be assigned, sub-leased, mortgaged or transferred through succession and is renewable. Perpetual leases duly registered with competent Land Office can be used as security for financing. These leases must be for a term of at least 15 years up to a maximum of 50 years and are renewable.

A perpetual lease may be registered against the title to the land being leased. However, registration of the perpetual lease with the relevant Land Office is not a condition of lease validity and there is no legal requirement to register the lease. Once so registered, the relevant Land Office will issue a perpetual lease certificate to the lessee.

LAWS AND REGULATIONS IN BANGLADESH

Foreign Exchange Regulations

Bangladesh has very strict foreign exchange control law and its currency in freely convertible transaction of foreign exchange is highly regulated. Remittance of money outside Bangladesh is allowed only for specific circumstances and is required to be supported by appropriate documentation. The Foreign Exchange Regulation Act 1947 ("**FERA**") provides the legal basis for regulating certain payments, dealings in foreign exchange as well as securities. Bangladesh Bank, the central bank of Bangladesh is responsible for administering foreign exchange transactions in Bangladesh. Bangladesh Bank from time to time issues directives regarding foreign exchange transaction and summaries of the main directives are published by Bangladesh Bank and named as Guideline for Foreign Exchange Transactions 2009 (the "**Guidelines**"). All foreign exchange should be transacted pursuant to the Guideline and FERA, otherwise criminal charges could be brought.

Health and Safety

Environmental Legislation

Bangladesh is signatory to a number of international treaties relating to the environment. The applicable laws giving effect to such treaties and international standards require any industrial unit to secure a permission or permission (Environment Clearance Certificate) from the Director General, Department of Environment ("**DOE**"). The authority issues such permission, considering various factors and physical inspection of a new industrial unit or project or extension of the industrial unit. The laws regulating the authority, requirements and procedure to secure the certificate are detailed in the Bangladesh Environment Conservation Act ("**ECA**") 1995, the Environment Conservation (Amendment) Act ("**ECAA**") 2010, and Environment Conservation Rules ("**ECR**") 1997. It is mandatory to obtain an Environmental Clearance Certificate for each and every type of industry and project as per ECA 1995 and ECAA 2010.

Factories Registration

Any manufacturing company employing ten or more workers is required to be registered under the Factories Act 1965 with the office of the Chief Inspector of Factories and Establishment, an authority under the Ministry of Labor and Employment. The certification is provided upon initial approval of the factory plan and upon construction, inspection of the factory / establishment (or any extension thereof) to regulate working conditions and to ensure health and safety of all concerned in the factory.

All factory buildings and business organizations must obtain a fire license issued by the Fire Service and Civil Defence, an authority operating under the Ministry of Home Affairs, pursuant to the Fire Defence and Service Act of 2003 and the rules promulgated thereunder.

Taxation

Trade License

A Trade License is mandatory for every form of business entity in Bangladesh. It is issued by the local government of the respective areas. If a business entity has more than one place of business, it must obtain trade licenses from each local government.

Electronic Taxpayer Identification Number (e-TIN)

The Income Tax Ordinance ("**ITO**") and Income Tax Rules are the governing laws of taxation in Bangladesh. In Bangladesh e-TIN is needed for various daily affairs such as opening a bank account, L/C (Letter of credit), renewal of trade license, submitting tender documents, ERC (export registration certificate), IRC (import registration certificate), VAT (value added tax) Registration, Company Registration, issue of Credit Cards and many others. It is obligatory for all individuals and corporate entities to file an income tax return at the end of each fiscal year (July - June). It is also obligatory for all employers to deduct Advance Income Tax ("**AIT**") at source from wages / salary payable to its staff, whose yearly salary exceeds a certain threshold. Under the present income tax regime, 100% export oriented manufacturing units (textile and garments included) enjoy tax benefits on their export earnings.

Value Added Tax (VAT) Registration

Value Added Tax ("**VAT**") in Bangladesh is governed by the VAT Act 1991 (the "**VAT Act**"). The VAT Act contains over 70 laws that guide a business in VAT related issues, from registration to penalties of non-compliance. The Government of Bangladesh is proposing a complete overhaul of the VAT system in Bangladesh. Under the VAT Act, any business entity manufacturing or supplying goods or rendering services, which are subject to paying VAT under the VAT Act, must be registered with the concerned Division Office as a VAT payer. There are certain VAT exemptions enjoyed by 100% export oriented manufacturing units (textile and garments included) under the present scheme of VAT in Bangladesh.

Tariff and Customs

Customs Regulation

The Customs Act 1969 governs the customs duty, Import duty covers the basic duty, which is levied at the preferential rate in case of importing the commodities. Government has power from time to time by notification to prohibit or restrict bringing or taking by air, sea or land goods of any specified description. Contravention of this would make goods liable or detention and confiscation by the customs authorities.

Import Registration Certificate (IRC) & Export Registration Certificate (ERC)

IRC must be obtained by investors who need to import products or machineries. The certificate is issued by the Office of the Chief Controller of Imports & Exports ("**CCI&E**") operating under the Ministry of Commerce. After obtaining this certificate, under the Import Policy Order, 2012/2015 the importer can import any permissible item without any restrictions on value and quantity. It has to be renewed annually. It has to be obtained from CCI&E under the Ministry of Commerce. As per Export Policy Order, 2015-2018, ERC is a certificate granted by the CCI&E. as well. After obtaining this certificate, an exporter can export any quantity of goods at any price from Bangladesh. It also has to be renewed annually.

Bond License

In order to enjoy duty free access of raw materials and capital machinery, any 100% export oriented factory shall require a bond license, under which duty free imported raw materials and finished goods are stored within the facility of the factory and year end audit of utilization declaration is mandatory. The Commissioner (Bond) of the National Board of Revenue ("**NBR**") relies upon general authority provided under the Customs Act 1969 concerning the licensing of warehouses and powers to exempt goods from duty to establish the regime by rule authorizes Commissioner (Bond) to grant licenses for warehouse for purposes of storing of imported goods, and to suspend or cancel such licenses under defined conditions.

Labor Laws & Regulations

Bangladesh has comprehensive laws, rules and regulations relating to the establishment of rights and interests of labor in Bangladesh, the most important of which is the Labor Act, 2006 (the "**2006 Act**"). The 2006 Act deals with all aspects relating to employment, gratuity and all other benefits that are durable and payable to a labor in Bangladesh. It also deals with maternity leave, paternity leave, sick leave and also imposes certain restrictions on recruitment of labors, for example, the 2006 Act prohibits minor/child workers being employed in factories.

Subsequently, the Government of Bangladesh also passed the Labor Rules 2015 which further supplemented and codified the existing 2006 Act as well as filled in some of the lacunas that existed in the 2006 Act. The said Rules 2015 further expanded the scope of gratuity, benefits that are durable and payable during the labor's service and upon termination. The aforesaid Act/Rules also provide the provisions for settlement of all disputes that may arise between the worker and the owner or the management of the factory.

LAWS AND REGULATIONS IN MACAU

Macau Offshore Law

The legal regime governing offshore activity in Macau was established by Decree-Law no. 58/99/M, (the "**Macau Offshore Law**"). Offshore activity is defined as "any economic activity dedicated to foreign markets, to be pursued exclusively with non-residents and by means of transactions in currencies other than the pataca".

An offshore entity may take the form of a company incorporated under the laws of Macau or of a branch of an entity incorporated abroad. The incorporation and operation of an offshore institution requires the prior approval of the Macau Trade and Investment Promotion Institute ("**IPIM**"), a Macau governmental agency responsible for the issuing of licenses, technical assistance and supervision for non-financial offshore institutions. Macau offshore institutions shall abide by the provisions of the Commercial Code in all matters not specifically regulated under the Macau Offshore Law.

Offshore institutions are classified in four types according to their business scope: 1) offshore financial institutions, 2) offshore commercial services institutions, 3) offshore auxiliary services institutions, and 4) offshore trust management.

The activities which may be legally carried out by an offshore commercial services institution are from time to time defined by the Macau Chief Executive and, within such generally authorized activities, the specific activities that a certain Macau offshore commercial services institution may carry out are specifically stated in the license granted by IPIM. Further, offshore institutions have to operate as per their approved business scope, as recorded in the registration certificate issued by the Macau Commercial Registry, have to conduct business in accordance with the investment plan submitted during the licencing application to IPIM, and to abide by the "Preventive Measures regarding Anti-Money Laundering and Combating the Financing of Terrorism" from time to time communicated by IPIM, which require submission of annual compliance and operations reports along with audited financial reports to IPIM.

Offshore institutions are generally prohibited from carrying out any commercial activities with Macau residents and institutions and from using Macau currency in their activities. Offshore institutions benefit from a wide range of tax exemptions in Macau, including income tax, industrial tax, inheritance and donations tax, real estate transmission tax and certain stamp duties.

Taxation

In Macau, corporate tax ("**complementary tax**") is imposed on a company's profits, which consist of business income, interest income and realised capital gains and is levied at progressive rates ranging from 9% to 12%. Normal business expenses may be deducted in computing taxable income. Other taxes consist in industrial tax, real property tax, motor-vehicle tax and stamp duties on transactions. There is no consumer tax or VAT or sales tax in Macau (with the exception of some specific products like fuel, tobacco and alcohol). Offshore institutions in Macau are exempted from complementary tax, industrial tax, inheritance and donations tax, real property tax and certain stamp duties, operating in a nearly "tax-free" environment in Macau.

Offshore institutions are subject to pay IPIM a set-up fee of MOP5,000 (a one-time fee) and a bi-annual operating fee that ranges between MOP3,000 to MOP15,000 depending on the type of offshore entity and its registered capital.

LAWS AND REGULATIONS IN ENGLAND AND WALES

Businesses operating in England and Wales are subject to many legislative regulatory requirements. The regulations that are expected to be material to our manufacturing operations in England and Wales will be those that relate to product safety and consumer protection, trade regulations, environmental protection and health and safety.

Product Safety and Consumer Protection

The General Product Safety Regulations 2005 require that all products placed on the market are safe. The requirements to ensure that products are safe starts with the manufacture and requires the manufacturer to ensure that consumers are warned about any potential risks from the products, to provide consumers with information to help them understand the risks, to monitor the safety of products and to take action if a problem is found. Textiles that are used for clothing must comply with the Textile Products (Labelling and Fibre Composition) Regulations 2012, which require that information must be provided to include the main fibre types and their percentages in the product. If products are nightwear they must comply with the Nightwear (Safety) Regulations 1985, in relation to the flammability of the material.

Trade Regulations

Regulations, charges or other restrictions apply to clothing, footwear and fashion exports as they leave the United Kingdom, including VAT and excise duty. Many products imported from outside of the European Union require import licences, which can be product or trade specific. If the product is subject to a product-specific standard it needs to be supported by applicable certificates, product specific licences and documentation. Additionally quantitative restrictions, limitations or trade restrictions may apply to certain products.

Environmental Protection

All businesses within England and Wales are subject to regulations relating to the protection of the environment, including the Environmental Protection Act 1990. Every business has a duty of care to deal responsibly with any waste that is produced; this duty of care lasts from the production of that waste until it is given to a licenced waste business.

OUR GOAL

Our goal is to be the world's leader in apparel manufacturing in all respects, including market share and profitability.

OVERVIEW OF OUR HISTORY

Our almost five-decade-long history has been a story of how our founders and their management team have developed and embraced a business philosophy founded on "The Greater Good" — where the good of customers, colleagues, society and the global environment are our priorities — and transformed a "husband and wife" workshop in a traditional industry into a global leader that is primed for sustainable development and growth.

We were founded by Mr. & Mrs. Lo in 1970. At our inception, we had a few sewing machines and knitting looms, producing sweaters in a workshop in Hong Kong for whoever we could get outsourced work from. Today, we have 20 self-operating manufacturing facilities with a total gross floor area of approximately 1.3 million sq.m. spanning across five countries, and a workforce of approximately 70,000, delivering around 350 million pieces of apparel a year primarily to globally leading apparel brands.

Our history and development can be divided into three stages: (1) 1970 — 2005: the quota system era, (2) 2005 — 2010: the turning point, and (3) 2010 to the present: becoming the global leader and beyond.

1970 — 2005: THE QUOTA SYSTEM ERA

Founding of the Crystal Group

Mr. Lo is a respected industrialist. Having emigrated to Hong Kong from China during his childhood, the significant hardship experienced during his formative years instilled in him a determined spirit and, as the eldest child in his family, Mr. Lo developed a strong sense of caring and responsibility for the greater good of his family. His first experience with sweater making came when, at the age of 14, he helped his parents with outsourced handiwork making gloves from factories in Hong Kong. As the family business grew, Mr. Lo helped his father start a sweater knitting factory.

In 1970, Mr. & Mrs. Lo decided to establish a sweater manufacturer — Crystal Group — with several partners. As a husband and wife team, Mr. Lo focused on production and customer relationships while Mrs. Lo was responsible for finance and administration.

The 1970s

During our early history, we operated in the era of the textile quota system, when restrictions on exports into the United States and Europe directly impacted the growth of the apparel industry in Hong Kong. The success of apparel makers was dependent on export quotas and many Hong Kong apparel makers had to engage in costly quota buying or establish low-cost production bases in countries that were exempt from the export quota restrictions in order to expand their business.

We started venturing overseas in the early 1970s when we established factories in Malaysia and Mauritius. Given its distance from Hong Kong, opening a factory in Mauritius was a very bold move at the time. However, the low-cost, quota-free environment and proximity to Europe were attractive to us, and the Mauritius factory gave us an early experience in operating in the English language in international trade as well as local team decentralization and empowerment. By the mid-1970s, we were already managing multiple manufacturing locations across different time zones.

In December 1978, the Chinese government started a program of economic reform and opening-up (改革開放) and began to attract foreign investment. Mr. Lo recognized China as a tremendous opportunity for our development, and we expanded our production to Guangdong Province shortly after the start of reform.

By the end of 1970s, we established Sinotex, a 50-50 joint venture with Mast Industries, a United States company founded by a long-time friend of Mr. Lo, Mr. Martin Trust, which was later acquired by The Limited Stores, Inc. (which later became known as Limited Brands, Inc. and now L Brands, Inc.).

The partnership with Mast Industries was an inspiration to Mr. & Mrs. Lo. In addition to China's vast workforce and export quotas, the partnership gave them:

- early experience with setting up and operating production bases in China; and
- insight into western-style *vs.* Chinese family-style management.

The 1980s

During the 1980s, we had begun a modernization process to implement a western-style industrial engineering program to optimize our production process and boost productivity, and implemented a computerization program for our management and finance systems to support our growing and increasingly global production footprint. We also established a production base in Jamaica, to add to those in China, Sri Lanka and Mauritius.

The 1990s

Over the years, Mr. Lo dedicated himself to developing a sustainable business model. Inspired by his own life experience and over 20 years of globetrotting in the apparel industry, as well as the experience he gained from the partnership with Mast Industries, Mr. Lo developed the following eight core values:

- Integrity
- Respect for People
- Embrace Innovation
- Energize Others
- Delight our Customers
- Live Quality
- Deliver Bottom Line Results
- Boundaryless Enterprise

We began to instill and embed these core values in our business in the 1990s and they remain the cornerstone of our culture today. Under our core values, and with our deep customer relationships supported by our strategy of building large scale manufacturing facilities and highly complementary business lines, we have been able to develop our successful “co-creation” business model to serve our customers.

Quotas were product-specific and the textile quota system dictated a business model where apparel makers, including us, made whatever apparel products for which they were able to obtain a quota. In the mid-1990s, Mr. Lo realized that the quota system would come to an end. The end of the system would mean that customers would be able to source from any country and result in intensified competition, where demand for high quality and competitive pricing from apparel makers would overtake an era where choice of suppliers was restricted to those who had the requisite quotas.

As a testament to his vision, Mr. Lo decided to plan ahead for the post-quota era and targeted Japan as a market to test our ability to compete in a market that did not have quota restrictions. We started to win orders from a (then) start-up company called Fast Retailing. At that time, Fast Retailing operated a clothing chain called Unique Clothing Warehouse, which was soon to take off under the acronym UNIQLO from a small retail outlet to one of the top retail apparel brands in the world. We have benefitted enormously since we first got to know Fast Retailing in 1996.

During the 1990s and up to 2000, we continued to establish production bases in Madagascar and Jiangsu Province, China.

2000 — 2005

In 2001, China became a member of the WTO. Mr. Lo had a clear strategy in his mind: we had to focus on product segments and be a global leader in each segment. We therefore used denim as the centerpiece of our post-WTO expansion strategy and transformed our woven division into a denim-focused division. In 2003, we acquired a piece of land in Zhongshan, Guangdong Province, China for our dedicated denim factory, which began production in 2005. At around the same time, we expanded our production footprint to Vietnam, which was emerging as a low-cost production base.

We also identified intimates as an additional product segment we would focus on. In 2004, we acquired Martin International Holdings, a company established in 1922 by the late Sir Albert Martin that was later listed on the London Stock Exchange with Marks & Spencer as one of its major customers. Following our acquisition, Martin International Holdings became a privately owned company.

2005 — 2010: THE TURNING POINT

We had worked hard to position ourselves for the post-quota system era. However, even though China became a member of the WTO in 2001, it was not until 2005 when western countries started to dismantle their trade barriers, and the quota system for exporting apparel to the European Union and the United States was not eliminated until 2008 and 2009, respectively. The long wait for the start of the era of free competition for the global apparel industry meant that the second half of the 2000s was a challenging period for us.

The end of the quota system era meant that it was no longer necessary for apparel manufacturers to "chase quotas" by opening factories in many export-friendly locations. We therefore made a strategic decision to focus on large scale manufacturing facilities in key production locations, with consideration of workforce ability and skillset, as well as supplier and customer proximity.

Our decades of experience and adherence to our core values, deep customer relationships, early implementation of advanced management and finance systems, dedication to sustainability as well as established factories in China, Vietnam, Sri Lanka and, since 2008, Bangladesh, set us on a course for a rise to the top of our industry in the coming decade.

With the next phase of our development in mind, Mr. Andrew Lo, who had risen through the ranks since joining us in 1988, was promoted to chief executive officer in 2008 to succeed Mr. Lo and to lead us as we embarked on our strategy to global leadership. This move also allowed us to implement further corporate governance best practices by splitting the positions of Chairman and chief executive officer.

2010 — THE PRESENT: BECOMING A GLOBAL LEADER AND BEYOND

Between 2011 and 2013, we set up new factories in Cambodia and Vietnam. By 2016, we had become the global leader in the Apparel Manufacturing Industry by production volume, with 20 self-operating manufacturing facilities spanning across five countries, with a workforce of approximately 70,000, delivering around 350 million pieces of apparel a year.

As we continued to expand our product offerings, in December 2016, we acquired Vista, a Singapore based apparel manufacturer with manufacturing facilities in Vietnam and Cambodia, allowing us to expand our product portfolio into sportswear and outdoor apparel products.

BUSINESS MILESTONES

The following table sets forth the key milestones in our history:

Decade	Event
1970s	• Crystal Group was established in 1970: — Crystal Knitters Limited was incorporated in Hong Kong — We started our sweater business • We started our lifestyle wear business. • We established Sinotex, a 50:50 joint venture with Mast Industries.
1980s	• We started our woven business, which was later transformed into our denim business. • We established a factory in Sri Lanka. • We implemented advanced industrial engineering and computerization programs.
1990s	• We established factories in Dongguan, China. • We introduced our corporate values and mission. • We invited our first independent director to join our Board to promote strong corporate governance. • We began our relationship with Fast Retailing's Uniqlo brand.

2000s

- We renewed our enterprise resource planning (ERP) system with SAP.
- We established factories in Vietnam and Bangladesh.
- We acquired Martin International Holdings, a company then listed on the London Stock Exchange and started our intimate division.
- We transformed our woven business into a denim-focused business.

2010s

- We established factories in Cambodia.
- We were ranked 17th out of 50 companies on Fortune Magazine's "Change the World" list in 2016, being the only Hong Kong and apparel manufacturing company recognized in the ranking, and one of the ten companies from Asia on the list.
- We acquired Vista and further expanded our product portfolio into sportswear and outdoor apparel products.

OUR COMPANY

Our Company was initially incorporated in Bermuda on January 4, 1993. At the date of incorporation, the total issued share capital of our Company was US$12,000 divided into 12,000 Shares of a par value of US$1 each. Mr. Lo and Mrs. Lo were issued one Share each and CGL was issued 11,998 Shares. The two Shares held by Mr. & Mrs. Lo were held on trust for CGL and were returned to CGL on May 3, 2016.

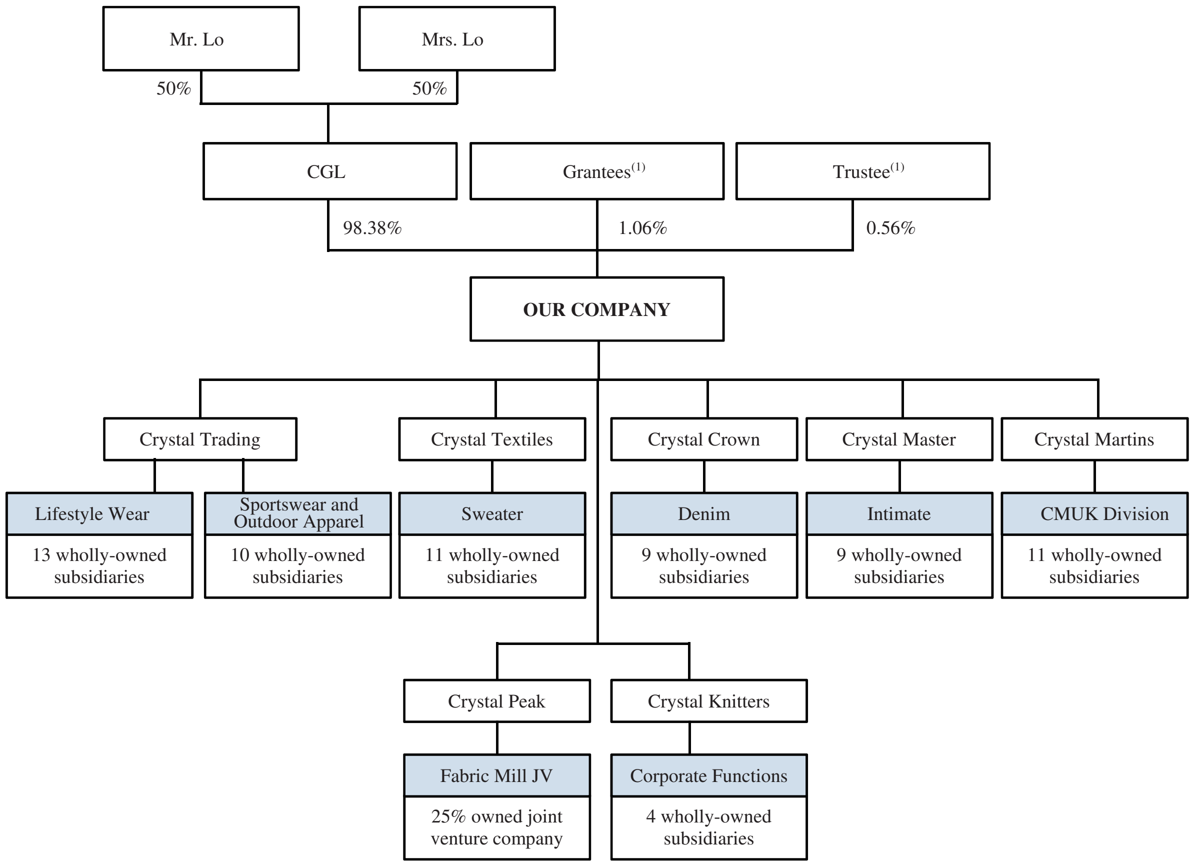
In anticipation of the Listing, our Company re-domiciled and was registered by way of continuation as an exempted Company in the Cayman Islands on December 29, 2016.

In December 2016, we implemented Share Award Scheme A for our senior management team. Pursuant to the Share Award Scheme A, on December 28, 2016, CGL transferred a total of 128 shares (representing 24,606,720 Shares after the Re-denomination Issue) to eight members of our senior management team (including three executive Directors) (the "**Grantees**") for nil consideration. The Shares under Share Award Scheme A are subject to a five-year lock-up period from December 28, 2016. We further implemented Share Award Scheme B for our executives in April 2017 pursuant to which, as of the Latest Practicable Date and conditional on Listing, we have granted 13,062,000 Shares to 93 of our existing or past executives, consultants or officers. The Shares under Share Award Scheme B were issued to the Trustee on October 11, 2017. Please see the section headed "Statutory and General Information — D. Share Award Scheme — 1. Share Award Scheme B" in Appendix IV for further details.

As of June 30, 2017, our Company was owned as to 98.93% by CGL, and 1.07% by the Grantees. Following the Re-denomination Issue and the issue of Shares under Share Award Scheme B and upon Listing, our Company will be owned as to 80.67% by CGL, 0.87% by the Grantees, and 0.46% by the Trustee. A total number of 23,143,620 Shares under Share Award Scheme A and Share Award Scheme B, representing approximately 0.82% of our enlarged issued share capital immediately upon Listing (assuming the Over-allotment Option is not exercised), are owned by our core connected persons and are not counted as part of the public float.

OUR GROUP STRUCTURE

Set forth below is our corporate and shareholding structure after the Re-denomination Issue and before the completion of the Global Offering.



Note:

(1) Eight Grantees under Share Award Scheme A hold 24,606,720 Shares. The Trustee of Share Award Scheme B holds 13,062,000 Shares, on behalf of 93 participants under Share Award Scheme B.

OUR PRINCIPAL SUBSIDIARIES AND JOINT VENTURE

Our Principal Holding Companies:

Details of our principal holding companies are set forth below:

No.	Name and Date of Establishment	Place of Establishment	Ownership as of January 1, 2014	Ownership as of the Latest Practicable Date	Principal Business Activity
1.	**Crystal Trading** September 30, 1986	Bermuda	100%	100%	Holding company of lifestyle wear and sportswear and outdoor apparel subsidiaries
2.	**Crystal Crown** July 25, 2003	Bermuda	100%	100%	Holding company of denim subsidiaries
3.	**Crystal Master** January 11, 2011	Bermuda	100%	100%	Holding company of intimate subsidiaries
4.	**Crystal Textiles** May 31, 1984	Bermuda	100%	100%	Holding company of sweater subsidiaries
5.	**Crystal Martins** November 1, 2000	Bermuda	100%	100%	Holding company of CMUK Division
6.	**Crystal Peak** July 1, 2010	BVI	100%	100%	Holding company of fabric mill joint venture
7.	**Crystal Knitters** November 10, 1970	Hong Kong	100%	100%	Holding company of corporate functions subsidiaries

Note: A further holding company, Justice Faith Holdings Limited, has three wholly-owned subsidiaries, namely King Jumbo, Fortune Joy and CPAT (Singapore) Private Ltd. As of December 31, 2014, we held 49% interests in each of King Jumbo and Fortune Joy. On March 30, 2015, we acquired the remaining 51% interests in each of King Jumbo and Fortune Joy, respectively, at an aggregate consideration of approximately US$6.6 million in cash. As a result, these two companies became our wholly-owned subsidiaries. King Jumbo and Fortune Joy are investment holding companies and hold 100% interests of CPAT (Singapore) Private Ltd. In order to streamline our business structures, the subsidiaries engaged in lifestyle wear business were later transferred to Crystal Trading. As a result, these four companies became dormant and will be wound-up.

1. **Lifestyle Wear**

Crystal Trading is the holding company of the subsidiaries engaged in our lifestyle wear business. As of the Latest Practicable Date, Crystal Trading had 13 wholly-owned subsidiaries engaged in our lifestyle wear business. Our 100% interest in each of these 13 subsidiaries had not changed since January 1, 2014, the start of our Track Record Period, except for our acquisition of the interests held by our joint venture partner in Amigo Bangladesh Ltd., Kingston Bangladesh Ltd. and Queenston Bangladesh Ltd. in July 2015. In addition, our wholly owned subsidiary Crystal Elegance (Taiwan) Limited was incorporated in September 2017. The names, dates and places of establishment of these 13 wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. Elegance Industrial Company Limited	March 30, 1976	Hong Kong
2. Sinotex (Lanka) (Private) Limited*	February 24, 1981	Sri Lanka
3. Dongguan Crystal	July 16, 1993	PRC
4. Forever Way Limited	September 27, 2000	Hong Kong
5. Regent Garment Factory Limited	December 31, 2003	Vietnam
6. Elegance (Macao Commercial Offshore) Limited	February 12, 2004	Macau
7. Ever Smart Bangladesh Ltd.	April 16, 2009	Bangladesh
8. Kingston Bangladesh Ltd..	April 16, 2009	Bangladesh
9. Amigo Bangladesh Ltd.	October 28, 2009	Bangladesh
10. Queenston Bangladesh Ltd..	November 24, 2010	Bangladesh
11. Perfect Growth Private Co., Ltd.	May 31, 2013	Cambodia
12. Stable Creation (Cambodia) Ltd..	September 25, 2013	Cambodia
13. Crystal Elegance (Taiwan) Limited	September 5, 2017	Taiwan

* *The entity will be wound-up.*

2. **Denim**

Crystal Crown is the holding company of the subsidiaries engaged in our denim business. As of the Latest Practicable Date, Crystal Crown had nine wholly-owned subsidiaries. Our 100% interest in each of these nine subsidiaries had not changed since January 1, 2014, the start of our Track Record Period, except for Yi Da Manufacturer Co., Ltd. and Yi Da Vietnam Limited which were incorporated in 2014 and 2016, respectively. The names, dates and places of establishment of these nine wholly-owned subsidiaries are as follows:

Name		Date of Establishment	Place of Establishment
1.	Crystal Apparel Limited	April 27, 1982	Hong Kong
2.	Jingli Changzhou	April 18, 2000	PRC
3.	Zhongshan Yida	December 4, 2003	PRC
4.	Crystal Apparel (Macao Commercial Offshore) Limited	February 22, 2006	Macau
5.	Polysound Limited	January 8, 2010	Hong Kong
6.	Delight Gain Apparel (Cambodia) Ltd.	April 23, 2013	Cambodia
7.	Hugh Crown Manufacturing (Cambodia) Ltd.	May 20, 2013	Cambodia
8.	Yi Da Manufacturer Co., Ltd.	May 19, 2014	Cambodia
9.	Yi Da Vietnam Limited	April 13, 2016	Vietnam

3. Intimate

Crystal Master is the holding company of the subsidiaries engaged in our intimate business. As of the Latest Practicable Date, Crystal Master had nine wholly-owned subsidiaries. Our 100% interest in each of these nine subsidiaries had not changed since January 1, 2014, the start of our Track Record Period, except for Tim Ma Limited and Zhongshan Wema which were incorporated in 2016 and Crystal Intimate (Vietnam) Limited which was incorporated in 2017. The names, dates and places of establishment of these nine wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. CM Hong Kong	November 16, 1982	Hong Kong
2. Martin Emprex	July 6, 1992	PRC
3. Crystal Martin Intimate (Macao Commercial Offshore) Limited	February 22, 2006	Macau
4. Crystal Martin (Vietnam) Company Limited	May 21, 2010	Vietnam
5. Vision Plus Investments Ltd.	January 20, 2011	Samoa
6. Crystal Martin Design (NY) Inc.*	August 2, 2012	United States
7. Tim Ma Limited	April 1, 2016	Hong Kong
8. Zhongshan Wema	May 27, 2016	PRC
9. Crystal Intimate (Vietnam) Limited	August 9, 2017	Vietnam

* *The entity will be wound-up.*

4. **Sweater**

Crystal Textiles is the holding company of the subsidiaries engaged in our sweater business. As of the Latest Practicable Date, Crystal Textiles had 11 wholly-owned subsidiaries. Our 100% interest in each of these 11 subsidiaries had not changed since January 1, 2014, the start of our Track Record Period. The names, dates and places of establishment of these 11 wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. Crystal Sweater Limited	February 20, 1981	Hong Kong
2. Crystal Sweater Lanka (Private) Limited*	September 24, 1997	Sri Lanka
3. Eternal King Limited	December 22, 2000	Hong Kong
4. Selagama Garments (Private) Limited*	March 1, 2001	Sri Lanka
5. Granding China Limited	October 10, 2003	Hong Kong
6. Dongguan Yeji	October 19, 2004	PRC
7. Seiko Sweater (Macao Commercial Offshore) Limited	February 22, 2006	Macau
8. Crystal Martin Knitwear Bangladesh Limited	February 25, 2008	Bangladesh
9. Crystal Industrial Bangladesh Private Limited	September 24, 2008	Bangladesh
10. Crystal Vision Textiles Limited	January 25, 2010	Bangladesh
11. Crystal Sweater Vietnam Limited	January 8, 2013	Vietnam

* *The entity will be wound-up.*

5. CMUK Division

Crystal Martins is the holding company of the subsidiaries of our CMUK Division, which was the business of CM Holdings acquired by us in 2004. As of the Latest Practicable Date, Crystal Martins had 11 wholly-owned subsidiaries. Our 100% interest in each of these 11 subsidiaries had not changed since January 1, 2014, the start of our Track Record Period. The names, dates and places of establishment of these 11 wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. Crystal Martin Textiles Limited	May 1, 1914	U.K.
2. Crystal Martin (Knitwear) Limited	June 27, 1917	U.K.
3. CM Holdings	December 28, 1922	U.K.
4. Crystal Martin International Limited	May 28, 1964	U.K.
5. CM Far East	November 19, 1971	Hong Kong
6. CM Ceylon	April 2, 1981	Sri Lanka
7. Crystal Martin Apparel Bangladesh Limited	December 10, 2006	Bangladesh
8. Crystal Martin Central (Private) Limited	February 3, 2011	Sri Lanka
9. Crystal Kingdom Limited	July 19, 2011	Samoa
10. Crystal Martin (Cambodia) Limited	December 1, 2011	Cambodia
11. Crystal Martin (Cambodia) Land Limited	December 25, 2013	Cambodia

6. **Sportswear and Outdoor Apparel**

Crystal Trading is the holding company of the subsidiaries engaged in our sportswear and outdoor apparel business. We, through Starfar Limited (a company incorporated in October 2016), acquired Vista Corp Holdings Limited (and its six wholly-owned and two 51%-owned subsidiaries) in December 2016. Subsequently, in March 2017, we acquired the 49% minority interest in SL Ponie Pte. Ltd. and Texwell Global Pte. Ltd., which are now wholly-owned by us. As of the Latest Practicable Date, Crystal Trading had ten wholly-owned subsidiaries engaged in our sportswear and outdoor apparel business. The names, dates and places of establishment of these ten wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. Malaysia Dyeing & Printing Factory (Private) Limited	August 28, 1963	Singapore
2. SL Global Pte. Ltd.	December 30, 1999	Singapore
3. SLH Pte. Ltd.	December 30, 1999	Singapore
4. SL Ponie Pte. Ltd.	June 12, 2006	Singapore
5. Star Fashion Co., Ltd.	February 28, 2007	Vietnam
6. Texwell Global Pte. Ltd.	February 24, 2010	Singapore
7. Malaysia Dyeing (Cambodia) Co., Ltd.	June 27, 2012	Cambodia
8. Starlight Apparel Manufacturing Co., Ltd.	September 13, 2012	Cambodia
9. Vista Corp Holdings Limited	August 5, 2015	Cayman Islands
10. Starfar Limited	October 20, 2016	Hong Kong

7. **Fabric Mill Joint Venture**

In August 2010, we formed a 25:75 joint venture with Pacific Textiles Holdings Limited (stock code: 01382) ("**Pacific Textiles**"), an independent third party, for the manufacture and trading of knitted fabric in Vietnam. Crystal Peak is the investment holding company of our fabric mill joint venture. As of the Latest Practicable Date, Crystal Peak held our 25% interest in PCGT Limited (the "**JV Company**"), which in turn held a 100% interest in Pacific Crystal Textiles Limited. Our interest in the JV Company had not changed since January 1, 2014, the start of our Track Record Period. The names, dates and places of establishment of our interest in the JV Company and its wholly-owned subsidiary are as follows:

Name	Date of Establishment	Place of Establishment
1. PCGT Limited	July 14, 2010	Hong Kong
2. Pacific Crystal Textiles Limited	April 7, 2011	Vietnam

We have two out of six board seats on the board of directors of the JV Company, which is responsible for making decisions relating to the JV Company. The chairman of the board of directors (appointed by Pacific Textiles) has a casting vote. Certain customary corporate matters require the prior written approvals of both shareholders of the JV Company.

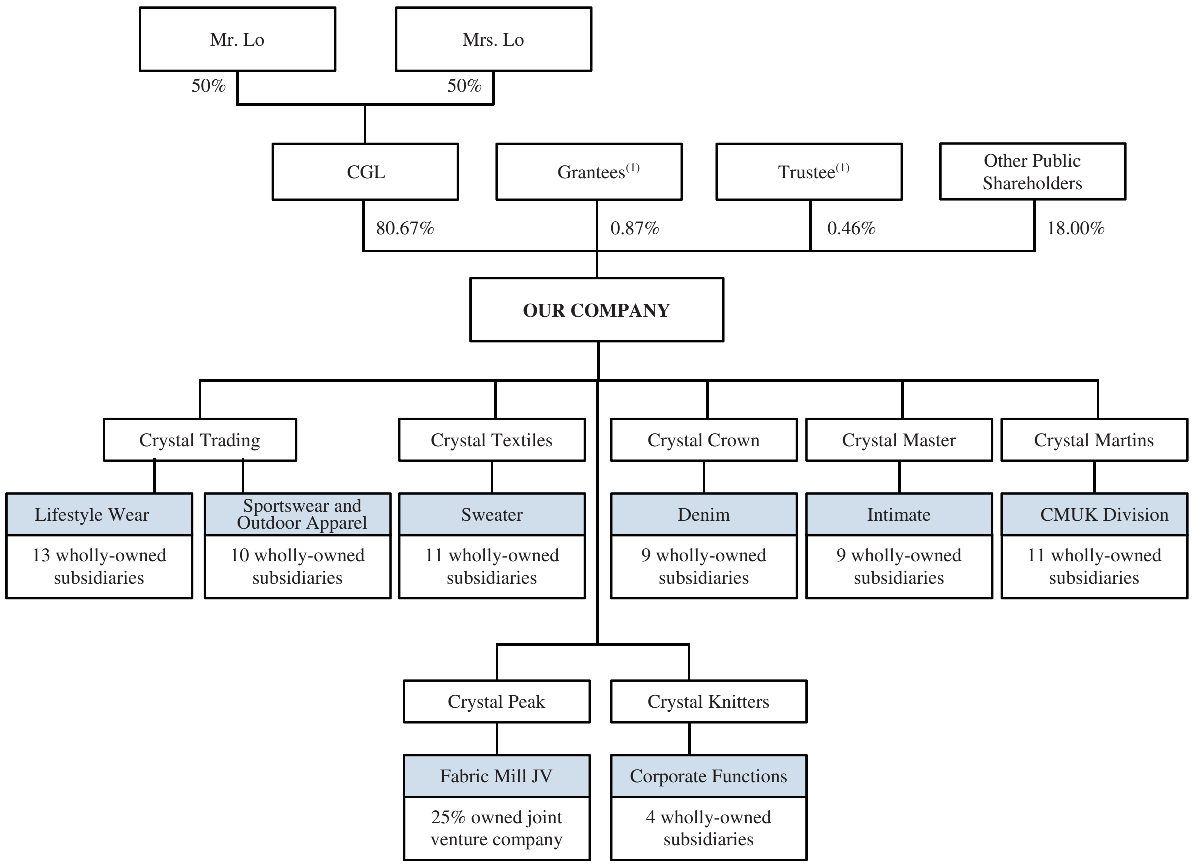
8. **Corporate Functions**

Crystal Knitters is the holding company of the subsidiaries engaged in corporate functions. As of the Latest Practicable Date, Crystal Knitters had four wholly-owned subsidiaries. Our 100% interest in each of these four subsidiaries had not changed since January 1, 2014, the start of our Track Record Period. The names, dates and places of establishment of our four wholly-owned subsidiaries are as follows:

Name	Date of Establishment	Place of Establishment
1. Mention Trading Limited	December 2, 2006	Hong Kong
2. Dongguan Lianfeng	January 19, 2008	PRC
3. Zhongshan Fufeng	November 2, 2010	PRC
4. Zhongshan Lifeng	May 27, 2016	PRC

OUR POST LISTING GROUP STRUCTURE

Set forth below is our corporate and shareholding structure immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised).



Note:

(1) *Eight Grantees under Share Award Scheme A will hold 24,606,720 Shares. The Trustee of Share Award Scheme B will hold 13,062,000 Shares, on behalf of 93 participants under Share Award Scheme B. A total number of 23,143,620 Shares under Share Award Scheme A and Share Award Scheme B representing approximately 0.82% of our enlarged issued share capital immediately upon Listing (assuming the Over-allotment Option is not exercised), are owned by our core connected persons and are not counted as part of the public float.*

OVERVIEW

We are a global leader in the Apparel Manufacturing Industry with a diversified product portfolio under our differentiated co-creation business model. According to *Euromonitor*, we were ranked first by production volume and second by production value in the global Apparel Manufacturing Industry in 2016, with seven out of the top 10 global leading Brand Apparel Companies in 2016 as our customers. Our co-creation business model is critical to achieving and enhancing our industry leading position. This model is supported by the powerful combination of our almost five decades of industry experience, long-term partnerships with globally leading Brand Apparel Companies, many of which we have 10 to over 30 years of relationships, a diversified product portfolio across five product categories, and a multi-country manufacturing platform. Our co-creation business model has driven our ability to launch continuously new commercially successful products for our customers.

We were founded in 1970 and have since developed based on our corporate culture of caring "For The Greater Good" (大我為先) — where the good of customers, colleagues, society and the global environment are our priorities. By following our corporate culture, we have grown substantially from a few sewing machines and knitting looms in a small workshop in Hong Kong servicing a handful of customers to today where we now have a significant scale of operations with a multi-country manufacturing platform consisting of 20 self-operating manufacturing facilities with a total gross floor area of approximately 1.3 million sq.m. spanning across five countries with a workforce of approximately 70,000, delivering around 350 million pieces of apparel a year primarily to globally leading apparel brands.

We believe our diversified product portfolio, along with the cross-segment opportunities it presents, is a key differentiating factor to our leading industry position and success. We have broadly divided our product portfolio into five key categories and most of these product categories are industry leaders in their respective segments. The following table sets forth our key product portfolio and their respective estimated market size in Asia in 2021 and respective estimated CAGR of market size in Asia from 2016 to 2021.

Product Category	Ranking (No.) and Our Market Share (%) in Asia as of December 31, 2016(1)(2)(3)	% of Our Sales in the Year Ended December 31, 2016	Estimated Market Size in Asia in the Year Ending December 31, 2021 (US$ billion)(2)(3)	Estimated CAGR (%) of Market Size in Asia from 2016 to 2021(1)(2)(3)
Lifestyle wear.	No. 2 and 2.2%	42.4%	37.7	5.1%
Denim	No. 1 and 1.9%	27.5%	28.6	3.7%
Intimate	No. 2 and 1.7%	16.7%	24.5	8.3%
Sweater	No. 3 and 1.1%	12.7%	18.5	2.6%
Sportswear and outdoor apparel .	—	—	31.5	4.8%

Notes:

(1) In terms of production volume.

(2) The market research scope focused on the Asia Apparel Manufacturing Industry.

(3) Euromonitor estimates from desk research and trade interviews.

The dynamics of the global apparel industry are changing dramatically. Partnerships with suppliers who offer global Brand Apparel Companies a one-stop platform which gives them the ***right product*** at the ***right time*** at the ***right cost*** is a critical component to the success of global Brand Apparel Companies. We have dedicated ourselves to developing a business model that we believe provides a high degree of differentiation from other apparel manufacturers. We call our business model ***co-creation***, a model developed by us through decades of industry experience with many globally leading Brand Apparel Companies, which addresses our customers' sophisticated needs in the ever-changing industry environment. We think like a brand operator — our co-creation business model offers our customers comprehensive one-stop services at various stages, ranging from fashion trend and market direction research, product concept design, raw material development and sourcing, product and industrial innovation, prototype making, global manufacturing planning and optimization, inventory management to logistics and delivery. Our customers have placed great value on the benefits of our co-creation business model, which cannot be easily replicated by other apparel manufacturers.

We believe it is critical to partner with the best industry players to ensure sustainable and quality growth. Therefore, in order to align our resources to provide the best products and services, we have made a strategic decision to partner with a selected portfolio of globally leading Brand Apparel Companies. We served seven out of the top 10 global leading Brand Apparel Companies in 2016. We currently serve more than 30 customers operating over 50 brands. Among them, our current top 10 customers have relationships with us ranging from 10 to over 30 years as a result of the dedicated and differentiated value propositions we offer. Some of our long-term core customers include:

- **Lifestyle Wear**: Fast Retailing (UNIQLO, GU), H&M, Marks & Spencer, Abercrombie & Fitch and Gap;

- **Denim**: Gap, Levi's, Target, Abercrombie & Fitch, VF (Lee) and H&M;

- **Intimate**: L Brands (Victoria's Secret, PINK), Marks & Spencer, Fast Retailing (UNIQLO, GU) and H&M;

- **Sweater**: Fast Retailing (UNIQLO, GU), Marks & Spencer, Gap and Abercrombie & Fitch; and

- **Sportswear and Outdoor Apparel**: Under Armour, VF (The North Face) and PUMA.

We have established significant scale of operations with a multi-country manufacturing platform, consisting of 20 self-operating manufacturing facilities spanning across five countries, namely, China, Vietnam, Cambodia, Bangladesh and Sri Lanka. The Asia Apparel Manufacturing Industry has been consolidating in the past decade driven by greater concentration of orders to suppliers with large manufacturing facilities for the benefits of economies of scale, supply chain efficiency and capability of complying with increasing demands on social responsibilities and tightening environmental regulations. We have long experience in operating scalable manufacturing facilities overseas since our inception. As early as 1973, we established our first overseas manufacturing facility and further ventured into other locations to take advantage of their ample supply of skilled labor and relatively lower operating costs. Combining such early mover advantage, long years of international trade and operation experience, such multi-country manufacturing platform has been one of the key drivers to our ability to attract and retain customers as we are able to combine advantages of different manufacturing locations, such as navigating through lower import tariffs, international trading policy benefits, lower manufacturing costs and strong local capabilities, to support our customers' expansion efforts and their different growth strategies in their respective markets.

While focusing on organic growth, we continue to accelerate our expansion through selected investments and acquisitions. Throughout our history, we have demonstrated a track record of identifying and acquiring companies with complementary customer relationships, geographic coverage as well as product portfolio to support our growth strategy. Furthermore, we have the ability to integrate new businesses efficiently and effectively and to extract synergies through sharing our extensive industry experience and improving corporate governance structures while retaining core management. These investments and acquisitions have enabled us to (i) develop new business platforms; (ii) expand our geographic coverage; (iii) expand into faster growing product categories; (iv) achieve synergies such as cross-selling different categories of products to existing and new customers and the development of hybrid products; as well as (v) capitalize on the best practices and industry know-how of the integrated companies.

Headquartered in Hong Kong for almost five decades, we are an international corporation dedicated to human capital and environmental stewardship. We are committed to cultivating our employees' capabilities and qualifications internally and attracting talents externally. As a testament to our dedication and success in sustainability, we were ranked 17th out of 50 companies on Fortune Magazine's "Change the World" list in 2016, being the only Hong Kong and apparel manufacturing company recognized in the ranking, and one of the 10 companies from Asia on the list. Our global success and industry leading business is evidenced by our strong financial track record, where we have achieved significant net profit growth and margin improvement during the Track Record Period. From 2014 to 2016, we recorded a CAGR of 22.9% in net profit, where our net profit increased from US$81.8 million for the year ended December 31, 2014 to US$123.7 million for the year ended December 31, 2016. Our net profit increased by 31.4% from US$52.7 million in the six months ended June 30, 2016 to US$69.2 million in the same period in 2017.

COMPETITIVE STRENGTHS

We have almost five decades of history with a proven track record in partnering with and servicing globally leading apparel brands. We believe our following core competitive strengths will allow us to strengthen further our global market leading position.

Pre-eminent global apparel manufacturer with diversified product portfolio

We are a global leader in the Apparel Manufacturing Industry with 0.4% market share by production volume and 0.3% market share by production value globally, ranking first and second in the global Apparel Manufacturing Industry in 2016, respectively, according to *Euromonitor*. In addition to our manufacturing functions, we also partner with globally leading Brand Apparel Companies in co-creating some of the commercially successful products across different product categories. The global retail market segments of our product categories had a total retail sales value of US$973.2 billion in 2016 and have an expected CAGR of 4.7% from 2016 to 2021, higher than the overall apparel industry as a whole, according to *Euromonitor*. We enjoyed leading market positions in Asia, the largest apparel production base in the world, for a number of our product categories.

Our leading positions in our product categories are as follows:

- **Lifestyle wear** — Introduced in 1976, we were ranked second in terms of production volume and third in terms of production value of lifestyle wear in the Asia Apparel Manufacturing Industry in 2016, according to *Euromonitor*. Key brand customers under this category include UNIQLO, GU, H&M, Marks & Spencer, Abercrombie & Fitch and Gap with key products including casual wear and graphic T-shirts.

- **Denim** — In 1982, we started our woven division and in 2005 transformed to focus on denim products, which we planned to be the centerpiece of our expansion strategy to become the global leader in each of our product categories. We were ranked first in terms of production volume and first in terms of production value of denim in the Asia Apparel Manufacturing Industry in 2016, according to *Euromonitor*. Key brand customers under this category include Gap, Levi's, Target, Abercrombie & Fitch, Lee and H&M. In this category, we have introduced signature products, such as push-up jeans, "water-less" denim jeans, and maternity denim.

- **Intimate** — Introduced in 2004, we were ranked second in terms of production volume and second in terms of production value of intimate in the Asia Apparel Manufacturing Industry in 2016, according to *Euromonitor*. Key brand customers under this category include Victoria's Secret, PINK, Marks & Spencer, UNIQLO and H&M with key products including bras and panties. In this category, we have introduced the wireless bra.

- **Sweater** — Introduced in 1970, we were ranked third in terms of production volume and fourth in terms of production value of sweater products in the Asia Apparel Manufacturing Industry in 2016, according to *Euromonitor*. Key brand customers under this category include UNIQLO, Marks & Spencer, Gap and Abercrombie & Fitch. In this category, we have successfully introduced the loungewear collection, a type of new hybrid products which cross-implements key manufacturing techniques of lifestyle wear and sweater.

- **Sportswear and outdoor apparel** — We introduced a separate product category of sportswear and outdoor apparel in 2016 through the acquisition of Vista. Key brand customers under this category include Under Armour, The North Face and PUMA. In this category, we have developed the technologies for Smart Visibility products and BME™ printed apparel and are in the process of commercializing these products.

We believe our diversified product portfolio gives us an important competitive advantage. The significant scale of operations we enjoy in our product categories provides us with large economies of scale across the industry value-chain, including research and development, procurement, production, logistics and delivery. Our leading market positions and scale also help us to strengthen our relationships with our suppliers and customers and enhance our bargaining power. More importantly, our diversified product portfolio enables us to develop new product categories through combining the manufacturing techniques of different products and cross-promote existing products and new products to increase further our scale and solidify our relationships as well as win new customers by satisfying the demands of our customers.

Furthermore, our diversified product portfolio has reinforced our resilience and the stability of our business to avoid over-reliance on a single or a few concentrated critical products and/or customers. Such diversification of product portfolio differentiates us from other apparel manufacturers who cannot provide meaningful value-add services while relying substantially on relatively narrow product categories and customers with limited scale and skillsets. Our leading market positions across our categories have been and are expected to continue to enable us to capture industry consolidation opportunities in the ever-changing apparel industry.

Differentiated value-add driven co-creation business model

The dynamics of the global apparel industry are changing dramatically. In order to adapt to the environment and succeed in the industry, global apparel brands have to change rapidly how they conduct their business from product development (including fashion trend and market direction analysis and time to market of products), research and development contents, manufacturing and supplier arrangements with an increasing focus on sustainability, to delivery and logistics with an increasing focus on multi-channel distribution.

Partnerships with suppliers, which offer global apparel brands a one-stop procurement platform which gives them the ***right product*** at the ***right time*** at the ***right cost***, is a critical component to the success of global apparel brands. The differentiated business model we call ***co-creation***, developed by us through decades of industry experience with many globally leading apparel brands, addresses our customers' sophisticated needs in the ever-changing industry environment. We think like a brand operator − our co-creation business model offers our customers value-add services, ranging from fashion trend and market direction research, product concept design, raw material development and sourcing, product and industrial innovation, prototype making, global manufacturing planning and optimization, inventory management to logistics and delivery. Our customers have placed great value on the benefits of our co-creation business model, which cannot be easily replicated by other apparel manufacturers. We believe our co-creation business model offers the following critical benefits:

- **"Right product"** — Our decades of partnerships with our customers have given us a deep knowledge into global fashion trend and market direction (from designs, fabric materials to innovations) as well as insights into the product needs of our customers and their brands. These allow us to understand what products should be commercially successful for a particular customer and enable us to offer products to our customers either by initiating or responding to product concepts that embody our customers fashion style. For example, our environmentally sustainable denim manufacturing processes enable our customers to launch eco-friendly denim jean product lines. Also, we co-created a series of loungewear, which cross-implements key manufacturing techniques of lifestyle wear and sweater and thus effectively created a whole new product category of our own. We have also jointly developed a type of wireless bra that adopt sew-free technology and replace traditional steel wire with light-weight materials, which significantly improve wearing comfort while maintaining good shape and support with reduced pressure points on the wearer's body and hence making the wireless bra one of the bestselling products of our customers. Additionally, we have formed a strategic partnership with Jeanologia, a European-based company that specializes in sustainable and efficient washing and laser technologies for denim finishing.

- **"Right time"** — Through close partnerships with our customers and our deep knowledge of global fashion trends and market direction, we are able to initiate product concept and product development with our customers earlier and faster, achieving speed-to-market. We are also able to engage key decision makers of our customers in the product development process, thereby allowing us to finalize product specifications, secure raw materials, and commence manufacturing within a shortened timeframe. This, coupled with our self-developed automated equipment and breakthroughs in industrial innovation, optimizes the manufacturing process and allows products to be delivered to our customers at a shortened response time to market, giving these products with much higher successful commercialization rate and profitability.

- **"Right cost"** — Based on our efforts on industrial and cost engineering, we are able to develop new manufacturing processes or techniques to help ensure cost efficiency, while at the same time, we leverage our insights into raw materials to identify new fabrics which befit the products. For example, we developed the "Sewing Sweater" by utilizing the sewing techniques to replace the traditional linking process in sweater production, which significantly reduced overall production time and costs. Additionally, our manufacturing platform offers a number of critical efficiencies which optimize the cost of products for our customers. These efficiencies include large scale global procurement power, choice of manufacturing location based on import-export duty or trade policies, as well as production efficiencies resulting from decades of apparel production experience (including customization of production machinery and processes, worker incentivizations and use of automated machinery and advanced technologies).

Our customer centric approach to product development has allowed us to co-create popular products continuously. Our team focuses on anticipating, meeting and exceeding our customers' expectations. Key products we have successfully introduced under co-creation include:

- ***The linen collection*** — In 2013, we successfully developed and produced linen-fiber apparels with consistent high quality and reasonable costs and further expanded into linen blends or linen-like fabrics with more characteristics;

- ***The push-up jeans and laser jeans*** — In 2014, we developed a new type of jeans for ladies with novel technologies to effectively create body shape-enhancing and contouring effects; we also enhanced the variety of finishing effects of these jeans through laser technologies;

- ***The wireless bra*** — In 2015, we developed a type of wireless bra which significantly increased wearing comfort by adopting sew-free technology and replacing traditional steel wire with light-weight materials;

- ***The loungewear collection*** — In 2016, we successfully cross-implemented key manufacturing techniques of lifestyle wear and sweater and developed a collection of quality loungewear products. The loungewear collection has been a successful product of our customer;

- ***Hybrid apparels*** — We produce hybrid apparels, which integrate multiple types of fabrics and textures to achieve better product appearance and improved comfortability. Our key hybrid apparels include ladies' tops with contrasting panels of sweater front and T-shirt back as well as dresses with knitted top and printed woven bottom; and

- ***The "Sewing Sweater"*** — In 2015, we developed a new type of sweater produced utilizing the sewing techniques from the lifestyle wear production process, instead of the traditional sweater linking techniques, which significantly reduced overall production time and cost.

As a result of our strong co-creation capabilities, we are able to develop and launch innovative and commercially successful products to meet our customers' increasing demands and hence maintain and strengthen our competitive advantages and market leadership.

Strategic partnerships with the world's leading apparel brands

We believe it is critical to partner with the best industry players to ensure sustainable and quality growth. Therefore, in order to align our resources to provide the best products and services, we have made a strategic decision to partner with a selected portfolio of globally leading apparel brands which are the global leaders in each of our product segments. Many of these globally leading apparel brands have relationships with us ranging from 10 to over 30 years as a result of the dedicated and differentiated value propositions we offer.

We primarily develop and manufacture a broad range of products for our customers, including:

- **Lifestyle Wear**: Fast Retailing (UNIQLO, GU), H&M, Marks & Spencer, Abercrombie & Fitch and Gap;

- **Denim**: Gap, Levi's, Target, Abercrombie & Fitch, VF (Lee) and H&M;

- **Intimate**: L Brands (Victoria's Secret, PINK), Marks & Spencer, Fast Retailing (UNIQLO, GU) and H&M;

- **Sweater**: Fast Retailing (UNIQLO, GU), Marks & Spencer, Gap and Abercrombie & Fitch; and

- **Sportswear and Outdoor Apparel**: Under Armour, VF (The North Face) and PUMA.

According to *Euromonitor*, seven out of the global top 10 leading Brand Apparel Companies in 2016 are our customers, which collectively represent an aggregate market share of 7.2% in terms of retail sales value. On a regional basis, we served four, seven and seven out of the top 10 Brand Apparel Companies in Asia Pacific, the United States and Europe apparel retail markets, whose market share amounted to 5.0%, 17.4% and 12.3% in their respective markets in 2016. We are a leading supplier of our key customers within our key product categories. We are regarded as an outstanding strategic partner by our customers, as validated by various awards and recognitions we received during the Track Record Period, such as Quality Supplier Award in 2015 and Best Supplier Award in 2014 from Fast Retailing (UNIQLO), Outstanding Vendor Performance Award (Denim) from a leading US apparel brand in 2016, Partnership Award from Target in 2015 and Platinum Supplier Award from H&M since 2015.

Leveraging our diversified product portfolio and solid customer relationships, we have achieved significant sales growth through cross-selling, extending our sales from one product category into multiple ones with our key customers and among different brands owned by certain customer, including Fast Retailing, H&M and Target. For example, we are a strategic partner of Fast Retailing who has been a customer since 1996 and experienced significant development through continuously extending collaboration areas. We established business relationship with Fast Retailing's UNIQLO brand in 1996 and commenced cooperation with GU in 2008, another leading brand owned by Fast Retailing. As we continuously focus on product development and expand cooperation areas with key customers through cross-selling and co-creation, we have been able to help our customers increase their sales, which in return enables us to grow in tandem with them and further solidifies our collaborative relationship. We believe that such mutually beneficial relationships demonstrated strong market share gain and further cross-selling potential.

Multi-country manufacturing platform supported by efficient manufacturing and supply chain management

We have established a significant scale of operations with a multi-country manufacturing platform, consisting of 20 self-operating manufacturing facilities spanning across five countries, namely, China, Vietnam, Cambodia, Bangladesh and Sri Lanka. According to *Euromonitor*, the Asia Apparel Manufacturing Industry has been consolidating in the past decade driven by greater concentration of orders to suppliers with large production capacity for the benefit of economies of scale, supply chain efficiency and capability of complying with increasing demands on social responsibilities and tightening environmental regulations. As a result, we think we are well positioned to benefit from the market consolidation trend. We have long experience in operating scalable manufacturing facilities overseas since our inception. As early as 1973, we established our first operations overseas in Mauritius and we were among the first apparel manufacturers in Hong Kong to expand our manufacturing across the border to Guangdong Province of China, in order to take advantage of its relatively lower cost base at the time. We also ventured into Vietnam in 2003 and now are the largest international corporation in Vietnam in terms of export volume for apparel. Combining such early mover advantage, long years of international trade and operation experience, such multi-country manufacturing platform has been one of the key drivers to our ability to attract and retain customers as we are able to combine advantages of different manufacturing locations, such as navigating through lower import tariffs, international trading policy benefits, lower manufacturing costs and strong local capabilities, to support our customers' expansion efforts and their different growth strategies in their respective markets.

We have an efficient manufacturing process that helps us optimize manufacturing capacity, reduce manufacturing lead time and reinforce our core competitive advantages.

- We have heavily invested in our IT platforms which integrate the SAP ERP system, RFID solutions and production planning system to enhance our operation efficiency. This enables us to respond promptly to customer requests, closely monitor production loading and capacity, accurately plan order and production scheduling, with real-time monitoring. The successful integration of our SAP ERP system with our operations has won us the "SAP Advanced Certification of Customer Center of Expertise".

- We have implemented a lean manufacturing model focusing on productivity improvement. We have a strong industrial innovation team who continuously optimizes our production process design and production equipment. Based on the information provided by HKPC*, for our denim production, the productivity is approximately 30% to 50% higher compared to the productivity at comparable factories as determined by HKPC. Since 2008, we have successfully implemented more than 2,000 productivity improvement initiatives, including reduction in material usage, reduction in production time, increased automation, and optimization of sewing and washing techniques. Over the past few years, we have installed more than 800 self-developed equipment at various facilities, which has significantly boosted our productivity. Also, based on the information provided by HKPC, for our sweater production, we successfully increased our productivity by 13%, and reduced our production costs by 10% over the past few years through the implementation of innovative production techniques, the installation of advanced equipment and the optimization of manufacturing procedures. Based on the information provided by HKPC, we believe these efforts have enabled us to achieve better-than-industry production efficiency.

Leveraging our advanced IT systems and close collaboration with our supply chain partners, we operate an efficient and integrated supply chain management that enables us to deliver reliable and responsive services to our customers. Our SAP ERP system provides us the visibility of operational data from order generation, procurement, manufacturing to logistics, enabling us to identify improvement opportunities timely and continuously enhance supply chain management with our strong data analyzing capabilities. Furthermore, our Customer Engagement System and Vendor Collaboration System facilitate near seamless collaboration with our customers and our suppliers.

Track record in integrating new businesses

While focusing on organic growth, we continue to accelerate our expansion through selected investments and acquisitions. Throughout our history, we have demonstrated a track record of

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* The information provided to the Company by HKPC was for the purpose of the Company's internal business study during its usual course of business and an amount of HK$300,000 was paid to HKPC by the Company for provision of such information.

identifying and acquiring companies with complementary customer relationship, geographic coverage, or product portfolio to support our growth strategy. Furthermore, we have the ability to integrate new businesses efficiently and effectively and extract synergies through sharing our extensive industry experience and improving corporate governance structures while retaining core management.

With our solid experience in consolidating new businesses, we have recently further expanded our apparel product portfolio with the acquisition of Vista in December 2016, which provides us with a broad range of sportswear and outdoor apparel products, a product category expected to be a key driver for our future revenue growth. More importantly, the integration of Vista has provided us with a new set of globally leading sportswear and outdoor apparel brands, such as Under Armour, PUMA and The North Face, with whom to establish and cultivate relationships. For example, we have successfully cross-sold athleisure products with Under Armour and are contemplating further cooperation on various other products. We also intend to support the linking-up of our existing R&D efforts in lifestyle wear, sweater and denim to tap into the fast-growing athleisure market further. To facilitate the integration of Vista, we intend (i) to centralize the management of our existing and Vista's production capacities to support the increasing demands from the rapid expansion of sportswear and outdoor apparel customers brought in by Vista; (ii) to consolidate Vista's raw material supplier and vendor sources with our existing ones to achieve better bargaining power; and (iii) to promote the transfer of technical know-how and industry best practices between sportswear and outdoor apparel and other business divisions.

In 2004, we acquired CM Holdings, a U.K.-based intimate manufacturing company, considering its strong relationship with a leading U.K. Brand Apparel Company and established business operations in Europe. The acquisition of CM Holdings allowed us immediate access to the European market with a portfolio of well-known European customers. Over the years, we were able to build upon and strengthen CM Holdings' established relationships with leading Brand Apparel Companies in Europe, many of which remain as our key customers today. With the aid of CM Holdings' industry know-how in intimate wear, we were able to accelerate the development of our intimate business, and further increased our intimate product offering. For example, we successfully cross-sold and co-created products with our key customers, such as many of the bestselling products of Fast Retailing (UNIQLO).

Going forward, these acquisitions will enable us to (i) develop new business platforms; (ii) expand our geographic coverage; (iii) expand into faster growing product categories; (iv) create incremental profitability by achieving synergies such as cross-selling products and development of hybrid products; as well as (v) capitalize on the best practices and industry know-how of integrated companies.

Genuine focus on sustainability

Consumers and global fashion brands are increasingly conscious of social responsibility and sustainability. With a vision of this, we have positioned sustainability as a cornerstone of our caring "For The Greater Good" (大我為先) corporate culture. We believe our sustainable growth measures are pivotal to our industry leading performance and reputation over recent years across geographies and products. We strive to be a sustainability leader in the industry. As a testament to our dedication and success in sustainability, we were ranked 17th out of 50 companies on Fortune Magazine's "Change the World" list in 2016, being the only Hong Kong and apparel manufacturing company recognized in the ranking, and one of the ten companies from Asia on the list. The Fortune Magazine's "Change the World" list is intended to showcase the power of capitalism to improve the human condition by identifying 50 companies that have made an important social or environmental impact through their profit-making strategy and operations, and it takes into account three factors when rating the companies includes: (i) measurable social impact, (ii) business results and (iii) degree of innovation.

Sustainability also represents a key contributor to achieving cost reduction and improved productivity, and therefore drives incremental growth in our business operations and financial performance. Through efficient and sustainable management of energy and water consumption, we estimate that we were able to reduce energy consumption per apparel by 18%, reduce fresh water consumption per apparel by 25% and increase the use of recycled water to 51% across the majority of our manufacturing facilities in 2016, compared with 2012, significantly reducing our production and operating costs. Also, we believe our focus on employee care and various initiatives of employee welfare led to a sense of belonging among our employees and thus increased productivity. We believe, as one of the early-movers who tap into the strength of sustainable practices, we will strive to stay ahead of the competition in the Apparel Manufacturing Industry.

We are transparent about and remain accountable for our sustainability performance and hence publish annually our corporate sustainability reports in accordance with the Global Reporting Initiative ("**GRI**") framework to summarize the many sustainable actions and investments taking place across the Company. We believe sustainability allows us to create "shared value", whereby we can create value for shareholders and stakeholders through our business process. To this end, we take a holistic approach to sustainability, defining our idea of sustainable development using the 3Ps and five pillars:

3Ps	Five Pillars
• ***People (Society)***	• ***Environment***
• ***Planet (Environment)***	• ***Innovation***
• ***Profit (Economy)***	• ***Product Integrity***
	• ***Employee Care***
	• ***Community Engagement***

We believe our commitment to sustainability distinguishes us from our competitors and enables us to benefit from further consolidation of suppliers in the changing Apparel Manufacturing Industry. As consumers nowadays become more attentive to and request more transparency of practices in global supply chains, many Brand Apparel Companies require sustainability as a prerequisite of doing business and seek competent and committed suppliers that can comply with increasing demands on social responsibilities and tightening environmental regulations. Our global sustainability infrastructure and governance practices earn us customer trust and comfort on brand protection. We have received a number of awards and accreditations for our sustainability achievements from customers, including "Outstanding Vendor for Global Sustainability" by a leading US apparel brand in 2016, "Certificate of Appreciation — Best Sustainability" by H&M in 2016, and "Outstanding Sustainability Program" by Levi's in 2014. With the continual industry-wide focus on more sustainable production processes, we believe we will become the "vendor of choice" of our customers and continue to benefit from further consolidation of suppliers in the industry from the same and new customers.

Visionary, experienced and dedicated management team with a focus on human capital

We are led by a strong management team with a deep understanding of and extensive experience in the global Apparel Manufacturing Industry. Mr. Lo, our co-founder and Chairman has over 60 years of experience in the Apparel Manufacturing Industry and has served as the steward of the Company for many years. Mr. Lo has led the Company in its growth from a local sweater production workshop in Hong Kong into a global leader in the Apparel Manufacturing Industry that we are today. Mr. Lo won the 2014 Ernst & Young Entrepreneur of the Year China Award (Hong Kong and Macau Region) and the 2012 Industrialist of the Year Award of the Federation of Hong Kong Industries ("**FHKI**"). Mr. Andrew Lo, son of Mr. Lo and our chief executive officer, has close to 30 years of experience in the Apparel Manufacturing Industry and has played a leading role in bringing our overall business growth to a next level. Mr. Lo and Mr. Andrew Lo are supported by our senior management team, most members of which are highly experienced industry veterans with an average of over 20 years of experience. They have a proven track record of generating positive financial performance while adhering to the high standards of corporate governance, quality management, and environmental stewardship. We have a strong record of continuity and stability in our senior management team. Our senior management team is also incentivized to ensure the sustainability and long-term success of our business.

Deploying his years of entrepreneurial experience, our Chairman is the architect of our corporate culture of caring "For the Greater Good" (大我為先) as well as the author of the book bearing the same name, which encourages the Company and each of its employees to set aside near-term self-interests and consider the broader interests of its customers, colleagues, shareholders and communities in the long term. We, as a company, strive to (i) deliver exceptional value to customers on a global basis; (ii) conduct business with integrity, honesty and mutual respect; (iii) treat colleagues with respect and provide them with opportunities to grow, contribute and thrive. Our employees, from senior management to production workers, identify strongly with the corporate culture and truly believe that caring "For the Greater Good" (大我為先) will reward long-term prosperity for the Company.

Our employees are essential to the success of our business and we believe we have a genuine focus on human capital and develop a series of initiatives to help ensure the success of our employees. We have various continuing education programs in place to cultivate our employees' professional skills and capabilities. We are also committed to fostering a strong sense of belonging among employees by regularly organizing teambuilding activities and group meetings. To maintain our heritage, we have designed an "Associate Program" to develop young graduates with leadership skills into potential future leaders. Our successful development of talents and continued focus on human capital has earned us the Gold Award for Excellence in Training and Development 2014 (Development Category) from the Hong Kong Management Association.

DEVELOPMENT STRATEGIES

Our goal is to be the world's leader in apparel manufacturing in all respects, including market share and profitability. We aim to achieve these goals through the following:

Continue to focus on our co-creation business model to improve our growth and profitability

Our co-creation business model is the cornerstone to our competitiveness, growth and development. In order to launch commercially successful products for our customers continuously, we will carry on to devote substantial resources to our co-creation business model and build on our consistent track record of research and development efforts to maintain our competitive advantages and market leadership. Leveraging our deep knowledge into global fashion trend and market direction as well as insight into the product needs of our customers, we intend to introduce new and improved apparel products continuously that appeal to our customers and ensure that our offerings remain at the forefront of the latest market trends through the following initiatives:

- *Expand the co-creation service into more product categories and to more customers* — We intend to extend co-development service to more customers, develop R&D capabilities in product categories, such as sportswear and sports bra, and enhance value-add technologies in the co-creation process, including printing, washing and embroidery.

- *Strengthen cross-product innovation capability* — Encouraged by our success with the loungewear collection and the "Sewing Sweater", we intend to strengthen our research and development capability in cross-industry and cross-product line innovations to bring to market more innovative and commercially successful products. We intend to continue to leverage the competitive advantages of our diversified product categories and seek breakthroughs in the cross-implementation of key manufacturing techniques or materials between product categories. We plan to continue to combine a category or more of products together and offer market leading hybrid products, such as knitted jeans, athleisure products or sports intimate wear, to satisfy the demands of different needs of our customers.

- *Increase investments in R&D infrastructure* — We are committed to investing significant resources in the infrastructure of our research and development activities. We plan to continue to strengthen the research and development capabilities at our current R&D facilities, including training and recruiting more R&D talents, upgrading existing R&D equipment and accumulating industry best practices and know-how. We also intend to develop specialized R&D centers in various locations to support our product development efforts across different product lines. In particular, we are launching a fabric R&D center in Taiwan to seek breakthroughs in fabric science and intend to develop further our knitting R&D center in Dongguan to research innovative knitting techniques. To strengthen our competitive position in the denim market further, while continuing innovation through our well-established denim R&D center in Zhongshan, we intend to set up a R&D center with our European-based technology partner, Jeanologia, to co-develop and speed up the commercialization of viable sustainable washing technologies for our future production. We aim to collaborate with Jeanologia to develop more environmentally friendly and sustainable technologies to be applied in the denim finishing process. Specifically, we intend to leverage Jeanologia's broad experience in laser technology to improve further productivity as well as enhance product diversity.

- *Enhance cost efficiency and speed-to-market delivery services* — We believe cost efficiency and speed-to-market are vital to our long-term competitiveness. To this end, we intend to install in our Dongguan manufacturing facility a high-speed automated packaging and warehousing system called "AAIR", which utilizes comprehensive technologies to accelerate the packaging and delivery process and to reduce cost. We also intend to continue to offer to selected customers the VMI model, under which we actively monitor the inventory level at customers' warehouses through data-sharing systems and deliver goods to replenish our customers' inventory at appropriate levels.

Further strengthen our existing product categories as well as new product categories

We intend to leverage our decades of experience in apparel manufacturing and our partnership with globally leading apparel customers to expand further our product offerings and provide to our customers commercially successful products. Our planned initiatives in this area include the following:

- *Optimize existing product portfolio and expand product offerings* — Leveraging our research and development capabilities, we intend to introduce new and improved products under our existing product categories and ensure that our offerings remain up to date with the evolving industry trends. For example, we intend to enhance the design and functionality of sports bras, and apply state-of-the-art circular knitting and whole garment knitting techniques in our sweater and lifestyle wear manufacturing processes.

- *Develop new product categories through acquisitions or internal development* — We intend to expand into and gain market share in new product categories that we identify as complementary to our existing product portfolio and having good growth potential. We will continue to pursue opportunities prudently to acquire strategic businesses globally, thereby enhancing our product offerings and extending our reach to new markets, such as our recent acquisition of Vista which enables us to expand into the fast-growing sportswear and outdoor apparel industry. In conjunction with our acquisition efforts, we also plan to internally develop new product categories to capture additional revenue opportunities. For example, we intend to leverage our expertise in denim jeans manufacturing and further expand into casual bottom products through engaging subcontractors and seeking possibilities of launching a new manufacturing facility for casual bottom products in Vietnam.

- *Enhance customer penetration* — We plan to capitalize on the further consolidation of suppliers in the Apparel Manufacturing Industry and attain growth from our existing customer base. We will continue to meet or exceed our customers' requirements for quality and reliability of service and further enhance our ability to deliver diverse value-add services, such as research and development, product innovation, shortened time to market, advanced production management and VMI services. We believe these initiatives will enable us to maintain customer loyalty, achieve incremental sales and facilitate the launch of new products.

- *Selectively enlarge customer base* — We believe that our rapid growth and success is partly attributable to our ability to identify and work with the right customers. We intend to enlarge and diversify our customer base on a strategic basis. When selecting our customers, we consider and evaluate a number of factors, including their brand position, growth potential and innovation requirements. We intend to strategically focus on globally leading Brand Apparel Companies which we believe have a higher growth potential and require more value-add services.

Continue to focus on expansion into sportswear and outdoor apparel category

We have recently enhanced our penetration into the fast-growing sportswear and outdoor apparel market through the acquisition of Vista in December 2016. We believe this will allow us to increase revenue and profitability by offering a wide range of sophisticated sportswear to meet our existing customers' changing needs better and to address a larger potential new customer pool. As we seek to continue our expansion into sportswear and outdoor apparel, we will focus on areas which present us with opportunities to leverage our core competency in multi-country manufacturing capabilities as well as the synergies expected to arise from our customer and product portfolio. Our planned initiatives include the following:

- Integrating the newly acquired company with our existing manufacturing platform;

- Utilizing the newly acquired company's industry know-how and manufacturing technologies in sportswear and outdoor apparel;

- Building upon the newly acquired company's established strong business relationship with globally leading sportswear and outdoor apparel brand companies as well as potential new customers; and

- Cross-selling sportswear and outdoor apparel to our existing customers and helping them to develop new sports or athleisure product categories.

Therefore, we intend to achieve a large scale operation for our sportswear and outdoor apparel manufacturing, create synergies to generate higher revenue and enhance operational efficiency, and benefit from knowledge transfer across different product lines.

Expansion of manufacturing facilities internationally to capture organic and consolidation growth

During the Track Record Period, we had world-leading manufacturing capabilities and provided our customers with choice of a multi-country manufacturing platform of 20 self-operating manufacturing facilities spanning across five countries. In the future, we plan to continue to expand our manufacturing facilities internationally in a prudent manner to seize growth opportunities.

We intend to expand further our production capacities internationally. Taking advantage of the import-export duty, trade policies and low operating costs enjoyed by certain countries, we intend to initially focus our expansion efforts in Asia.

- *South and Southeast Asia expansion:* Our key expansion plans include expanding our manufacturing capacities in Vietnam and Bangladesh. We intend to expand our manufacturing facilities for all product categories for additional planned annual capacities of 129.5 million pieces in Vietnam by 2019 and 26.6 million pieces in Bangladesh by 2019, respectively, to meet our customers' increasing demands.

- *China market opportunities:* China is one of the fastest growing apparel markets globally. Many global apparel brands intend to capitalize on the trend of growing domestic consumption in China and their preferences towards international brands, and thereby have significantly increased their sales and operations in the China market. We seek to establish ourselves as a trusted partner for our customers in China as they expand by delivering reliable and innovative services underpinned by our local capabilities. To this end, we intend to adopt a "China-China" strategy to optimize and enhance our existing capacities and services in China in order to meet better our customers' increasing needs arising from their China growth plans.

These additional manufacturing facilities and work space will expand our manufacturing capacities in order to meet our rapid business growth. See "— Production — Production Expansion Plan" for more details.

Upstream vertical expansion by expanding into fabric production to capture further value

We have identified fabric production and innovation as highly complementary to our existing business portfolio and a strong driver of our future growth. We intend to closely monitor the trends of technology revolutions in the fabric industry and take part in core stages related to research and development.

- *Increase the R&D efforts on fabrics innovation* — Leveraging our insights into fabrics and materials accumulated in the apparel production process, we are launching a specialized fabric R&D center in Taiwan in the second half of 2017 to explore and capture growth opportunities in the fabric industry. We aim to bring together fabrics specialists to develop novel materials to be applied in our production process and to suit our customers' needs. The research focuses of our Taiwan R&D center include the development of synthetic materials with functional characteristics, such as quick drying, wind-resistant, anti-bacterial, moisture management and etc. We hope to commercialize our research in material sciences to enhance the quality and speed of our apparel production.

- *Expand upstream into fabric production* — We intend to strengthen our co-development relationships with suppliers and jointly develop innovative raw materials to be applied in our production process, which will further differentiate us from our competitors and foster a barrier to entry. We intend to construct fabric mills in Bangladesh to produce fabrics to be used in our lifestyle wear and sportswear and outdoor apparel products. We also intend to expand into fabric production in other suitable locations where we currently have manufacturing facilities. Once we identify a location, we will look for suitable land and undertake appropriate planning permissions before we commence construction. The fabric production facilities are expected to commence operation approximately two years after the initial investment.

Focus and dedication on human capital, sustainability and environmental consciousness

We are fully committed to continuing to invest in our human capital by providing a continuous learning environment and offering more opportunities for our employees to pursue professional growth. As we expand into new geographic regions, we will continue to seek to develop expertise in the local markets through recruiting local talents. Furthermore, we will continue to adhere to our corporate culture of caring "For the Greater Good" (大我為先) and aim to strive continuously to change ourselves, our Company, and ultimately our industry, for the better. We plan to continue to deliver exceptional value to customers on a global basis and conduct business with integrity, honesty and mutual respect.

While we pursue our growth strategies, we also focus on implementing robust environmental conscious practices and are committed to operating our business in a sustainable manner. We intend to continue to reduce our carbon footprint, increase energy efficiency, reduce water consumption and reduce material usage. We will continue to implement sustainable measures in production processes by utilizing the latest technologies and upholding our sustainability standards. As a testament to transparency and accountability, we plan to continue to report our performance in sustainability during the year through our annual sustainability reports. We believe the commitment to sustainability and environment cannot be achieved alone. We thus aim to form close partnerships with our upstream suppliers and subcontractors that share the same sustainability values. We will continue to provide them with seminars to raise environmental awareness and to help them implement sustainable measures. We will continue to design and implement measures that will help raise environmental consciousness, operate business in a sustainable manner, and eventually lead to strong financial performance in the long term.

OUR "CO-CREATION" BUSINESS MODEL

As a global leader in the Apparel Manufacturing Industry, we develop and manufacture a broad range of apparel products for globally leading Brand Apparel Companies, including all our key product categories, namely, lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel. Over our history of almost five decades in the Apparel Manufacturing Industry and partnerships with globally leading Brand Apparel Companies, we have dedicated ourselves to developing a business model that we believe provides a high degree of differentiation from other apparel manufacturers. We call our business model ***co-creation***, with product origination and product execution as its two critical components.

Our co-creation business model has proven to be successful in offering our customers the ***right product*** at the ***right time*** at the ***right cost***. We think like a brand operator — our co-creation business model offers our customers services at various stages, ranging from fashion trends and market direction research, product concept design, raw material development and sourcing, product and industrial innovation, prototype making, global manufacturing planning and optimization, inventory management to logistics and delivery. Our customers have placed great value on the benefits of our co-creation business model, as proven by our long-term partnerships with our key customers.

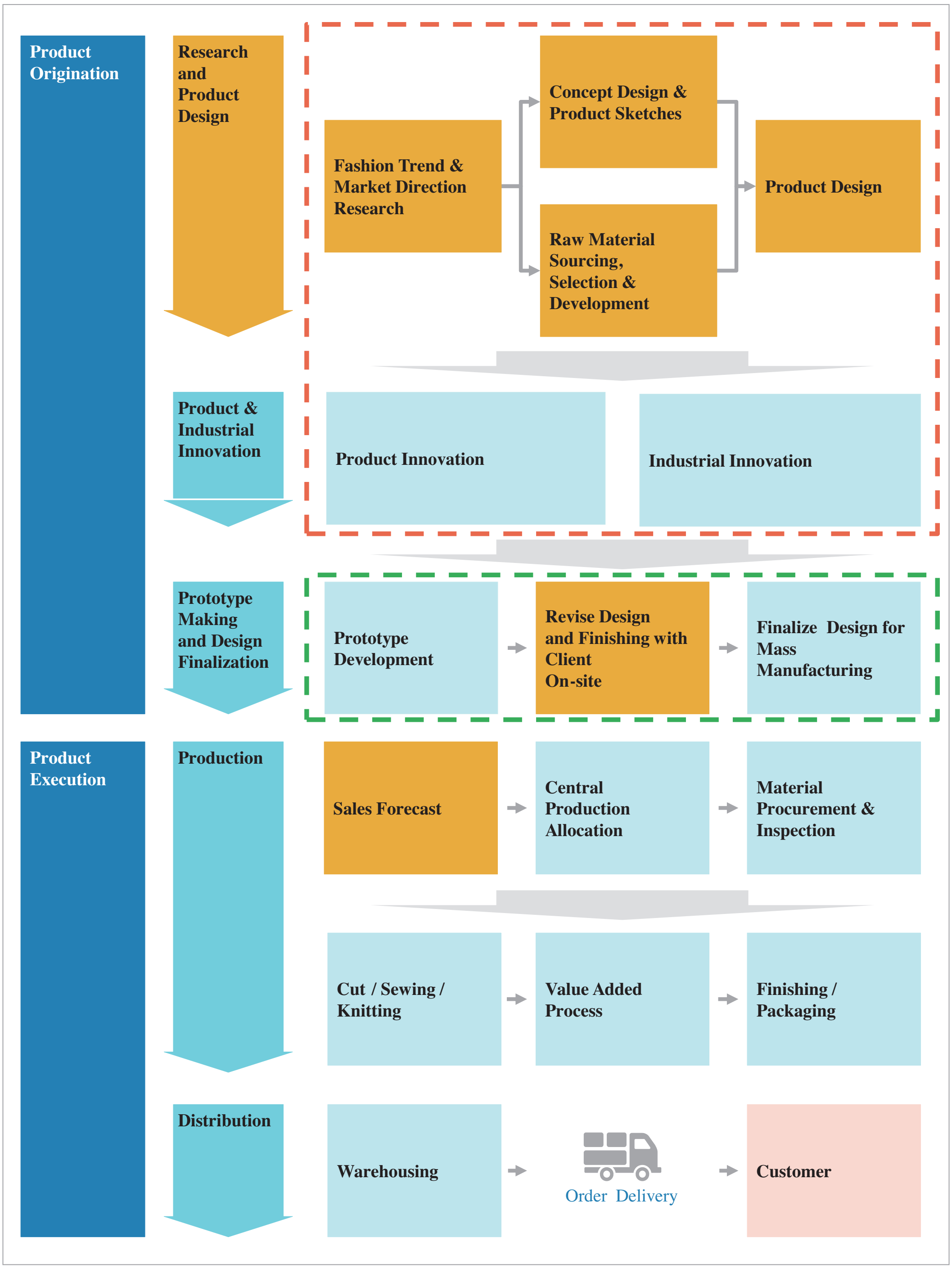
The two critical components of our co-creation business model embody a whole range of value-add services for our customers:

- ***Product origination*** — As part of our product origination services, we initiate product ideas for our customers as well as transform customer concepts into product designs, utilizing our comprehensive information and analysis of fashion trend and market direction, and our expertise in concept design, product innovation, raw material sourcing and application, technological applications and prototype making. Our large scale in-house prototype making capability allows our customers to work closely with us to adjust and finalize product decisions quickly. We are successful in product origination because of our decades of experience in apparel manufacturing and partnerships with globally leading Brand Apparel Companies, giving us deep insight into and knowledge of what particular customers want as well as need.

Our co-creation process makes us an important partner to our customers, where the early involvement and insights we gain during the co-creation process allow us to position ourselves as indispensable when new products selected by our customers are ready for production, allowing products to be delivered to our customers at a shortened time to market, giving these products much higher successful commercialization rates and profitability.

- ***Product execution*** — Our manufacturing facilities currently deliver around 350 million pieces of apparel a year. When products are selected by our customers for processing, our execution services offer critical efficiencies which optimize the cost of products for our customers. These efficiencies include large scale global procurement power, choice of a multi-country manufacturing platform of 20 self-operating manufacturing facilities spanning across five countries optimizing import-export duty or trade policies, as well as production efficiencies gained from decades of apparel manufacturing experience. Our manufacturing is world-class and highly efficient — production management, customization of production machinery and processes, worker incentivizations and innovative applications of production technologies. We have invested heavily in our IT platform which integrates the SAP ERP system, RFID solutions and production planning system to enhance our operational efficiency. This enables us to promptly respond to customer requests, closely monitor production loading and capacity, and accurately plan order and production scheduling, with real-time monitoring. The comprehensive and stringent quality management system which governs every stage of the manufacturing process helps us deliver consistently high quality products with high CFIRs. We also offer to selected customers VMI programs which allow them to lower their inventory cost while maintaining speed to market and optimizing inventory.

Our customers have placed great value on the benefits our co-creation business model provides, which cannot be easily replicated by other apparel manufacturers. Our business model is illustrated in the following diagram:



Involves ongoing collaborations and interactions with customers

Traditional apparel manufacturers typically do not engage in these co-creation processes

Traditional apparel manufacturers typically have to engage in several rounds of iterative discussion with customers before finalizing design for mass production

We illustrate below how our co-creation business model has evolved from a traditional apparel manufacturer model and differs from other apparel manufacturers:

Traditional Apparel Manufacturer

Traditional apparel manufacturers are typically passive in the product research and development process — in the sense that they are not involved in the product design, raw materials selection and development and early production planning, and wait for invitations from customers to quote for a purchase order. These traditional apparel manufacturers determine their cost, raw material purchases and production capacity allocation once they find out the product required and the purchase volume, without the head start we enjoy through ongoing collaborations and interactions with customers and as they do not get involved in the design process at an early stage, there can be several further rounds of discussions with the buyers of the customers to make alterations to the designs and product prototype to ensure production and commercial viability for the customer in terms of production time and cost.

Co-creation Business Model

Following decades of experience in the industry and working with many of our long-term customers, we began to develop our co-creation business model. The earlier iteration of this business model involved (i) presentation of our product designs by our design team to our customer's design team which typically requires about four weeks for preparation and communication, (ii) internal presentation by our customer's design team to their buyer team for product design adoption which typically requires about four weeks and (iii) following their internal design adoption, engagement by customer's buyer team with our sales team to discuss pricing, supply chain arrangements and delivery schedule which typically requires about four weeks. The overall co-creation process typically takes about 12 weeks under such co-creation business model and sometimes longer due to several rounds of feedback and revision among customer's design team, buyer team and our company's design team.

Recent Development in Co-creation Business Model

Since 2015 we began to adopt a more efficient business model with certain customers. With our long-term relationships with these customers, this co-creation business model has enabled our design and sales team to have a single product meeting with our customers' design and buyer teams, with an adoption and purchase decision-making process shortened from the total process time from about 12 weeks described above to a matter of days.

This co-creation business model offers the following competitive edges:

- reduce the time required in the product origination process through initiating product concept and development together with key decision makers of our customers earlier and faster. As we engage customer's design team and buyer team to work together with our design team, we cut down the time required for feedback and revision on products among the different parties by reducing the rounds and time of feedback needed. We also leverage our onsite-development capabilities to finalize product specification including product design, raw material development, product finishing and product lab tests within a shorten timeframe. The collaboration with customers in the product development process also enables us to secure raw materials and commence manufacturing earlier and faster to achieve speed to market.

- reduce our raw materials cost through our ability to place larger purchase orders with our suppliers for the same type of raw materials as our involvement in initiating product designs allow us to drive the selection of raw materials; and

- reduce the time required in the product execution process through shortening production time utilizing self-developed automated equipment and enhance delivery efficiency leveraging our advanced IT systems and close collaboration with our supply chain partners.

As illustrated above, since the continuous adoption of our recent co-creation business model, we have been able to co-create products with our key customers more quickly, leading to significant improvement in efficiency and increasing sales volume (for example a specific customer product that we have co-created increased sales from approximately 4 million pieces in 2015, to approximately 20 million pieces in 2016, and to an estimate of approximately 26 million pieces in 2017). Ultimately because of our much earlier involvement in the product design and development process, our current co-creation business model generally has shorter response time compared to earlier iterations of the model, and traditional apparel manufacturers.

OUR PRODUCTS

Our products are categorized into five segments, namely, lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel. The following table sets forth a breakdown of our revenue by product category, each expressed as an absolute amount and as a percentage of our revenue, during the Track Record Period.

	Year ended December 31,						**Six months ended June 30,**			
	2014		**2015**		**2016**		**2016**		**2017**	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000 (Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	785,436	46.2%	736,650	43.6%	748,488	42.4%	391,917	47.2%	404,492	39.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	261,334	25.4%
Intimate	244,690	14.4%	240,247	14.2%	294,209	16.7%	128,071	15.4%	187,549	18.3%
Sweater	332,606	19.5%	272,008	16.1%	223,131	12.7%	85,779	10.3%	68,990	6.7%
Sportswear and Outdoor Apparel (1)	—	—	—	—	—	—	—	—	98,439	9.6%
Others (2)	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

As of June 30, 2017, the price range of a majority of our products charged to customers was US$2.4 to US$7.2 for our lifestyle wear products, US$5.0 to US$13.0 for our denim products, US$1.1 to US$7.5 for our intimate products, US$5.5 to US$15.0 for our sweater products and US$5.6 to US$15.0 for our sportswear and outdoor apparel.

Product Portfolio

Lifestyle Wear

We started our lifestyle wear business in 1976. Over the years, we have built strong relationships with key brand customers globally, including UNIQLO, H&M, Gap, GU, Marks & Spencer and Abercrombie & Fitch. Our lifestyle wear products primarily include casual wear and graphic T-shirts. Set forth below are some of our lifestyle wear products:

Denim

In 1982, we started our woven division and in 2005 transformed to focus on denim products, which we planned to be the centerpiece of our expansion strategy to become the global leader in each of our product categories. Our key brand customers include Gap, Levi's, Target, Abercrombie & Fitch, Lee and H&M. Set forth below are some of our denim products:

Intimate

We started our intimate business in 2004. We have built strong relationships with leading brands in the United States, Japan and Europe markets, including Victoria's Secret, PINK, H&M, UNIQLO, Marks & Spencer and GU. Our intimate wear products primarily include bras and panties. We started to penetrate into the sports bra market and established our motion capture studio for product innovation and functionality in 2016. We expect to further invest in our sports bra R&D capabilities and expand our product offering. Set forth below are some of our intimate products:

Sweater

We were founded in 1970 as a sweater business. Over the years, we have been able to maintain strong relationships with a number of global brands, including Gap, Marks & Spencer, UNIQLO and Abercrombie & Fitch. Set forth below are some of our sweater products:

Sportswear and Outdoor Apparel

We first introduced sportswear and outdoor apparel through the acquisition of Vista. Our key brand customers include Under Armour, The North Face and PUMA. We have identified sportswear as highly complementary to our existing product portfolio and a strong driver of our future growth. We are committed to leveraging our existing expertise in apparel manufacturing to deliver break-through innovations in the sportswear goods industry as well as develop cross-product line innovations and product designs. Set forth below are some of our sportswear and outdoor apparel products:








RESEARCH AND DEVELOPMENT

We place great emphasis on innovation and research and development, as we believe that it is the cornerstone to our co-creation business model and essential to our competitiveness, growth and development. We are not only a key supplier to our customers, but also their product development partner. A key aspect of our research and development efforts is our ability to originate products for customers at the forefront of the fashion and technology trends and therefore be able to react quickly to changes in trends.

The Product Origination Process

Our product origination process includes fashion trends and market direction research, product concept design and development, raw material sourcing and development, product innovation and industrial engineering, and prototype making. Through closely collaborating with our customers and establishing efficient and timely communication with our customers, especially key decision makers, we now could shorten product origination process to three months, reducing our time to market. The product origination process for our products typically involves three main stages, namely, relationships and long-term iterative interactions with customers, product innovation and industrial engineering, and prototype making and design finalization.

Relationships and long-term iterative interactions with customers

The first stage of our product origination cycle is the long-term iterative interactions with our customers. We position ourselves as a long-term product development partner of our customers. As we continuously study fashion trends and market direction and analyze sales performance of existing products, we maintain an iterative communication with our customers on product development opportunities. On the one hand, we communicate regularly with our customers to understand and recommend solutions during the customers' design processes, including recommending new fabrics which befit the products, new production process to ensure cost efficiency and production feasibility of innovation products. On the other hand, we constantly help customers push the boundaries in terms of product design and innovation through initiating product concepts or designs in advance of individual seasons to serve as a source of inspiration for our customers.

Production development and industrial engineering

The second stage of our product origination cycle involves production development and industrial engineering. In terms of product development, we work with our customers on product specifications, including advising on new raw material application, chemical treatment, washing techniques, and other value-add technologies, so as to enhance the contemplated designs for producing high-quality products. In terms of industrial engineering, we design, customize and innovate manufacturing processes, work method and automation equipment to optimize the production process and costs. We are also committed to improving our process technology to enhance production efficiency, production techniques, reduce raw material consumption and waste discharges.

Prototype making and design finalization

Before finalizing the design and going into mass production, we produce and test prototypes for fine-tuning the designs with our customers and seek further comments and approval. We hold onsite workshops with key decision makers of our customers, and collaborate with them to fine-tune the prototypes based on a number of factors, such as adherence to our customers' styles and suitability for mass production. Our onsite co-development method allows key customers to station decision makers to our manufacturing facilities during the sample development process to make adjustments in an efficient way.

Key features of R&D

- ***Close collaboration with customers to achieve speed to market*** — We closely collaborate with our customers throughout the product development and manufacturing process to shorten the production cycle and realize speed to market. Through close partnerships with our customers and our deep knowledge into global fashion trend and market direction, we are able to initiate product concepts and development with our customers earlier and faster. We are also able to engage key decision makers of customers during the product development process, thereby allowing us to finalize product specifications, secure raw materials, and start production within a shortened timeframe. This, coupled with our self-developed automated equipment and breakthroughs in industrial engineering, optimizes the production process and allows products to be delivered to our customers at a shortened time to market, giving these products with much higher successful commercialization rate and profitability.

- ***Cross-product line innovation*** — We strive to develop and deliver to the market breakthrough and innovative products. To this end, we generate and realize innovative ideas across multiple industries and product lines. For example, we have successfully developed a breakthrough product called the "Sewing Sweater", an innovative sweater produced utilizing the sewing techniques from the lifestyle wear production process, which significantly enhances the production efficiency of sweaters. We also successfully cross-implemented key production techniques of lifestyle wear and sweater production processes and developed a collection of loungewear products, the panels of which are knitted on sweater production line and assembled together using sewing technique on the lifestyle wear production line. We also have the capability to produce hybrid apparels, such as apparel with contrasting sweater and lifestyle wear panels, to help customers achieve better product appearance and improved comfortability.

- ***Revolutionization of production process*** — We constantly seek breakthroughs in the traditional production process of apparel and strive to help our customers achieve speed to market and promote our profitability. Our Dongguan knitting R&D center, one of our specialized R&D centers, have utilized innovative knitting techniques to revolutionize our lifestyle wear and sweater production processes from the traditional sewing and linking model to the complete apparel knitting model, which produces one entire apparel without the sewing or linking processes. We utilize state-of-the-art specialized machines, such as the Santoni circular knitting machine and whole garment knitting machine to produce three-dimensional, nearly finished apparel with no side seams. By eliminating the fabric cutting and sewing process, we are able to optimize the production process, including significantly reducing production lead time, minimizing raw material consumption, and saving labor costs. Such state-of-the-art and revolutionary production processes that we employ also enable our customers to realize more fashionable designs since patterns and design remained uninterrupted across the entire apparel without seams, and the 3D shaping allows the designs of the apparel to be reproduced exactly as intended by the designers.

- ***Integration of up and down stream resources*** — In addition to working closely with our customers on product development, we closely monitor the trend of technology revolutions in the industry value chain and take part in core stages related to research and development. Leveraging our insights into fabrics and materials accumulated in the apparel production process, we are launching a specialized fabric R&D center in Taiwan in 2017 to explore and capture growth opportunities in the fabric innovation industry. We aim to bring together fabrics specialists to develop novel materials to be applied in our production process and to suit our customers' requirements. The research focus of our Taiwan R&D center will include the development of synthetic material with functional characteristics, such as quick drying, wind-resistant, anti-bacterial and moisture management. In addition, we have partnered with industry-leading fabric manufacturers to develop raw materials to be used in our production process.

Past R&D Success Highlights

As a result of our extensive research and development capabilities and utilization of technologies across multiple industries, we are able to develop and launch industry leading innovative products continuously. We have developed and are developing the following key products for a number of internationally recognized brands:

- ***The linen collection*** — In 2013, we started to seek breakthroughs in linen products, a natural fiber that is traditionally laborious and expensive to manufacture, but known for its exceptional temperature regulating properties. We successfully helped our customers produce linen-fiber apparel with consistent high quality and reasonable costs and further expanded into linen blends or linen-like fabrics with more functional characteristics. In 2016, we successfully produced a variety of linen apparel, including panel print T-shirts, yarn dye stripes T-shirts and full embroidery T-shirts. Given the exceptional characteristics of linen and the sophistication required in the production of linen apparel, we identified this as an area with promising growth potential and intend to develop further and cross-sell to other customers to capture further value;

- ***The push-up jeans and laser jeans —*** In 2014, we developed a new type of jeans for ladies with novel technologies to create body shape-enhancing and contouring effects. We also enhanced the variety of finishing effects of these jeans through laser technologies. The push-up jeans and laser jeans are among our popular products in the market;

- ***The wireless bra —*** In 2015, we developed a type of wireless bra that adopt sew-free technology and replace traditional steel wire with light-weight materials — thermoplastic elastomer, sandwiched between the foam layers within the cup, which significantly improves wearing comfort while maintaining good shape and support with reduced pressure points on the wearer's body;

- ***The loungewear collection —*** In 2016, we successfully cross-implemented key production techniques of lifestyle wear and sweater and developed a collection of high quality loungewear products. The panels of the loungewear are knitted on sweater production line and then assembled together using sewing technique on the lifestyle wear production line to achieve wearing comfort and cost efficiency;

- ***Hybrid apparels —*** We produce hybrid apparels, which integrate multiple fabrics and textures to achieve better product appearance and improved comfortability. Our key hybrid apparels include ladies' tops with contrasting panels of sweater front and T-shirt back as well as dresses with knitted top and printed woven bottom;

- ***The "Sewing Sweater" —*** In 2015, we developed a new type of sweater produced utilizing the sewing techniques from the lifestyle wear production process, instead of the traditional sweater linking techniques, which significantly reduced overall production time and costs;

- ***"Smart Visibility" products —*** We are developing a new type of high-visibility apparel to increase the visibility of runners in low light or dark conditions. Instead of using highly reflective fabrics or discernible colors, we infuse into the apparel washable LED toggles and LED foldable tapes which are visible at a relatively long distance;

- ***BME™-printed apparel —*** Recently, we successfully developed a new type of apparel, where we strategically printed Bio-Morphologic Evolution ("**BME™**"), a new type of polyurethane, onto apparel to provide compressions to the wearers to improve blood flow, and encapsulate muscle groups to optimize their performance while protecting against injuries. We expect to bring to market BME™-printed apparel in the second half of 2018; and

- ***SmartLife apparel —*** We strategically invested in a United Kingdom-based smart apparel technology company, SmartLife Inc. Ltd., and started to develop jointly a novel type of apparel that incorporates a knitted "linear electronic transducer", which allows the monitoring of vital health signs, such as electrocardiogram ("**ECG**"), surface electromyogram ("**sEMG**"), impedance pneumography to measure respiration, accelerometry for steps and speed, and galvanic skin response ("**GSR**") for sweat analysis. We believe this technology, which integrates wearable technology into apparel, allow us to offer solutions to detection of the body's biophysical signals and to deliver an actionable insight to users in both the sportswear and healthcare industry.

Our continuous efforts on technological breakthroughs and innovative products in the industry have been awarded with multiple accreditations and recognition from various organizations and entities. For example, Zhongshan Yida and Dongguan Crystal were listed as "Top Demonstration Enterprise on the Transformation and Upgrade of Conventional Industry in Guangdong" (廣東省優勢傳統產業轉型升級龍頭企業) and "Demonstration Enterprise on the Transformation and Upgrade of Conventional Industry (Including 100 Top Enterprises) in Guangdong" (廣東省優勢傳統產業轉型升級示範企業(含100家龍頭企業)名單), respectively, by the Economics and Information Commission of Guangdong Province in 2011. Zhongshan Yida was also certified as "Enterprise Technology Center in Guangdong" (廣東省省級企業技術中心) by the Economics and Information Commission of Guangdong Province and its test lab was certified as "National Laboratories" (國家實驗室認可資格) by China National Accreditation Service for Conformity Assessment in 2011. In 2015, our denim research and development center at Zhongshan Yida was certified as "Engineering and Technology Research Center in Guangdong" (廣東省工程技術研究中心) by Guangdong Association for Science and Technology.

As of the Latest Practicable Date, we had a total of 48 issued patents, which are material to our business. See "— Intellectual Property" for details. We retain rights to self-developed patents and other intellectual properties. In 2014, 2015, 2016 and the six months ended June 30, 2017, our research and development expenses amounted to approximately US$24.4 million, US$29.0 million, US$29.3 million and US$19.9 million, respectively, representing approximately 1.4%, 1.7%, 1.7% and 1.9% of our revenue for the corresponding periods.

R&D Department and Facilities

As of June 30, 2017, we had assembled a team of 851 employees dedicated to product development and technology advancement. We draw on people from a number of disciplines from pure design to technical experts in the field of fabric, apparel construction and patterns. Besides team members with strong academic achievements, our core R&D team also includes experts from various disciplines with hands-on experience. We find this mix of education and practicability to be good ingredients for our continued superior product development.

We locate most of our R&D teams at different manufacturing facilities in order to embed production designs into the R&D process and to facilitate the efficient transfer of R&D knowledge to commercial-scale manufacturing. We operate a total of four R&D centers, including one located in Dongguan, China responsible for lifestyle wear and sweater, two located in Zhongshan, China responsible for intimate and denim, respectively, and one located in Vietnam responsible for sportswear and outdoor apparel. We also operate one specialized knitting R&D center in Dongguan, China to seek breakthroughs in the knitting skills used in lifestyle wear and sweater production. Additionally, we are launching one fabric innovation center in Taiwan in 2017 to develop state-of-the-art fabrics and techniques to be used in the production process.

In particular, we have formed a strategic partnership with Jeanologia, a European-based well-known company that specializes in sustainable and efficient washing technologies for denim finishing. With its strong R&D capabilities and advanced technologies, Jeanologia has successfully transformed the finishing process of denim products through a number of environmentally friendly processes, such as laser, Ozone G2 and e-Flow systems, reducing adverse effects on the environment. We aim to collaborate with Jeanologia to develop more environmentally friendly and sustainable technologies to be applied in the denim finishing process. Specifically, we intend to leverage Jeanologia's broad experience in laser technology to improve productivity as well as enhance product diversity.

CUSTOMERS AND STRATEGIC RELATIONSHIPS

Our customers primarily consist of global Brand Apparel Companies located in various markets. As of the Latest Practicable Date, we served more than 30 customers covering over 50 brands. Our customers require sophistication in product design, quality production, speed-to-market and reliable delivery. Over the years, our ability to consistently meet and exceed our customers' high-quality and sophisticated requirements has allowed us to develop and retain strong relationships with them and to attract more globally leading Brand Apparel Companies.

The majority of our customers are internationally recognized Brand Apparel Companies with a large consumer base. The following list sets forth our key customers for each product line:

- **Lifestyle Wear**: Fast Retailing (UNIQLO, GU), H&M, Marks & Spencer, Abercrombie & Fitch and Gap;

- **Denim**: Gap, Levi's, Target, Abercrombie & Fitch, VF (Lee) and H&M;

- **Intimate**: L Brands (Victoria's Secret, PINK), Marks & Spencer, Fast Retailing (UNIQLO, GU) and H&M;

- **Sweater**: Fast Retailing (UNIQLO, GU), Marks & Spencer, Gap and Abercrombie & Fitch; and

- **Sportswear and Outdoor Apparel**: Under Armour, VF (The North Face) and PUMA.

When selecting our customers, we consider and evaluate a number of factors, including their brand position, growth potential and innovation requirement. We have strategically focused on Brand Apparel Companies which we believe have a higher growth potential and require more value-add services. We believe that our ability to identify and work with right partners is key to our rapid growth and success.

In 2014, 2015, 2016 and the six months ended June 30, 2017, sales to our largest customer accounted for 33.0%, 34.1%, 36.2% and 33.0% of our revenue, respectively; sales to our three largest customers accounted for 59.0%, 56.8%, 55.3% and 48.9%, respectively; and sales to our five largest customers accounted for 72.5%, 70.3%, 69.7% and 61.1% of our revenue, respectively. Our five largest customers remained largely the same during the Track Record Period. Our five largest customers include top apparel brands in Asia, the United States, the United Kingdom and Europe and have been associated with us for periods ranging from 11 years to more than 30 years. See "Risk Factors — Risks Relating to Our Industry and Business — A substantial portion of our business is derived from a limited number of major customers. Any decrease in our sales to any of them would materially and adversely affect our business, prospects, financial condition and results of operations."

Purchase, Payment and Other Arrangements

We do not have long term purchase commitments from our customers. We typically enter into customer framework agreements with our major customers setting forth general terms that will be used in each purchase order. They may require us to maintain equipment, facilities and other resources required to support, and to produce products in sufficient quantities to meet our brand customers' production needs in a given period or otherwise develop a contingency plan. We are also typically required by our customers to provide covenants in connection with our quality and environmental management over the production process of our products. Our customer framework agreements typically do not have a fixed term.

We typically receive purchase orders from our customers that set out the specific terms for the orders of apparel products on a regular basis according to the terms of customer framework agreements. Each purchase order sets forth the terms and conditions of the specified orders, including the pricing terms, specifications of our products to be provided, quantity and date of delivery. We collaborate with our customers for the development and design of the apparel products and coordinate on our production planning. In general, our customers negotiate the selling prices and confirm the product specifications with us after the provision of a forecast, showing the expected overall volume of products they expect to order from us during the specified period covered by the forecast. These forecasts are not binding, but we are able to secure and allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts and any downward or upward revisions that our brand customers may make. We generally do not provide warranty coverage on our apparel products. We typically grant our brand customers a credit period ranging from 15 days to 120 days.

Geographic Segments

During the Track Record Period, we generate sales revenue from customers located in different regions and countries around the world. We categorize our revenue based on the country of shipment destination of our products. During the Track Record Period, a significant portion of our revenue was derived from sales to customers in Asia Pacific, the United States and Europe. The following table sets forth a breakdown of our sales revenue by geographic region, each expressed as an absolute amount and as a percentage of our revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
United States	530,429	31.2%	586,064	34.7%	614,072	34.8%	276,843	33.4%	382,395	37.2%
Asia Pacific(1)	609,133	35.8%	614,898	36.5%	695,184	39.4%	322,297	38.8%	380,955	37.1%
Europe(2)	520,477	30.6%	439,802	26.0%	392,431	22.4%	201,341	24.3%	226,897	22.1%
Other countries/regions	40,675	2.4%	47,694	2.8%	61,705	3.4%	29,566	3.5%	37,216	3.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) Asia Pacific primarily includes Japan, China, Hong Kong and South Korea.

(2) Europe primarily includes the United Kingdom, Belgium and Germany.

Strategic Relationships

Over the years, we have developed mutually beneficial and strategic relationships with our major customers, which are due in part to our ability to continually meet or exceed their requirements for quality and reliability of service. Most of our major customers have been associated with us for more than ten years. We have maintained strategic relationships with our key customers, where four of our top five customers are among the top 10 leading Brand Apparel Companies in the world in terms of market share by retail sales value in 2016, according to *Euromonitor*. We believe the strategic relationships we formed with our long-term customers enable us to grow in tandem with them and further increase cross-selling potential. Such longstanding and deepened relationships also allowed further collaboration on common social responsibility initiatives with key customers, including workers wellbeing programs like the Personal Advancement and Career Enhancement (the "**P.A.C.E.**") program and the Health Enables Return project (the "**HERproject**").

We particularly benefit from our 21-year relationship with Fast Retailing, one of the top apparel brands in the world. Over the years, we have co-created many of UNIQLO's bestselling products. In 2008, we also started cooperation with GU. Our strategic long-term relationship with Fast Retailing has been built upon shared business values and similar corporate cultures. We both aspire to be world's leaders in our respective areas and deliver the high quality apparel to consumers globally. Sharing the determination to succeed, we hope to continue to augment the trust between Fast Retailing and us and open up new frontiers through our strategic relationships.

We have more than 10 years of relationship with H&M, with which we commenced cooperation on denim products in 2004 and successfully expanded into intimate and lifestyle wear. H&M has particularly benefited from our multi-country manufacturing platform, through which we help H&M combine advantages of different locations of manufacturing, thereby supporting H&M to expand internationally and realize its growth strategies. As a key strategic partner of H&M, we have been invited to serve on different advisory committees of H&M to help formulate its business strategies. Our intimate division was awarded as a "Platinum Supplier" in 2016 and our lifestyle wear division as a "Gold Supplier" of H&M in 2016.

We are also a strategic partner of Levi's, the world's top denim brand. We first started our denim business with Levi's in 2006 and since then have successfully gained market share and become one of Levi's top vendors globally in terms of production volume. Our strategic relationship with Levi's enables us to co-create and launch well-known products. We also co-developed with Levi's environmentally sustainable production techniques, such as "zero fresh water" washing technique. We aim to continuously step up the co-creation collaboration with Levi's in terms of advanced and sustainable product development.

Our partnership with Marks & Spencer initially began in 1928 at CM Holdings. During the last ten years, we have maintained our position of a top ten supplier to Marks & Spencer. Our relationship with Marks & Spencer includes a product portfolio of over ten product categories, ranging from intimate to lifestyle wear. Furthermore, we have a mutual review system which have enabled us to improve our performance and meets Marks & Spencer's business key performance indicators, including product design and quality as well as on-time delivery. We are aligned with Marks & Spencer Plan A strategy within manufacturing base.

We started our business relationship with a leading US intimate brand company in 2007. Over the past ten years, we have co-created many of this company's core products, including lace bralettes, core panties as well as a few other product collections. In 2010, we started cooperation with another brand owned by this company and further extended our business with them on synthetic panties, layering bras and fashion sports bra. In 2015 through a "Manufacturing Excellent Project", the "Speed Model" is implemented based on lean concepts as well as end to end dedication for bra and panty production in our Vietnamese manufacturing facility. We look forward to capturing a larger market in the bra category together with this leading US intimate brand company.

Leveraging our strategic relationship with a leading US apparel brand, we have been able to achieve significant sales growth through cross-selling, extending sales from one product category into multiple ones. We also provide for this leading US apparel brand the VMI model, under which we actively monitor the inventory level at this brand company's warehouses through data-sharing systems and deliver goods to replenish their inventory to help them achieve speed to market.

In 2016, we acquired Vista, a Singapore-based company specializing in sportswear and outdoor apparel manufacturing, which later became one of our wholly-owned subsidiaries. Since 2005, Vista has strategically allied with Under Armour to gain a competitive edge in sports apparel industry. Vista first commenced cooperation with Under Armour by manufacturing their golf apparel products as well as their well-known ColdGear compression tops in Singapore and Malaysia. Vista's strategic relationship and track record won "2007 Supplier at the Year-Asia". From there, Vista has progressed to be a key supplier of Under Armour's golf apparel line, including apparels for their sponsored athletes playing in the Professional Golfers' Association ("**PGA**"), as well as the signature "60/40 Tee Series" and other products that require higher complexity in design and manufacturing. Vista has also been chosen in 2015 as a short-listed finalist to present our apparel manufacturing innovation to Under Armour management team. Leveraging Vista's previous experience, we now manufacture and supply for Under Armour worldwide in our manufacturing facilities in Vietnam and Cambodia. As a long-term supplier and strategic partner, Under Armour is one of the fastest growing sports apparel brands in the market. We are determined to help Under Armour succeed by continuously investing in new innovation within our products, our equipment as well as developing our human capital to grow together with them.

Recognition from Customers

During the past few years, we have received numerous awards and recognitions from our key customers.

Awards / Recognitions	Date	Customers
Community Impact Award	2017	A leading US apparel brand
Lifestyle wear		
Gold Supplier	2016	H&M
UNIQLO Quality Supplier Award	2015	Fast Retailing (UNIQLO)
The Best Supplier Award	2014	Fast Retailing (UNIQLO)

Awards / Recognitions	Date	Customers
Denim		
Outstanding Vendor for Global Sustainability	2016	A leading US apparel brand
Outstanding Vendor Performance — Denim	2016	A leading US apparel brand
Outstanding Vendor Performance for Quality	2015	A leading US apparel brand
Product Quality Award	2015	A leading US apparel brand
Partnership Award	2015	Target
Outstanding Sustainability Program in 2014	2014	Levi's
Intimate		
Platinum Supplier	2016	H&M
Best Sustainability Performance	2016	H&M
Self-reliance on Quality	2016	H&M
Certificate of Appreciation — Best Sustainability	2015	H&M
Certificate of Appreciation — Most Proactive on Quality.	2015	H&M
Plan A Smart Business Award	2012	Marks & Spencer
Sweater		
Outstanding Vendor Performance for Social Responsibility	2015	A leading US apparel brand
Sportswear and outdoor apparel(1)		
2007 Supplier of the Year — Asia	2007	Under Armour

Note:

(1) The awards and recognitions on sportswear and outdoor apparel were awarded to our wholly-owned subsidiary, Vista, which was acquired by us in 2016.

None of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of the Company's five largest customers during the Track Record Period and as of the Latest Practicable Date.

During the Track Record Period and as of the Latest Practicable Date, we did not have material disputes with our customers.

PRODUCTION

We have world-leading manufacturing capacities supported by a multi-country manufacturing platform. Our production process is designed to ensure high standards of quality and fast turn-around. Our efficient production process reflects our almost five decades of industry experience that allow us to accelerate pace of production ramp up, implement design modifications more quickly, and maintain a CFIR of finished products of 98.7% in 2016.

We manufacture a majority of our products in-house at our manufacturing facilities. We have 20 self-operating manufacturing facilities in China, Vietnam, Cambodia, Bangladesh and Sri Lanka. According to the nature of the items to be produced and our existing capacity, we outsource a part of our production to third party sub-contracting manufacturers. We have established long-standing relationships with our sub-contracting manufacturers. In order to ensure the quality of our apparel products and the reliability of our supply, we evaluate these manufacturing partners according to technical capability, production performance, quality management, and compliance with applicable laws and regulations. For details, please see "— Outsourced Manufacturing."

Multi-country Manufacturing Platform

Strategic Allocation

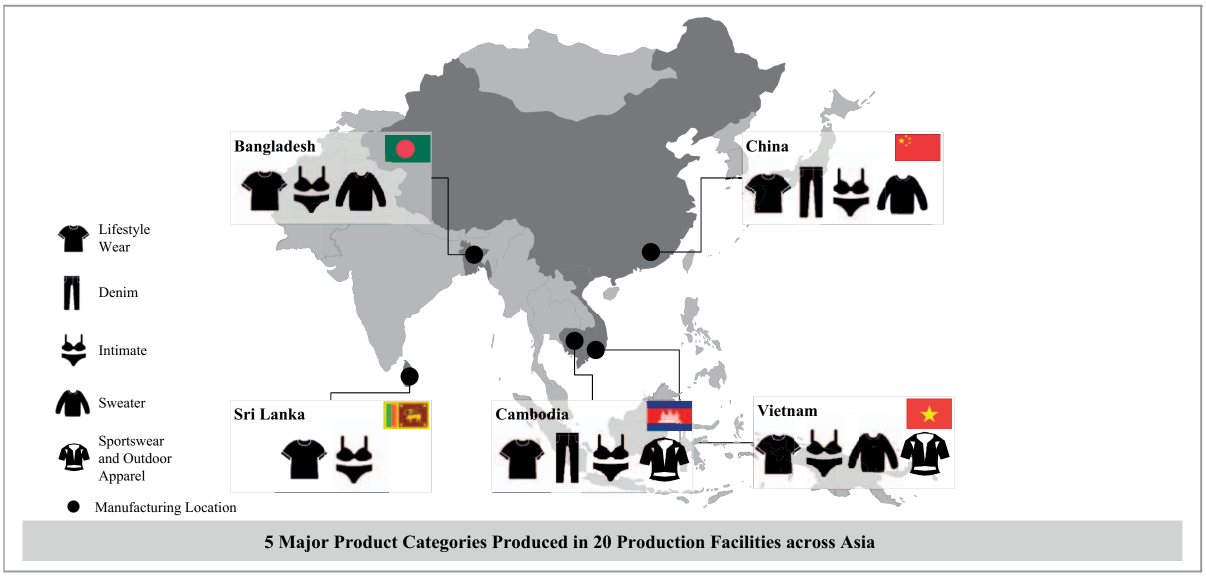
We operate an internationally diverse manufacturing platform. When choosing locations to set up facilities, we consider a number of factors, including import and export tariffs, trade policies, political stability, operating costs, labor supply, infrastructure, level of productivity and cultural affinity, and geographical proximity to our Hong Kong headquarters. Based on our years of industry experience, we generally set up manufacturing facilities in countries with relatively low operating costs within a radius of five to six hours of air travel time from Hong Kong. We capitalize on the respective advantages of our manufacturing facilities in different regions and allocate production orders to facilities that can best deliver the optimal results. Relying on the skillful workforce and mature supply chain in China, we generally utilize our China facilities to produce apparel that involve speedy fulfillment and complicated value-add processes. Orders with basic style but in large quantities are generally allocated to our South and Southeast Asia manufacturing facilities where the operating costs are lower.

We currently have 20 self-operating manufacturing facilities spanning across five countries. The below table sets forth the locations, product categories, year of establishment and approximate gross floor area of each of our key manufacturing facilities:

Facility Name	Location	Product Category	Year of Establishment	Approximate Gross Floor Area (sq.m.)
China				
Dongguan Crystal	Dongguan, Guangdong	Lifestyle wear	1993	136,332
Zhongshan Yida	Zhongshan, Guangdong	Denim	2003	131,601
Dongguan Yeji	Dongguan, Guangdong	Sweater	2004	94,936
Martin Emprex	Zhongshan, Guangdong	Intimate	1992	62,697
Jingli Changzhou	Changzhou, Jiangsu	Denim	2000	41,738
Zhongshan Wema	Zhongshan, Guangdong	Intimate	2016	17,473
Vietnam				
Regent Garment Factory Limited	Hanoi	Lifestyle wear and sweater	2003	277,519
Crystal Martin (Vietnam) Company Limited	Hanoi	Intimate	2010	82,740
Star Fashion Co., Ltd.	Hanoi	Sportswear and outdoor apparel	2007	39,364
Crystal Sweater Vietnam Limited	Hanoi	Sweater	2013	20,062
Cambodia				
Yi Da Manufacturer Co., Ltd	Phnom Penh	Denim	2014	63,757
Perfect Growth Private Co., Ltd	Phnom Penh	Lifestyle wear	2013	40,367
Crystal Martin (Cambodia) Limited	Phnom Penh	Lifestyle wear and intimate	2011	40,219
Starlight Apparel Manufacturing Co., Ltd.	Phnom Penh	Sportswear and outdoor apparel	2012	17,310

Facility Name	Location	Product Category	Year of Establishment	Approximate Gross Floor Area (sq.m.)
Bangladesh				
Crystal Martin Knitwear Bangladesh Limited	Dhaka	Sweater	2008	38,354
Ever Smart Bangladesh Ltd.	Dhaka	Lifestyle wear	2009	30,120
Crystal Martin Apparel Bangladesh Limited	Dhaka	Lifestyle wear and Intimate	2006	19,819
Crystal Industrial Bangladesh Private Limited	Dhaka	Sweater	2008	17,163
Sri Lanka				
CM Ceylon	Colombo	Lifestyle wear and Intimate	1981	67,281
Crystal Martin Central (Private) Limited.	Colombo	Lifestyle wear	2011	16,437

The below map illustrates our multi-country network of manufacturing facilities.



Dedicated Production

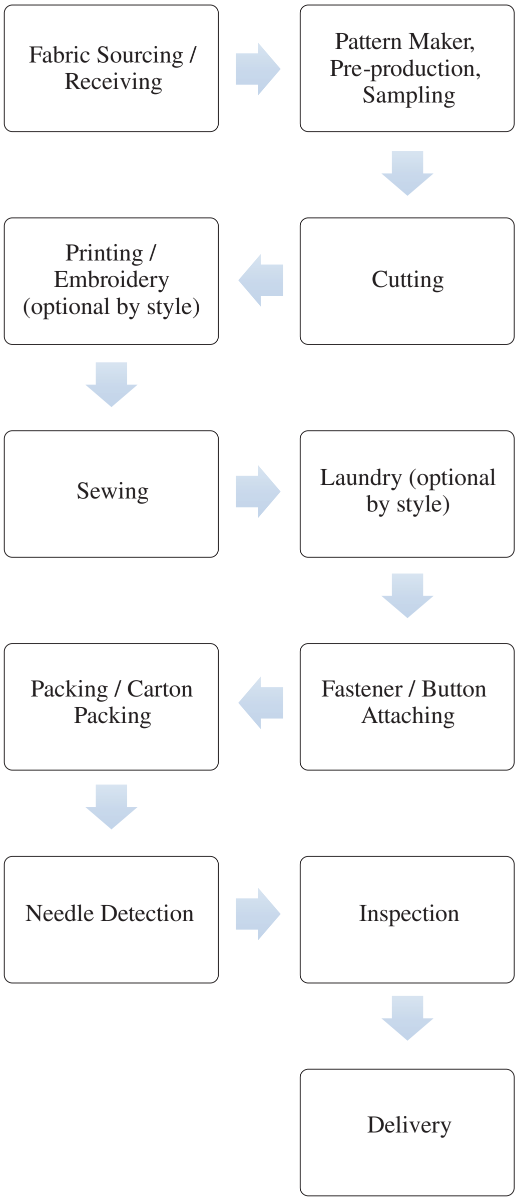
We generally segregate exclusive manufacturing areas for different customers. The size of each segregated production area ranges from a confined portion of a production building separated from other production areas to a whole production building. The segregation of production areas serves to protect the proprietary nature of their products and the production processes thereof.

Production Process

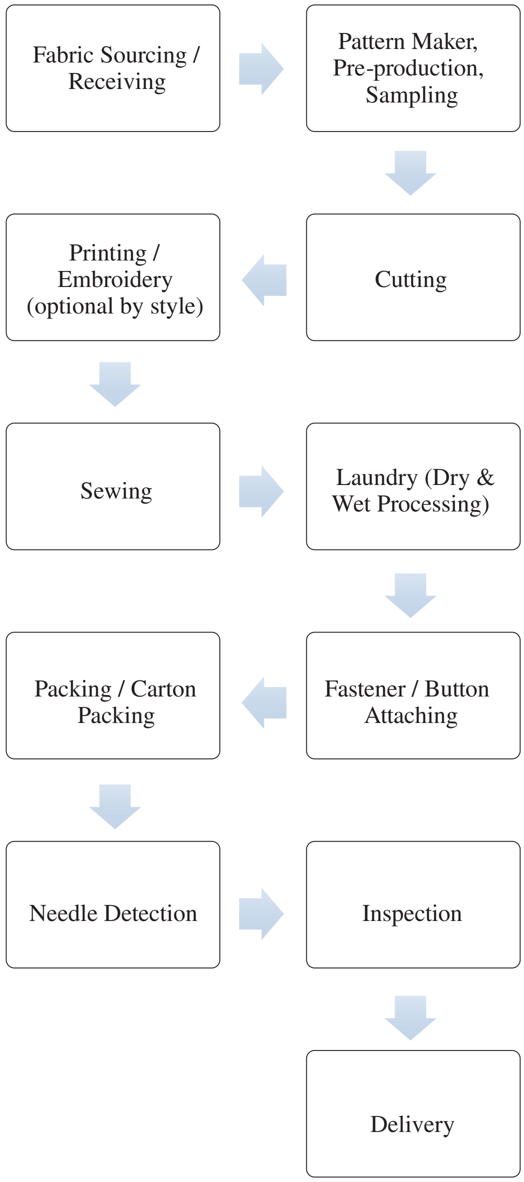
We have an integrated production control and supply chain management system through which we closely monitor all key stages of our manufacturing processes. Our streamlined and standardized production process utilizes automated technology to optimize production flow and efficiency. The production cycle of our products varies depending on the product produced and specific customer requirements. Despite variances in different product types and features, our production process typically ranges from 35 to 45 days from the cutting of fabrics to the shipment of final products.

The following diagrams summarize the key steps of our manufacturing processes for each of our major products.

Lifestyle Wear

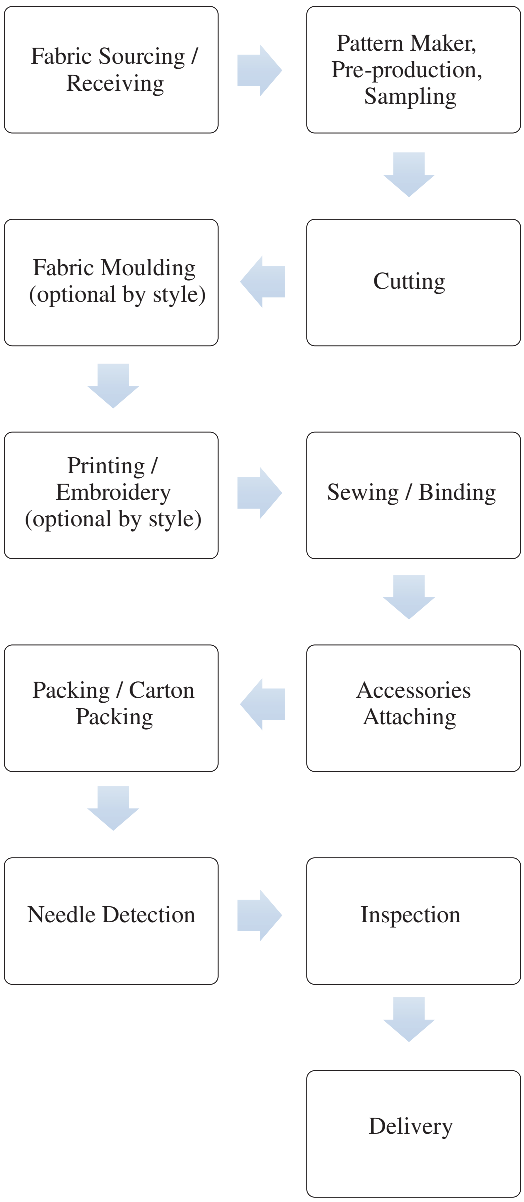


Denim

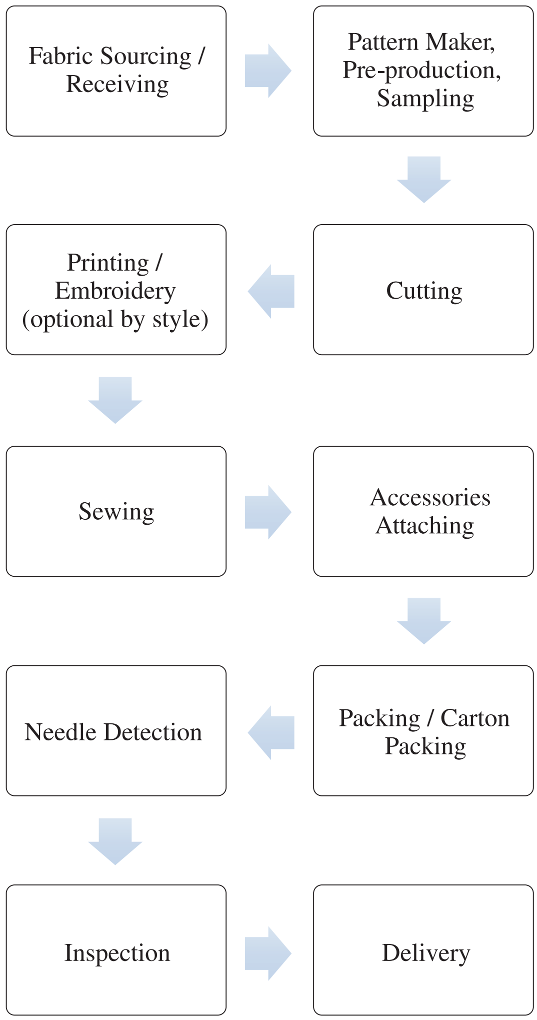


Intimate

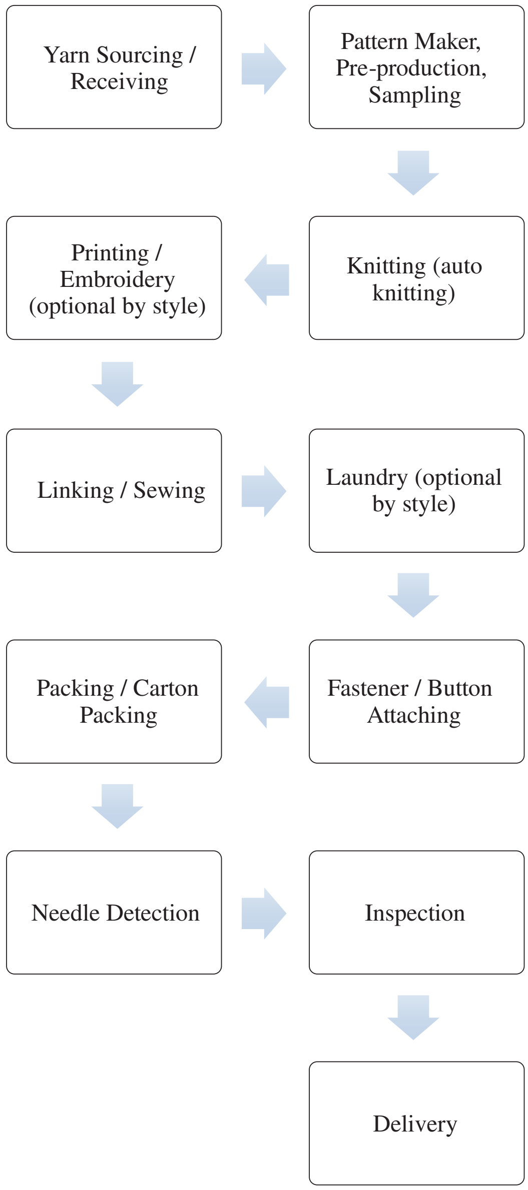
- ***Bra***



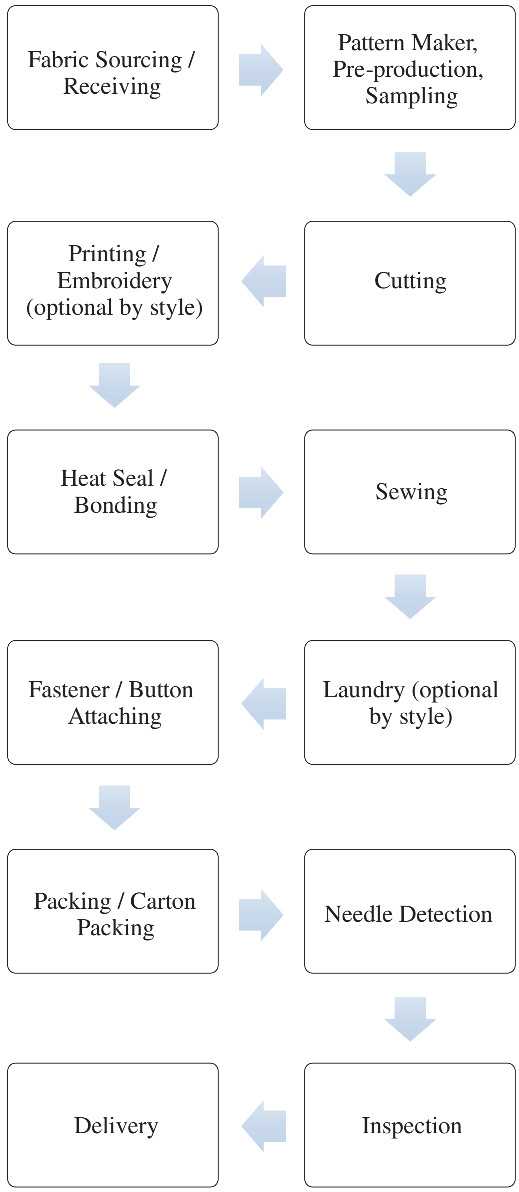
- ***Panties***



Sweater



Sportswear and Outdoor Apparel



Outsourced Manufacturing

During the Track Record Period, we outsourced parts of the production process of our products to our subcontractors, which are independent factories and most of our key subcontractors are located in China and Southeast Asia, mainly to provide us with flexibilities in our production capacity planning. Our subcontracting expenses incurred for each of the three years ended December 31, 2014, 2015 and 2016 and for the six months ended June 30, 2017 were approximately US$145.4 million, US$122.4 million, US$96.7 million and US$62.3 million, respectively, representing approximately 10.3%, 8.8%, 6.9% and 7.6% of our total cost of sales. Subcontracting fees are generally determined based on product specifications, estimated production time and labor cost for processing each order. As of the Latest Practicable Date, our key subcontractors had three to 22 years of relationship with our Company.

We evaluate and select subcontractors based on their technical capability, product and service quality, price, and time. We maintain a list of subcontractors and prior to approving our subcontractors to enter into such list for provision of their services for certain production process, our procurement personnel conduct necessary site visits of the potential subcontractors. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse consequence from any unsatisfactory products produced by our subcontractors. During the Track Record Period, we have provided a number of loans to subcontractors in Vietnam and Cambodia, mainly to fund their operations and expansion in order to meet our capacity requirements. These loan agreements contain standard terms, conditions and covenants that are customary for loans in the relevant jurisdictions. As of June 30, 2017, two loans extended to our subcontractors in Vietnam had not been fully settled and the outstanding balance of these loans amounted to US$1.2 million in aggregate. Our Vietnam and Cambodia counsels are of the view that the contractual arrangements between us and respective subcontractors governed by the relevant laws are valid, binding and enforceable in accordance with applicable laws, rules, and regulations currently in effect.

Each of our key subcontractors is an Independent Third Party. Our Directors confirm that none of our Company, Directors, their respective associates or Shareholders who owns more than 5% of the entire issued share capital of our Company, had any interest in any of our five largest subcontractors during the Track Record Period.

Key Technologies and Primary Equipment

We endeavor to equip our manufacturing facilities with state-of-the-art equipment, which we believe is essential to increase automation, ensure reliability as well as cost competitiveness. Many of the machines we utilize require minimal human operation, allowing us to reduce labor costs and focus our factory staffing on maintenance and supervisory personnel. We design, customize and integrate automation technologies into our production processes. We have also developed internally many of the production technologies and equipment used in our production and testing processes.

Some of our key machinery were imported overseas from countries such as Germany, Japan, Spain and Italy. Key technologies and equipment applied in our production processes are as set forth below:

Information System

- RFID solutions which improves production management, real-time production status and data collection, allowing more effective production planning and control and internal logistic arrangement.

Assembling

- Automated apparel hanger system integrated with RFID solutions and production system to achieve lean manufacturing;

- Gerber fabric cutting machine which automatically cuts fabrics with efficiency and great delicacy;

- Shima Seiki automated knitting machine which produces fine, sophisticated patterns without human operation;

- Automatic wire/bone insertion machine for the automatic insertion of the wire/bone into the casing;

- In-house developed bonding machine which seamlessly bonds bra foam cups; and

- A variety of automatic machines, including the belt loop automation machine, the auto J-stitch machine and the auto pocket setting machine, which increase productivity and reduce costs.

Value-add Process

- Automatic ink dispenser which improves accuracy and precision in printing formulas, effectively reducing overall ink consumption and better control of inventory; first of its kind in the textile industry;

- Digital printing machine which produces complicated patterns that are not possible with traditional methods;

- Water-free laser technology which creates washing patterns like dots, lines, text and even images that are executed through its computer managed process;

- E-Flow laundry machine which softens apparel by nano-bubbles and thereby results in zero waste water discharge; and

- In-house developed lace inspection machine which uses a laser beam to measure and detect variances in lace width.

Smart Apparel Technology

- SmartLife textile-based technology platform that uses sensors to allow the continuous monitoring of a person's vital signs;

- Washable LED toggles and LED foldable tapes which are fused into sports jackets and other outdoor apparel to enhance night visibility; and

- Bio-Morphologic Evolution ("**BME**™"), a new form of polyurethane that is directly printed on apparel to provide compression for the wearer, which improves blood flow, enhance performance and endurance and protect against injury.

Maintenance

We have implemented a comprehensive preventive maintenance system for our manufacturing facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment. In particular, we have adopted a holistic productive maintenance system at our manufacturing facilities to avoid any breakdowns and delays in our production processes, thereby maximizing our productivity and maintaining our quality standards. The average expected useful life and replacement cycle of our major production machinery and equipment is 10 to 15 years. As of the Latest Practicable Date, the average age of our major production machinery and equipment was approximately seven years. During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to machinery, equipment or other facility failures.

Production Capacity and Utilization Rate

We have maintained consistently high utilization rates during the Track Record Period. The following table sets forth a summary of our annual production capacity in terms of designed production capacity and utilization rates for our facilities in each of five countries where we operate for the periods indicated.

	Year ended December 31,									Six months ended June 30,		
	2014			2015			2016			2017		
	Designed Production Capacity(1)	Percentage of the Total	Utilization Rate(2)	Designed Production Capacity(1)	Percentage of the Total	Utilization Rate(2)	Designed Production Capacity(1)	Percentage of the Total	Utilization Rate(2)	Designed Production Capacity(1)	Percentage of the Total	Utilization Rate(2)
	(million pieces)	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*
China . . .	139.5	43.9%	94.5%	125.2	38.4%	91.2%	121.1	34.3%	89.5%	66.1	31.9%	90.7%
Vietnam . .	89.9	28.3%	89.2%	111.2	34.1%	93.4%	137.4	38.9%	95.5%	89.1	42.9%	94.2%
Cambodia .	38.8	12.2%	86.4%	52.4	16.1%	96.2%	53.7	15.2%	95.9%	30.6	14.7%	93.4%
Bangladesh .	17.4	5.5%	72.2%	18.1	5.6%	88.9%	24.1	6.8%	87.2%	12.7	6.1%	85.4%
Sri Lanka. .	32.2	10.1%	80.1%	19.0	5.8%	88.4%	17.0	4.8%	89.3%	9.1	4.4%	87.2%
Total . . .	**317.8**	**100.0%**	**89.3%**	**325.9**	**100.0%**	**92.5%**	**353.3**	**100.0%**	**92.6%**	**207.6**	**100.0%**	**92.1%**

Notes:

(1) The designed production capacity is per management's estimate with reference to the assumption of available working hours (including the actual number of work stations, working days, working hours per day and attendance) and efficiency of the respective manufacturing facilities.

(2) The utilization rate for each of the periods indicated is derived by dividing the actual production capacity by the designed production capacity.

The utilization rates of our China manufacturing facilities decreased from 94.5% in 2014 to 91.2% in 2015 and further decreased to 89.5% in 2016, primarily because we strategically migrated our production for sweater and lifestyle wear from China to South and Southeast Asia to take advantage of its relatively lower operating costs. The utilization rates of our China manufacturing facilities remained relatively stable at 90.7% in the six months ended June 30, 2017. The utilization rates of our Vietnam and Sri Lanka manufacturing facilities increased from 89.2% and 80.1%, respectively, in 2014 to 93.4% and 88.4%, respectively, in 2015 and further increased to 95.5% and 89.3%, respectively, in 2016, primarily because we expanded the manufacturing capacities at our facilities in these two countries and experienced a ramp-up in production during the Track Record Period. The utilization rates of our Vietnam and Sri Lanka manufacturing remained relatively stable at 94.2% and 87.2%, respectively, in the six months ended June 30, 2017. The utilization rates of our Cambodia and Bangladesh manufacturing facilities increased from 86.4% and 72.2%, respectively, in 2014 to 96.2% and 88.9%, respectively, in 2015 and remained relatively stable at 95.9% and 87.2%, respectively, in 2016, primarily because we constructed new manufacturing facilities in Cambodia and Bangladesh in 2014 and experienced a ramp-up in production during the Track Record Period. The utilization rates of our Cambodia and Bangladesh manufacturing facilities remained relatively stable at 93.4% and 85.4%, respectively, in the six months ended June 30, 2017.

Production Expansion Plan

We aspire to operate large-scale manufacturing facilities around the globe to serve the demands of our customers. Our expansion plans are mainly focused on strategic locations in South and Southeast Asia. We believe that our expansion projects will help us expand our market share worldwide. We have been expanding and intend to continue to expand our manufacturing capacities in different regions. The table below sets forth the details of our expected capital expenditure and additional planned production capacity in four geographic regions by the end of 2019. We expect to finance all these expansion projects with the net proceeds received from the Global Offering, our internally generated cash flow and debt financing.

Location	Key Products	Total Capital Expenditure	Additional Planned Production Capacity by 2019(4)
		(US$ million)	*(million pieces)*
China	Lifestyle wear, denim and intimate	66(1)	20.6
Vietnam	Lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel	163(2)	129.5
Cambodia	Lifestyle wear and denim	8	18.4
Bangladesh	Lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel	181(3)	26.6

Notes:

(1) Include certain estimated capital expenditure for land and buildings for the production of lifestyle wear and intimate products, amounting to US$35 million, primarily for the purpose of consolidating our existing manufacturing facilities in China.

(2) Include certain estimated capital expenditure for land and buildings for the production of lifestyle wear, denim and intimate products, amounting to US$96 million.

(3) Include certain estimated capital expenditure for land and buildings for the production of lifestyle wear, denim and intimate products, amounting to US$139 million, primarily for new manufacturing sites which expand along with business levels and for spaces available for the construction of additional capacity in the future.

(4) Planned production capacity is determined by designed production capacity with management determined allowance factor, while designed production capacity is per management's estimate with reference to the assumption of available working hours (including the actual number of work stations, working days, working hours per day and attendance) and efficiency of the respective manufacturing facilities.

Our production expansion plans have been determined on the basis of, among other things, (i) estimated market supply and demand for relevant products; (ii) prevailing and anticipated prices for relevant products; (iii) utilization of existing manufacturing facilities; (iv) competitive advantages for the target country; (v) estimated cost of development; and (vi) availability and cost of sufficient capital resources. There is no guarantee that any of the expansion projects will proceed as planned. Our Directors may determine in the future that postponing a project is in the best interest of the Company after taking into account the prevailing market conditions, our financial resources and other relevant factors. We may also invest in additional expansion projects as we continue to grow worldwide.

We consider our expansion plan to be justified and reasonable mainly for three reasons. First, we achieved a stronger growth than the overall market historically. From 2014 to 2016, our revenue growth for lifestyle wear, denim and intimate, excluding the impact of the U.K. Customer Purchasing Adjustment, was at a CAGR of 4.8%, 20.8% and 23.9%, respectively, much higher than the production value growth rate from 2012 to 2016 of respective segments in Asian Apparel Manufacturing Industry. Secondly, the overall utilization rate of our manufacturing facilities was over 90% for the six months ended June 30, 2017, and our future revenue growth will be restrained if the manufacturing capacities do not increase in line with the anticipated growth in market demand. The expansion plan will enable us to meet customers' increased demands in a timely manner without straining our resources. Thirdly, we recently launched a sportswear and outdoor apparel product line through the acquisition of Vista in 2016. According to *Euromonitor*, the sportswear and outdoor apparel retail market has been growing at a rapid rate in recent years due to the fact that consumers have become more conscious of the benefits of a healthy lifestyle and participate in sporting activities on a regular basis. The growth in the sportswear and outdoor apparel retail market has been further accelerated by the rising "athleisure" trend. We believe our expansion plan will enable us to seize the emerging market opportunities arising from the rapid growth of sportswear and outdoor apparel and to gain market share in such new product category.

DELIVERY AND TRANSPORTATION

Most of our products are delivered to our customers on free on board terms ("**FOB model**"), which means the passing of both the title and the risk of the finished goods to our customers occurs when the finished goods are loaded into our customers' designated delivery point. We are responsible for the cost of transportation incurred from the delivery of our products to our customers' designated delivery point.

RAW MATERIALS AND SUPPLIERS

Raw Materials

The key raw materials used in the production of our apparel products include fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories. During the Track Record Period, we sourced these materials from various reputable and large suppliers, many of which are based in Hong

Kong and China and are nominated by our customers. During the Track Record Period, prices of our raw materials experienced fluctuations. We do not engage in hedging using derivative instruments related to the risk exposures in connection with our raw materials. We take into account such fluctuation in raw material costs when pricing our apparel products. We have not experienced any shortage of raw materials or quality issues with our raw materials during the Track Record Period that materially affected our operations.

Suppliers

We carefully select our suppliers and require them to satisfy certain evaluation and assessment criteria. Before we engage a new supplier, our team evaluates various aspects of a supplier, including its ability to meet our customers' requirements, production capacity, quality management and innovation capability. We place great emphasis on a supplier's ability to provide specific materials and to satisfy our specific research and development requirements.

We generally do not enter into long-term supply agreements. Our raw material purchases are made on a purchase order basis, and we specify the product type, unit price, quantity, delivery timeline and other items in each purchase order we send to our suppliers. We generally place purchase orders with our suppliers after we have received a purchase order from customers. Payment terms granted by our suppliers vary depending on a number of factors including our relationships with them and the size of the transactions. Our suppliers typically provide us with credit terms of 14 to 60 days. We typically settle our trade payables by bank transfers or bank bills.

Certain of our supply arrangements involve the purchase of components and ancillary materials from suppliers nominated by our customers. In some cases, our customers require us to produce apparel by using fabrics and ancillary materials from their designated suppliers in order to maintain greater control over the production process or utilize fabrics or materials with unique capabilities.

We closely monitor the quality of all raw materials provided by our suppliers to ensure that all raw materials comply with the stringent requirements of our customers. Our quality management system covers from purchase order placing stage, to before-delivery inspection, and to laboratory test. We further utilize our SAP ERP system to manage effectively and efficiently the resource planning of raw materials. We evaluate our suppliers periodically based on a range of factors, including quality and on-time delivery. In addition, we have undertaken other quality management measures for raw materials. See "— Quality Management" for more details. During the Track Record Period, we did not have material disputes with our suppliers.

In 2014, 2015, 2016 and the six months ended June 30, 2017, purchases from our largest supplier accounted for 11.9%, 11.9%, 11.7% and 9.1% of our total purchases, respectively, while our five largest suppliers for the same periods accounted for 32.0%, 32.3%, 30.8% and 26.4% of our total purchases, respectively. Our five largest suppliers in 2016 are Texwinca Holdings Limited, Pacific Textiles Holdings Limited, Fountain Set Limited, Jiangyin Shenli International Trade Co., Limited and Guangdong United Progress Wooltex Hong Kong Office Limited, which remained largely the same during the Track Record Period. Three of our five largest suppliers are public companies listed on the Stock Exchange and the rest are large reputable suppliers located in Hong Kong and China. As of the Latest Practicable Date, our five largest suppliers had 11 to 28 years of relationship with our Company. We believe that we have a good working relationship with our key suppliers. See "Risk Factors — Risks Relating to Our Industry and Business — We depend on a stable and adequate supply of quality raw materials which are subject to price volatility and other risks."

None of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of the Company's five largest suppliers.

SALES AND MERCHANDIZING

We sell and merchandise our products directly through our internal sales and merchandizing personnel. As of June 30, 2017, we had a sales and merchandizing team of 1,207 personnel worldwide, focusing on business development, customer service and industry coverage. For each of our five product lines, we maintain respective sales teams responsible for our sales efforts in Asia Pacific, the United States and Europe. Our sales and merchandizing team analyzes the dynamics of existing customers and trends in key markets to determine where opportunities exist, and our regional merchandizing teams implement strategies within their respective regions. Our senior sales and merchandizing teams are familiar with and able to offer customers our full range of apparel products. They emphasize our comprehensive co-creation approach and research and development capabilities as they conduct business development activities and explore opportunities for our business. For additional information as to our research and development driven sales approach, see "— Research and Development."

Our sales and merchandizing teams regularly contact our existing and potential customers about our current offerings and development plans. They also gather feedbacks from customers on our products and assist us in understanding and responding to design and other demands as to our products. Besides maintaining frequent communication with our existing customers, our sales and merchandizing teams also seek to expand our customer base through presenting our strength and showcasing our products and services to their own existing contacts and other potential customers. We believe direct promotion and discussion with potential customers are the most effective means to expand our business.

In 2014, 2015, 2016 and the six months ended June 30, 2017, our selling and distribution expenses were US$42.0 million, US$33.4 million, US$32.1 million and US$16.6 million, respectively, accounting for 2.5%, 2.0%, 1.8% and 1.6%, respectively, of our revenue during the same periods.

Pricing Strategies

We strategically focus on the penetration into products with more value-add processes, which enable us to earn a better margin. The price which we charge varies depending on negotiations with our customers. We typically determine prices of our products by reference to a number of factors, including raw material costs, production costs, expected profit margins and market analysis of the retail price of the product, while also taking into account other important factors, such as complexity in design and manufacturing and expected level of sales.

QUALITY MANAGEMENT

We believe we are an industry leader in quality management. Our corporate mission is to deliver quality products and services that our customers favorably regard as value for money. Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers, which enables us to benefit from further consolidation of suppliers in the changing apparel industry. We established a Corporate Assurance Department ("**CQA**") in 1992, which was renamed as Corporate Quality and Sustainability Department ("**CQS**") in 2010, and have since then devoted significant resources to quality management of our products. Our CQS team reports directly to our headquarters and is independent from all other departments and serves a governance and monitoring function over all quality management related issues and decisions. As of June 30, 2017, we had a quality management workforce of 6,568 personnel worldwide, including CQS team and respective quality management workforce in manufacturing facilities. As a result of our commitment to stringent quality management, during the Track Record Period and up to the Latest Practicable Date, there was no incident of failure in our quality management systems which had a material impact on us. In 2016, we achieved a CFIR of finished products of 98.7%.

To achieve our principles of "Right at the First Time" and "Quality Managed at Source", we take a holistic approach to quality management and implement stringent standards in all aspects of our business, from product design, sourcing of raw materials, production, packaging and inventory storage to delivery, to ensure the full compliance with the stringent benchmarks and specifications of our customers and ourselves. We have strong globally-managed quality management programs in place at our manufacturing facilities. Our CQS team is responsible for establishing the quality management systems and inspection guidelines for our production, while our respective teams for raw material procurement, production and packaging at our manufacturing facilities are responsible for implementing the quality management standards and procedures. Our CQS team also carries out regular system audits on manufacturing facilities, conducts performance reviews and statistical analysis and provides training on the concept of quality and inspection techniques, to ensure the effectiveness of the overall system.

Raw Materials

We only purchase raw materials from suppliers who have passed our quality and reliability assessment. We evaluate our suppliers periodically based on a range of factors, including raw material quality and the ability to meet our delivery timeline. All of our suppliers are Independent Third Parties. Our quality control staffs carry out on-site inspections on raw materials at our suppliers' facilities before delivery. We conduct random sampling tests on incoming raw materials supplied by qualified suppliers upon delivery to ensure a high-quality, low-cost and rapid supply chain. We test the raw materials in our internal laboratory and return raw materials that fail to pass inspection and such materials will not be used for production.

Production

We have received various certifications from government authorities or recognized organization. For example, four factories are certified to ISO 9001:2008 standards and two factories are certified to ISO 9001:2015, which is evidence that our quality management system is aligned with international best practices.

As of June 30, 2017, we operate 10 certified in-house laboratories in different countries that conduct performance tests on our raw materials, semi-finished products and final products, which allows quick feedbacks and testing results. These laboratories are accredited by some of our key customers. Our commitment to stringent quality management also wins us trust from customers. We have self-inspection certificates from some of our key customers. Brand customers generally require the products manufactured by suppliers to be inspected and certified by their own or independent third-party inspectors to ensure quality before shipments. With customer certifications, our in-house quality inspectors can act on behalf of our customers to approve the quality of our products. Our self-inspection capabilities significantly decrease the lead time for product shipments.

Product Return and Warranty

We do not have any written warranty for our products. We may enter into negotiations with our customers to resolve product return issues on an individual case basis and, depending on the circumstances, we may work out a solution with our customers. If we receive a product return from a customer, we will conduct an investigation to ascertain the cause of the defect and may seek compensation from any third party supplier or subcontractor if they are at fault.

During the Track Record Period and up to the Latest Practicable Date, there were no actual or threatened material product liability claim against us, and we have not experienced any product recalls or returns nor any major customer complaints about our products. During the Track Record Period, we did not incur any warranty expenses.

Internal Control Measures

We intend to adopt or have adopted and implemented the following corporate governance measures to enhance our internal control systems and to ensure compliance with various applicable rules and regulations and customers' guidelines:

a) Mr. Lee King Fai, our chief financial officer, is responsible for reviewing and updating the compliance policy and procedures on an annual basis for ensuring that the compliance policy and procedures are up to date and in accordance with the regulatory requirements;

b) we remind and provide continuing training for our employees on a regular basis to ensure due compliance of applicable rules and regulations and customers' guidelines;

c) Mr. Lee King Fai, our chief financial officer, is appointed to monitor our on-going compliance, to oversee the implementation of any necessary measures and to seek external legal advice if necessary;

d) we provide our Directors, senior management with continuing training development programs and/or updates regarding the applicable rules and regulations and customers' guidelines to our business operations and directors' responsibilities respectively on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance; and

e) all of our management and staff are required to report to and/or notify our Directors and our compliance officer promptly of any non-compliance or potential non-compliance events.

INVENTORY CONTROL

Our inventory primarily consists of raw materials, work-in-progress and finished goods. We use our SAP ERP system to assist us in planning and managing our inventory control. Our inventory system software is able to produce real time information of inventories, and provides our management team with clear visibility on the inventory data. Our team timely monitors our inventories, including inventory levels, inventory age, inventory composition and inventory turnover rate. We also carry out physical stock counts on a regular basis. In 2014, 2015, 2016 and the six months ended June 30, 2017, our inventory turnover days were 52, 50, 54 and 51, respectively.

INFORMATION TECHNOLOGY SYSTEMS

We believe that high levels of automation and technology are essential to maintain our competitive position and support our strategic objectives. As a pioneer in technology advancement, we have heavily invested in and continued to upgrade our computer hardware, system applications and networks. In 2000, we first implemented our world class SAP ERP system to boost overall productivity of our entire order-to-cash value chain. In 2011, we were awarded "SAP Advanced Certification of Customer Centre of Expertise". In the same year, we also won the award of "CCoE of the Year" among more than 1,000 SAP CCoE global customers.

Our advanced information technology systems and infrastructure empower us in planning and managing our sales management, material procurement, production, financial reporting as well as human resources, thereby both improving our overall operational efficiency and sustaining our business growth. Within our fully integrated information system, the following solutions are the most critical to our success, namely, the SAP ERP system, the Manufacturing Execution System ("**MES**"), and the Office Automation systems.

- ***SAP ERP system*** — We utilize this enterprise resource planning system to retrieve and analyze our operational data to aid faster decision-making and boost productivity and profitability. The SAP ERP system provides outstanding industrial solutions covering apparel manufacturing, financial accounting, enterprise performance management and human capital management.

- ***MES system*** — We utilize various advanced manufacturing execution systems ("**MES**"), including the full band of RFID solutions, to track, monitor and manage the process flow, order status, measuring both quality and quantity of production efficiency on workers, workstations and detail production routing on a real time basis. In addition, we have employed advanced automation systems to boost production efficiency at our manufacturing facilities, including auto hanger systems, Automated Guided Vehicle ("**AGV**"), Intelligent Packaging Systems ("**IPS**") and Smart Warehouse Systems. All data collected in manufacturing process are highly integrated with our SAP ERP system for further data consolidation, analysis and information reporting.

- ***Office Automation systems*** — We have modernized our workplaces and mobilized data for use through cloud and mobile technologies. Since 2014, we have developed and put into use a corporate data infrastructure platform for business operations, Crystal's Cloud, which is built on Microsoft's Azure system. Crystal's Cloud acts as our corporate data center, through which our employees are able to access corporate data and systems anytime, anywhere with different mobile devices through both web and mobile applications. To protect the vast majority of data and services accessible through Crystal's Cloud, we employ an enterprise-wide UTM solution to safeguard us against cyber security attacks.

We plan to improve our information technology systems further to keep up with the growth of our business. We believe such improved systems will strengthen supply chain management as well as improve our ability to develop products that meet the preferences of our customers.

SUSTAINABILITY

We believe our sustainable growth measures are pivotal to our strong performance and reputation over recent years across geographies and products. We strive to be a sustainability leader in the industry. As a testament to our dedication and success in sustainability, we were ranked 17th out of 50 companies on Fortune Magazine's "Change the World" list in 2016, being the only Hong Kong and apparel manufacturing company recognized in the ranking, and one of the ten companies from Asia on the list. The Fortune Magazine's "Change the World" list is intended to showcase the power of capitalism to improve the human condition by identifying 50 companies that have made an important social or environmental impact through their profit-making strategy and operations, and it takes into account three factors when rating the companies including: (i) measurable social impact, (ii) business results and (iii) degree of innovation.

Sustainability represents a key lever in achieving cost reduction and improved productivity, and therefore drives incremental growth in our business operations and financial performance. Through efficient and sustainable management of energy and water consumption, we estimate that we were able to reduce energy consumption per apparel by 18%, reduce fresh water consumption per apparel by 25% and increase the use of recycled water to 51% across the majority of our manufacturing facilities in 2016, compared with 2012, significantly reducing our production and operating costs. Also, we believe our focus on employee care and various initiatives of employee welfare led to a high satisfactory rate among our employees and thus increased productivity. We believe, as one of the early-movers who taps into the strength of sustainable practices, we will strive to stay ahead of the competition in the Apparel Manufacturing Industry.

We are transparent about and remain accountable for our sustainability performance and hence publish annually our corporate sustainability reports in accordance with the Global Reporting Initiative ("**GRI**") framework to summarize the many sustainable actions and investments taking place across the Company. We believe sustainability allows us to create "shared value", whereby we can create value for shareholders and stakeholders through our business process. To this end, we take a holistic approach to sustainability, defining our idea of sustainable development using the 3Ps, namely, People, Planet and Profit, and the five pillars, namely, environment, innovation, product integrity, employee care and community engagement.

We believe our commitment to sustainability distinguishes us from our competitors and enables us to benefit from further consolidation of suppliers in the changing apparel industry. As consumers nowadays become more attentive to and request more transparency of practices in global supply chains, many international brand companies require sustainability as a prerequisite of doing business and seek competent and committed suppliers that can comply with increasing demands on social responsibilities and tightening environmental regulations. Our global sustainability infrastructure and governance practices earn us customer trust and assure brand companies can minimize the risk of non-compliance and brand damages. We have received a number of awards and accreditations for our sustainability achievements from customers, including "Outstanding Vendor — Global Sustainability" by a leading US apparel brand in 2016, "Certificate of Appreciation — Best Sustainability" by H&M

in 2016, and "Outstanding Sustainability Program" by Levi's in 2015. With the continual industry-wide focus on more sustainable production process, we believe we will become the "vendor of choice" of our customers and continue to benefit from further consolidation of suppliers in the industry from the same and new customers.

During the Track Record Period, we had achieved significant progress in sustainability across our five pillars, namely, environment, innovation, product integrity, employee care and community engagement. Particularly, environment is a major part of our sustainability initiatives. We maintain a Corporate Environmental Policy and are certified to a number of international environmental standards, including ISO 14001 Environmental Management Systems, ISO 50001 Energy Management Systems, and WWF Low Carbon Manufacturing Programme ("**LCMP**"). In addition, to gauge our environmental protection progress, we have established a set of global five-year targets with a number of parameters and time-bound goals to be achieved at the end of each five-year period. One of these targets has been to plant trees. Between 2007 and the end of 2016, we have planted a total of 1.9 million trees. In 2017, we expect to plant a further 100,000 trees. Our environmental sustainability measures particularly focus on energy, water, waste and chemical management. In terms of energy consumption, we have adopted environmental engineering projects like energy-efficient machine replacements, equipment upgrades, and increased our use of renewable energies in production. In terms of water consumption, we use recycled water, improve production process and upgrade wastewater treatment plant from time to time. In terms of chemical management, our Restricted Substances List ("**RSL**") sets concentration limits for chemical substances in our raw materials and finished products. We also maintain a RSL compliance agreement that articulates our expectations of suppliers regarding hazardous chemical use.

COMPETITION

The global Apparel Manufacturing Industry is highly fragmented and characterized by a large number of players of various scale of operations. According to *Euromonitor*, the top five players in the Apparel Manufacturing Industry accounted for only 1.5% market share in terms of production volume globally in 2016. We compete on a global basis with a range of apparel manufacturing companies. According to *Euromonitor*, we were ranked first by production volume and second by production value in the global Apparel Manufacturing Industry in 2016. For more information, see "Industry Overview — Competitive Landscape."

According to *Euromonitor*, the key barriers to entry in the global apparel manufacture industry include, among others, (i) high initial investment costs; (ii) longstanding relationship with customers; (iii) convenient access to raw material and sophisticated supply networks.

We believe the most important competitive factors are effective and collaborative supply networks, market insight, industry know-how, longstanding relationships with customers, significant research and development efforts, speed to market, innovation, sustainability and product management and capacity. We position ourselves as an apparel manufacturer targeting mainly globally leading

Brand Apparel Companies and typically face less competition from small-scale manufacturers which mainly focus on small-to-medium sized Brand Apparel Companies. In addition, we maintain longstanding strategic relationships with our customers and offer them value-add co-creation services, which further differentiate us from our competitors and foster a barrier to entry.

INTELLECTUAL PROPERTY

We rely on a combination of trademark, trade secret and other intellectual property laws as well as confidentiality agreements with our employees, suppliers, customers and others to protect our intellectual property. As of the Latest Practicable Date, we had 19 registered trademarks in China and six trademarks registered in other countries, which are material to our business. In addition, as of the Latest Practicable Date, we had a total of 48 issued patents and five pending patent applications, which are material to our business.

In addition, some of our research and development personnel have entered into confidentiality and proprietary information agreements with us. These agreements address intellectual property protection issues and require our employees to assign to us all of the inventions, designs and technologies they develop during their employment with us.

For details of our intellectual property portfolio, see "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of the Group."

As of the Latest Practicable Date, our Directors confirmed that, so far as they were aware, there was no material violation or infringement of any intellectual property rights owned by us or by any third parties, and we were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. Moreover, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See "Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs."

AWARDS AND RECOGNITION

During the past few years, we have received numerous awards and recognitions in respect of our products, our research and development capabilities and our social contributions and etc., including:

Awards/Recognitions	Award Date	Awarding Institutions/Authority
BOCHK Corporate Environmental Leadership Award (中銀香港企業環保領先大獎)	2017	Federation of Hong Kong Industries (香港工業總會)

Awards/Recognitions	Award Date	Awarding Institutions/Authority
Outstanding Corporate Social Responsibility Award (傑出企業社會責任獎)	2017	Mirror Post (鏡報)
15 Years Plus Caring Company	2017	Hong Kong Council of Social Service (香港社會服務聯會)
10 Years Plus Caring Company	2002-2016	Hong Kong Council of Social Service (香港社會服務聯會)
Low Carbon Manufacturing Programme (LCMP) - Platinum Label	2016	World Wide Fund for Nature
Low Carbon Manufacturing Programme (LCMP) - Platinum Label	2015	World Wide Fund for Nature
Touching CSR Award 2014 (觸動社會責任企業大獎暨慈善嘉許大獎2014)	2014	SGS (香港通用檢測認證有限公司)
Outstanding Corporate Social Responsibility Award (傑出企業社會責任獎)	2014	Mirror Post (鏡報)
Hong Kong Awards for Environmental Excellence - Carbon Less 17% Certificate	2013	Environmental Campaign Committee (環境運動委員會)
Hong Kong Awards for Environmental Excellence - Manufacturing Gold Award	2012	Environmental Campaign Committee (環境運動委員會)
Low-carbon Office Operation Programme (LOOP) WWF - Platinum Label	2012	World Wide Fund for Nature
Productivity and Quality Grand Award (生產力及品質大獎)	2012	Hong Kong Productivity Council (香港生產力促進局)
Low Carbon Manufacturing Programme (LCMP) - Platinum Label	2012	World Wide Fund for Nature
Hong Kong Awards for Environmental Excellence Manufacturing sectoral award - Import & Export Trades - Gold Award	2011	Environmental Campaign Committee (環境運動委員會)
Hong Kong Awards for Environmental Excellence - Manufacturing Gold Award	2011	Environmental Campaign Committee (環境運動委員會)

Awards/Recognitions	Award Date	Awarding Institutions/Authority
2010/2011 Hang Seng Pearl River Delta Environmental Grand Awards - Gold Award (2010/2011恒生泛珠三角環保大獎—金獎)	2011	Hang Seng Bank
Hong Kong Corporate Citizenship Program - Hong Kong Outstanding Corporate Citizen Award - Manufacturing - Gold Award	2010	Hong Kong Productivity Council (香港生產力促進局)

EMPLOYEES

We place great importance on attracting and retaining qualified employees. We offer competitive remuneration and are committed to investing in our employees' training and development. As of June 30, 2017, we had approximately 76,103 full-time employees worldwide. A breakdown of our employees by function and by geographic location as of June 30, 2017 is set forth below.

	Number of Employees	Percentage of Total (%)
Function:		
Management	114	0.2%
Product Research and Development	851	1.1%
Sales and Merchandizing	1,207	1.6%
Purchase and Supply Chain Management	1,630	2.1%
Production	63,276	83.2%
Quality Management	6,568	8.6%
Finance, IT, Human Resources, Administrative and Others	2,457	3.2%
Total	**76,103**	**100.0%**
Geographic location:		
Hong Kong and Macau	368	0.5%
China	22,636	29.8%
Vietnam	27,021	35.5%
Cambodia	13,254	17.4%
Bangladesh	7,873	10.3%
Sri Lanka	4,463	5.9%
Singapore	151	0.2%
United Kingdom	337	0.4%
Total	**76,103**	**100.0%**

We emphasize the training of our employees in order to enhance their technical and product knowledge as well as their personal development, job challenge and satisfaction, recognition, work environment, work safety and career advancement. We design and offer different training programs for our employees at various positions. Some of our training initiatives include the "Leadership Development Program", which grooms our midlevel to senior managers to enhance their professionalism and upgrade their leadership skills. Our "Associate Program" is a rigorous fast-track management program, through which we recruit university graduates with high management potential and pair them with senior management who act as coaches and pass down their experience to the younger generation. Through these programs, we hope to develop new corporate leaders who identify with our core values to carry the corporate baton. We currently recruit our employees primarily through on-campus recruiting programs, advertisements on recruitment websites and headhunters. There are labor unions for our employees in a number of jurisdictions where we operate including PRC, Vietnam and Cambodia. During the Track Record Period, we had no material disputes with the labor unions.

We focus on employee welfare and maintain constant dialogue with our employees. Except for labor incidents common in the industry, we had not experienced any major disputes with our employees during the Track Record Period, and we believe that we maintain a good working relationship with our employees.

Pursuant to regulations in the local jurisdictions where we operate, we make contributions to various employee benefit plans. Employee benefits covered by these arrangements include employee benefits required by PRC laws and regulations as well as accommodations, meals and travel allowances. We also contribute to social insurance fund covering pension insurance, medical insurance, unemployment insurance, personal injury insurance and maternity insurance (where applicable) as well as a housing provident fund for our employees according to relevant PRC laws and regulations. As confirmed by our PRC Legal Adviser, based on the confirmation letters issued by the Human Resources and Social Security Bureau (人力資源和社會保障局) in relevant jurisdictions, we have registered social insurance for our employees and have made the relevant contributions in accordance with the relevant laws and regulations. Three of our wholly-owned subsidiaries, Dongguan Crystal, Dongguan Lianfeng and Dongguan Yeji, registered for housing provident fund contributions in June 2015, a date later than their commencement of operations. Based on the interviews with Dongguan Housing Provident Fund Management Centers (東莞市住房公積金管理中心), our PRC Legal Adviser is of the opinion that (i) we are in compliance with all applicable laws and regulations in all material respects relating to housing provident fund contributions since our registration in June 2015; and (ii) the risk of being required to pay contributions or fined in respect of the period prior to our registration in June 2015 is remote. Save for the foregoing, based on the confirmation letters issued by the Housing Provident Fund Management Centers (住房公積金管理中心) in relevant jurisdictions, our PRC Legal Adviser is of the opinion that we are in compliance with all applicable laws and regulations relating to housing provident fund contributions in all material respects.

INSURANCE

We maintain property insurance, transit insurance, public liability insurance and employee compensation for our business operations. We maintain director and officer liability insurance for our directors and senior management. As of the Latest Practicable Date, we have not received any material insurance claims against us. Consistent with what we believe to be customary practice in our industry, except for our subsidiary, Vista, we generally do not carry any business interruption insurance.

Our insurance policies are typically reviewed on an annual basis. We believe that the existing insurance coverage of our business is adequate and is standard for our industry.

PROPERTIES

We occupy certain properties in Hong Kong, Macau, China, Vietnam, Cambodia, Bangladesh, Sri Lanka, Singapore and the United Kingdom in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our manufacturing facilities, warehouses, offices and dormitories.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of June 30, 2017, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Owned Properties

As of June 30, 2017, we owned properties in nine locations in China, Vietnam, Cambodia, Bangladesh, Sri Lanka, Singapore and the United Kingdom, with an aggregate area of 965,166 square meters used as manufacturing facilities, offices, dormitories and warehouses to support our business operations. The following table sets forth a summary of certain information regarding our material owned properties.

	Approximate GFA (sq.m.)	Percentage of Total (%)
Geographic location:		
Hong Kong and Macau	—	—
China	333,795	34.6%
Vietnam	387,818	40.2%
Cambodia*	119,335	12.3%
Bangladesh	17,163	1.8%
Sri Lanka	83,718	8.7%
Singapore	3,720	0.4%
United Kingdom	19,617	2.0%
Total	**965,166**	**100.0%**

* The related land in Cambodia are held by 49% owned Cambodian entities which are accounted as subsidiaries of the Company.

As of the Latest Practicable Date, we had been unable to obtain the building ownership certificates for certain manufacturing facilities and dormitories of Dongguan Crystal with an aggregate gross floor area ("**GFA**") of 39,812 sq.m. Based on the interview with the Dongguan

Urban-Rural Planning Bureau (東莞市城鄉規劃局) and Dongguan Housing and Urban-Rural Construction Bureau (東莞市住房和城鄉建設局) conducted by our PRC Legal Adviser on February 23, 2017, it was confirmed that (i) Dongguan Crystal will be able to continue to use the above-mentioned facilities; (ii) Dongguan Crystal is in the process of applying for the building safety inspection certificate and will be able to obtain the building ownership certificate soon after. Our PRC Legal Adviser is of the opinion that the government officials who attended the interview were authorized to give the relevant confirmations, and the above mentioned PRC government authorities are competent authorities. On August 25, 2017, our PRC Legal Adviser conducted a follow-up interview with Dongguan Changping Housing Planning and Construction Bureau (東莞市常平鎮住房規劃建設局), and it was confirmed that (i) Dongguan Crystal's application for building safety inspection certificate is still in the reviewing process; (ii) Dongguan Crystal will be able to apply for the building ownership certificate soon after the building safety inspection certificate is granted. Furthermore, Dongguan Housing and Urban-Rural Construction Bureau has issued the registration of building safety reports which classified the relevant manufacturing facilities and dormitories as suitable for manufacturing facilities and dormitories. Based on such interviews and registration of building safety reports, our PRC Legal Adviser is of the opinion that our risk of being subject to penalty for failure to obtain the building ownership certificate is remote, and there is no material impediment for our obtaining the building ownership certificate after receiving the building safety inspection certificate. As of the Latest Practicable Date, save as disclosed above, our PRC Legal Adviser confirmed that we had obtained all relevant properties title certificates and other relevant land use rights certificates for our manufacturing facilities in China.

Leased Properties

As of June 30, 2017, we leased properties in 11 locations in Hong Kong and Macau, China, Vietnam, Cambodia, Bangladesh and the United Kingdom, with an aggregate area of 366,167 square meters used as manufacturing facilities, offices, dormitories and warehouses to support our business operations. The following table sets forth a summary of certain information regarding our material leased properties.

	Approximate GFA (sq.m.)	Percentage of Total (%)
Geographic location:		
Hong Kong and Macau	8,659	2.4%
China	186,725	51.0%
Vietnam	31,867	8.7%
Cambodia	42,318	11.6%
Bangladesh	88,293	24.1%
Sri Lanka	—	—
Singapore	—	—
United Kingdom	8,305	2.3%
Total	**366,167**	**100.0%**

As of the Latest Practicable Date, we entered into 26 lease agreements with third parties in China with a total GFA of 186,908 sq.m., of which 145,496 sq.m. are manufacturing facilities, warehouses and offices. The remaining 41,412 sq.m. are dormitories, canteens or other ancillary facilities. These buildings are located in Dongguan, Zhongshan, Changzhou and Shanghai, China.

As advised by our PRC Legal Adviser, as of the Latest Practicable Date, certain of our subsidiaries had not registered the lease agreements of four of our leased properties with a total GFA of 37,869 sq.m. These properties are primarily used for ancillary purposes, such as dormitories and warehouses. These lease agreements are not registered primarily because (i) certain lessor does not possess the relevant ownership certificate, or (ii) certain lessors did not cooperate with us for completing the registration procedures. Our Directors are of the opinion that given the size and use of such properties, the risks related to such properties are immaterial to our business.

In 2011 and 2013, in order to support the building and subsequent expansion of the Dongguan Changping Properties in the location we occupied and in close proximity to our other manufacturing facilities, as part of the Dongguan Changping Properties rental agreement, we had extended interest-free loans to one of our lessors with an aggregate amount of RMB4.0 million and RMB20.0 million, respectively. As of June 30, 2017, the loan to the lessor in 2011 had been fully settled, and the outstanding balance on the loan to the lessor in 2013 amounted to approximately RMB14.0 million and is expected to be settled by 2022. As advised by our PRC Legal Adviser, non-financial institutions shall not extend loans to another corporation and the above loan agreements did not comply with the General Provisions of Loans (貸款通則) promulgated by the PBOC on June 28, 1996. Article 73 of the General Provisions of Loans further provides that the PBOC may impose a penalty on the lender of one to five times of the income to be generated from such lending. Given that all of our loans to such lessor are interest-free, no interest income was accrued or received by us in respect of such loans. As advised by our PRC Legal Adviser, given that no illegal income was generated or received by us, the risk that we will be subject to any penalty imposed by relevant government authorities is remote. According to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》), amended on June 23, 2015, promulgated on August 6, 2015 and effective on September 1, 2015, loans among companies are legal if extended for purposes of financing production or business operations. Based on the aforesaid, our PRC Legal Adviser is of the opinion that such loan contracts are effective and valid.

The lessor, Dongguan Changping Langbei 3rd Share Economic Cooperative (東莞市常平鎮朗貝第三股份經濟合作社), for our leased properties in Dongguan (with a combined GFA of 94,936 sq.m), does not possess the relevant ownership certificates for these properties. See "— Dongguan Changping Properties" in this prospectus for details.

In July 2016, the roof of one of our leased premises in Cambodia suffered damage during a heavy rainstorm. While there were no major casualties resulting from such incident and the landlord repaired and restored the roof, we decided to vacate the leased premises and close this facility following the recommendation of an external building inspector hired by us. Subsequently, we relocated manufacturing orders of such facility to Yi Da Manufacturer Co., Ltd., another manufacturing facility owned by us in Cambodia.

Dongguan Changping Properties

Overview

As advised by our PRC Legal Adviser, one of our lessors, Dongguan Changping Langbei 3rd Share Economic Cooperative (東莞市常平鎮朗貝第三股份經濟合作社) does not possess the relevant ownership certificates for one of our leased properties. These properties are located in Changping District, Dongguan and have a total GFA of 92,941 sq.m. (the "**Dongguan Changping Properties**"), of which 74,777 sq.m. are manufacturing facilities, warehouses and offices (the "**Dongguan Changping Operations**"). The remaining 18,164 sq.m. are dormitories, canteens or other ancillary facilities. As of the Latest Practicable Date, the manufacturing facilities in Dongguan Changping Operations are used for producing sweater products, with an annual production capacity of over 8 million pieces of sweater. Our Dongguan Changping Operations contributed to our revenue in 2014, 2015 and 2016 are approximately US$135.4 million, US$107.2 million and US$107.6 million, respectively, representing approximately 8.0%, 6.4% and 6.1% of our revenue for the respective periods.

The lessor is unable to obtain the relevant ownership certificates in relation to the Dongguan Changping Properties because the intended use of the relevant land is for sports and agricultural purposes, which is different from the current use of the land as a manufacturing facility. Since we do not own any of the Dongguan Changping Properties, it is beyond our control to rectify their title defects, and further, as confirmed by relevant government authorities, there are no immediate plans to alter the intended use of the relevant land, the title defects will remain for the foreseeable future.

Based on the interview with the Dongguan Urban-Rural Planning Bureau (東莞市城鄉規劃局), Dongguan Housing and Urban-Rural Construction Bureau (東莞市住房和城鄉建設局) and Dongguan Changping Land and Resources Bureau (東莞市國土資源局常平分局) conducted by our PRC Legal Adviser on February 23, 2017 and February 24, 2017, respectively, it was confirmed that there are no upcoming plans to demolish or expropriate the Dongguan Changping Properties in the near future.

As advised by our PRC Legal Adviser, the above-mentioned authorities are the competent government authorities to identify and handle such related matters. Based on the interviews above, our PRC Legal Adviser is of the opinion that the risk of the Dongguan Changping Properties being demolished or expropriated in the near future is remote.

Undertaking by the lessor

As of the Latest Practicable Date, there has not been any dispute, litigation or other disagreement between the lessor of the Dongguan Changping Properties and us regarding the title of the leased Dongguan Changping Properties and no breach of the lease agreements by either party in respect of the leased Dongguan Changping Properties. In addition, no penalty has been imposed on us in relation to the leases or the titles of the leased Dongguan Changping Properties as of the Latest Practicable Date.

The lessor of the Dongguan Changping Properties has issued an undertaking letter to us dated February 9, 2017 (the "**Lessor's Undertaking**"), pursuant to which the lessor covenanted that they will not take any initiative to require us to move out of the Dongguan Changping Properties during the term of the relevant lease agreements.

Potential risks with respect to the Dongguan Changping Properties

We have occupied and operated on the Dongguan Changping Properties for over 10 years and there has not been any investigation or penalty initiated by any government authorities in relation to the lease agreements. Given that we have not received any notice from the government authorities to vacate from the Dongguan Changping Properties, and based on the interviews with the relevant government authorities as mentioned above, our PRC Legal Adviser is of the opinion that the risk of Dongguan Changping Properties being demolished or expropriated in the near future is remote and we can continue to use the Dongguan Changping Properties. As advised by our PRC Legal Adviser, the potential risks with respect to the Dongguan Changping Properties, although very remote, are set out below.

1. *Invalid and unenforceable leases*

Our PRC Legal Adviser advised that there is a potential risk that the relevant government authorities may deem the leases of the Dongguan Changping Properties invalid and unenforceable as the lessor does not possess the relevant certificates and/or permits.

As of the Latest Practicable Date, there have been no disputes, litigations or other disagreement between the lessor and us regarding the title of the Dongguan Changping Properties. Our PRC Legal Adviser advised that the risk of the leases of the Dongguan Changping Properties being deemed as invalid and unenforceable is remote given that there has not been any breach of lease agreements in respect of the Dongguan Changping Properties by either party and no penalty was imposed on us by the government authorities in relation to the leases or titles of the Dongguan Changping Properties as of the Latest Practicable Date.

2. *Being forced to vacate from the Dongguan Changping Properties*

Since our PRC Legal Adviser has consulted and confirmed with the competent government authorities that the risks of the Dongguan Changping Properties being demolished or expropriated in the near future is remote and the governmental authorities does not plan to demolish or expropriate the Dongguan Changping Properties, our PRC Legal Adviser advised that the risk of us being forced to vacate from the Dongguan Changping Properties in the near future is remote.

3. *Fine or administrative penalty*

Our PRC Legal Adviser advised that our Group is not liable to any fine or administrative penalty should the leases of the Dongguan Changping Properties be deemed to be invalid and unenforceable by the PRC court. Based on our experiences, failure to obtain the relevant permits and certificates for properties for manufacturing facilities built on agricultural land is very common in Dongguan, Guangdong Province.

To mitigate the remote risk of demolition and expropriation of the Dongguan Changping Properties, and to ensure business continuity of our manufacturing facilities under such unlikely event, we implemented a backup relocation plan. Please see below for further details.

Backup relocation plan of the Dongguan Changping Properties

Although we consider that the possibility of being forced to move out and relocate from the Dongguan Changping Properties is remote, we have nevertheless entered into a legally binding pre-lease agreement ("**Pre-lease Agreement**") with Dongguan Kegu Property Investment Company Limited (東莞市科穀物業投資有限公司) (the "**Backup Plant Landlord**"), an authorized property management company on behalf of the building owner Dongguan Wah Wei Copper Foil Technology Limited (東莞華威銅箔科技有限公司), an independent third party, as part of our backup relocation plan.

Pursuant to the Pre-lease Agreement, on or prior to December 31, 2021, we have the right, but not the obligation, to request the Backup Plant Landlord to enter into a formal lease agreement with us, within 15 days of providing written notice, to lease the plant located at Huawei Kegu Industrial Park, Dalingshan, Dongguan, with a total GFA of 55,745.5 sq.m. (the "**Backup Plant**").

Overview of the Backup Plant

The Backup Plant is located approximately 40 km away from the Dongguan Changping Properties. As advised by our PRC Legal Adviser, the Backup Plant Landlord owns the legal title and are entitled to lease the Backup Plant, and the Pre-lease Agreement is legal, valid and binding. On the basis that (i) the total GFA of the Backup Plant is 55,745.5 sq.m.; and (ii) total GFA of the Dongguan Changping Operations is 74,777.4 sq.m., our Directors consider that the Backup Plant has sufficient space to accommodate approximately 70% of the Dongguan Changping Operations. The remaining approximately 30% of the Dongguan Changping Operations can be accommodated by our existing subcontractors and/or our own manufacturing facilities.

Key terms of the Pre-lease Agreement entered into with the Backup Plant Landlord

The key terms of the Pre-lease Agreement are summarized below:

Term:	From the date of the Pre-lease Agreement up to and including December 31, 2021.
Subject matter:	Upon written notice from us to the Backup Plant Landlord, a formal lease agreement must be entered into within 15 days from the date of such written notice. The Backup Plant Landlord is obliged to provide vacant possession of the Backup Plant to us within three months from the date of the formal lease agreement, with a term of five years.
Rental amount:	The rent for the Backup Plant starting in the first year is RMB0.9 million per month. Starting from 2019, the rent for the Backup Plant will increase to RMB1.1 million per month.
Remedy:	If the Backup Plant Landlord fails to provide vacant possession of the Backup Plant, the Backup Plant Landlord is obliged to search for suitable alternative plants for us, otherwise they shall return the deposit amount to us without interest. Please see "Risk factors — Risks Relating to Our Industry and Business — Any disruption of our current manufacturing facilities or any downtime for maintenance and repair of our equipment could reduce or restrict sales and materially and adversely affect our business." in this prospectus for details of the risks involved.

In the unlikely event that the Backup Plant Landlord neither provides vacant possession of the Backup Plant nor searches for suitable alternative plants for us, there are a number of available plants of similar size and characteristics in the close proximity of the Dongguan Changping properties, and we believe that it will not be difficult or time-consuming to find another suitable back-up plant through our own efforts. We believe the situation where we are forced to relocate from the Dongguan Changping Properties with the Backup Plant being unavailable and without another backup plant is highly unlikely.

Backup relocation time frame of the Dongguan Changping Operations and the estimated cost

In the unlikely event of any relocation, to avoid material disruption to our production, our production units can be moved to the Backup Plant in phases. It is estimated that the relocation of the equipment in each phase requires approximately 30 business days, and we expect that our Dongguan Changping Operations can be fully ramped up for production within 90 business days from the date we commence the actual physical relocation.

Since the Dongguan Changping Operations are in close proximity to the Backup Plant, and based on our communications with our employees, we believe that the relocation plan to the Backup Plant will not impact their employment status with us.

We estimate the costs to relocate the Dongguan Changping Operations to the Backup Plant will be approximately US$1.2 million and in the event of such relocation the costs will be funded by our internal resources.

Estimated loss in the unlikely event of production stoppage arising from the relocation

Our PRC Legal Adviser advised that, as a matter of administrative practice of the government authorities, a reasonable period of time of approximately three to six months will possibly be granted to us for the arrangement of relocation in the event that Dongguan Changping Properties are required to be demolished or expropriated. As such, we believe that we have sufficient time to devise the requisite preparations and execute the relocation of Dongguan Changping Operations.

Given that the Dongguan Changping Operations will move in phases, the loss in revenue (if any) would only arise from the production stoppage of that group of production units throughout the Relocation Period. We will also be able to further minimize loss in revenue by subcontracting our orders during the Relocation Period to qualified existing subcontractors or accommodate the orders through our self-owned manufacturing facilities. Our Directors believe the potential loss of revenue will be immaterial as compared to the Group's total revenue and will not have any material and adverse impact on our Group's financial performance.

No material disruption to production

In the unlikely event that we are forced to vacate from the Dongguan Changping Operations, our Backup Plant, existing subcontractors together with our other sweater manufacturing facilities will have sufficient production capacity to fulfill the production needs of the Dongguan Changping Operations during the Relocation Period and we do not expect any material disruption to our production nor material and adverse impact on our Group's operation.

Internal Control Measures

In an effort to prevent future recurrence of occupying properties with defective titles, we have established a policy regarding the selection and approval of leasing and purchasing of properties, as follows:

(i) Appointing Ms. Chan Shuk Ching, a senior manager, as the designated person of our Group, to handle leasing and purchasing of properties and registration of leases, and to monitor the progress of registration with the relevant landlord;

(ii) Implementing a formal request and approval form and defining a management level approval process for the leasing and purchasing of properties;

(iii) Establishing a compliance checklist for processing leases. The compliance checklist will include the timeframe for the leasing procedure, due diligence procedures to be performed on the landlord and documents to be obtained/inspected from the landlord.

(iv) Ms. Chan Shuk Ching will report to Mr. Lee King Fai, our chief financial officer and a senior management member of our Group, who is designated to supervise the compliance related matters at group level. Mr. Lee King Fai will report to the Board on a regular basis.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

We are subject to environmental protection laws and regulations promulgated by the governments in the jurisdictions in which we operate our business. See "Regulatory Overview." We have dedicated a team of personnel to handle our environmental compliance-related matters. We have implemented stringent waste treatment procedures in our manufacturing facilities. Waste produced by us is treated in compliance with applicable environmental standards. For example, we have established wastewater treatment facilities to dispose of industrial wastewater in compliance with the local discharge standards before such water is discharged. We engage professional waste management companies to dispose of industrial solid waste for us. Furthermore, we have procedures in place and designated special staff to treat and dispose of any hazardous waste.

In 2014, Dongguan Yeji was found by Dongguan Environmental Protection Bureau ("**Dongguan EPB**") that it did not meet certain wastewater discharge standards mandated by the PRC Water Pollution Prevention and Control Law, and paid a fine of RMB114,284.50. During the follow-up examination by Dongguan EPB, the environmental monitoring report confirmed that Dongguan Yeji had rectified its previous failure to meet, and was in compliance with the regulatory waste treatment standards. Except for this incident, during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations on environmental protection in all material respects in the jurisdictions where we operate and obtained all the required environmental permits and approvals for our manufacturing facilities in China, Vietnam, Cambodia, Bangladesh and Sri Lanka. Compliance with relevant environmental laws and regulations is of utmost importance to us and is a core part of our commitment to social responsibility. Environmental compliance is thus embedded into various aspects of our operations, and we do not itemize the cost related to environmental compliance.

We are subject to various safety laws and regulations in the jurisdictions in which we operate. See "Regulatory Overview." As of the Latest Practicable Date, we had complied with applicable laws and regulations on occupational health and work safety in all material respects. We have in place a system of recording and handling accidents, by relevant production team and administrative personnel in accordance with relevant internal policies. During the Track Record Period, we did not record any material accidents. As of the Latest Practicable Date, no material claim had been brought against us as a result of an accident.

In an effort to ensure the safety of our employees, we implement operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries, electricity safety, and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation. Particularly, Jingli Changzhou, one of our factories in China, is certified to OHSAS 18001:2007 standards, implementing a number of policies and procedures to achieve better working conditions and workplace health and safety.

Our Directors confirm that we comply with the applicable health and safety laws and regulations in all material respects, and that, during the Track Record Period and up to the Latest Practicable Date, we were not in breach of such laws and regulations. We have not encountered any safety-related accidents that had any material impact on our operations during the Track Record Period and up to the Latest Practicable Date.

TRANSFER PRICING ARRANGEMENTS

We have in place a transfer pricing policy during the Track Record Period which follows the "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations" issued by the Organization for Economic Co-operation and Development ("**OECD**"), which provide guidance on the application of the "arm's length principle" for the valuation, for tax purposes, of cross-border transactions between associated enterprises. Under the guidelines, transfer pricing for related party transactions is determined based on the function and risk profiles of respective group entities and with reference to the transfer pricing rules and regulations of the relevant jurisdictions.

Pursuant to our transfer pricing policy, legal entities within the Group are classified into three major categories, namely manufacturing entities, trading entities and service entities.

Manufacturing entities are responsible for production. Service entities are mainly engaged in the provision of supply chain management services and other corporate support services in different areas such as human resources, finance, and legal. Trading entities are the key contracting parties with customers and suppliers and perform strategic functions, such as selection of suppliers, driving sales, maintaining relationships with customers and suppliers, etc.

During the Track Record Period, our inter-company transactions included the following:

- sales of raw materials by trading entities to manufacturing entities, sales of finished goods by manufacturing entities to trading entities;
- supply of raw materials and payment of processing fee from trading entities to manufacturing entities; and

- provision of supply chain management services and corporate support services by service entities to manufacturing entities and trading entities.

Our Directors (after considering advice from our tax advisor, an affiliate of an international professional accounting firm in Hong Kong, which has been engaged to conduct a transfer pricing review on the inter-company transactions between Group entities located in jurisdictions where they operate) confirm that, during the Track Record Period, China and Vietnam were the jurisdictions where we had major operations and with more sophisticated transfer pricing laws and regulations. Furthermore, during the Track Record Period, we had submitted transfer pricing documentation and profits tax returns which included disclosure on related party transactions to the tax authorities, as required by relevant transfer pricing laws and regulations. In addition, we have engaged local tax consultants to prepare transfer pricing documentation in China and Vietnam, and based on the information provided by the Company, our tax advisor has reviewed the profits earned by the respective legal entities undertaking the relevant related party transactions and our Directors are of the view that those transactions are within the arm's length range. As of the Latest Practicable Date, the Directors were not aware of any outstanding enquiry, audit or investigation by any tax authorities with respect to transfer pricing. Based on the foregoing, we are in compliance with the applicable transfer pricing laws and regulations in the jurisdictions in which we operate.

Internal Control Measures

Mr. Lee King Fai, our chief financial officer and the financial controllers of different divisions are dedicated to ensuring ongoing compliance with the relevant transfer pricing laws and regulations and the following measures have been adopted:

- The Company will prepare, retain and provide contemporaneous related party transactions documents as requested by the transfer pricing legislations;

- The Company will monitor the implementation of transfer pricing policy with respect to the related party transactions and conduct regular review on transfer pricing policy;

- The Company meets with tax advisers regularly and receives trainings provided by professional firms for identification of the relevant updates in transfer pricing legislations;

- The Company engages tax advisers to review the transfer pricing arrangement based on the latest regulatory requirements and practices, assist in preparation of transfer pricing documentation and review annual related party disclosure forms.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

LICENSES, REGULATORY APPROVALS AND COMPLIANCE RECORD

We confirm that, during the Track Record Period and up to the Latest Practicable Date, we have complied with all relevant applicable laws and regulations in all material respects and have obtained all requisite licenses, approvals and permits from relevant regulatory authorities for our business in the jurisdictions in which we operate, save as disclosed in "— Properties" and "— Environmental, Health and Safety Matters."

DIRECTORS AND SENIOR MANAGEMENT

Directors

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment	Roles and Responsibilities	Relationship with Other Directors or Senior Management Members
Mr. LO Lok Fung Kenneth (羅樂風)	79	Chairman of the Board and executive Director	November 10, 1970	January 4, 1993	Developing and driving the corporate culture, business ethics and sustainability of our Group	Husband of Mrs. Lo and father of Mr. Andrew Lo and Mr. Howard Lo
Mrs. LO CHOY Yuk Ching Yvonne (羅蔡玉清). . . .	72	Vice Chairman and executive Director	November 10, 1970	January 4, 1993	Overseeing the overall finance and administrative functions of our Group	Wife of Mr. Lo and mother of Mr. Andrew Lo and Mr. Howard Lo
Mr. LO Ching Leung Andrew (羅正亮)	52	Executive Director and chief executive officer	January 1, 1988	March 1, 1994	Formulating and overseeing the overall development strategies and operations of our Group	Son of Mr. Lo and Mrs. Lo and brother of Mr. Howard Lo
Mr. WONG Chi Fai (王志輝)	57	Executive Director	November 16, 1982	March 1, 1994	Overseeing the Group's innovation development and productivity enhancement, supporting corporate functions and setting up strategies and governance policy	None
Mr. WONG Sing Wah (黃星華) . .	54	Executive Director	May 1, 1983	January 1, 2011	Overseeing lifestyle wear and sweater divisions, supporting corporate functions and setting up strategies and governance policy	None
Mr. GRIFFITHS Anthony Nigel Clifton.	74	Independent non-executive Director	September 1, 2002	September 1, 2002	Providing independent advice and judgment to our Board	None
Mr. TSE Man Bun Benny (謝文彬) .	74	Independent non-executive Director	January 1, 2005	January 1, 2005	Providing independent advice and judgment to our Board	None
Mr. CHANG George Ka Ki (張家騏)	65	Independent non-executive Director	November 1, 2007	November 1, 2007	Providing independent advice and judgment to our Board	None
Mr. MAK Wing Sum (麥永森) . .	65	Independent non-executive Director	July 1, 2012	July 1, 2012	Providing independent advice and judgment to our Board	None

Senior Management

Our senior management team, in addition to the executive Directors listed above, comprises the following:

Name	Age	Position(s)	Date of Joining the Group	Date of Appointment	Roles and Responsibilities in our Group	Relationship with other Directors or senior management
Mr. LEE King Fai (李景輝)	55	Chief financial officer	February 17, 2014	February 17, 2014	Overall responsibility on finance, governance, risks management and compliance	None
Mr. LO Wing Sing Eddie (盧永盛) .	58	President of intimate division	March 3, 2003	May 1, 2006	Overseeing intimate division of our Group	None
Mr. WONG Ho (黃河)	50	President of denim division	October 23, 1992	January 1, 2016	Overseeing denim division of our Group	None
Mr. LO Howard Ching Ho (羅正豪)	39	Senior vice president of sales and operations (lifestyle wear and sweater divisions)	September 20, 2005	April 1, 2014	Overseeing the sales and operations of lifestyle wear and sweater divisions	Son of Mr. Lo and Mrs. Lo and brother of Mr. Andrew Lo
Ms. CHIU Yuk Wah Catherine (趙玉燁)	52	General manager of corporate quality and sustainability	June 5, 1995	April 1, 2013	Developing the Group's sustainability strategies and plans, and integrating environmental and social initiatives into business	None

DIRECTORS

The Board currently consists of 9 Directors, comprising 5 executive Directors and 4 independent non-executive Directors. The functions and duties of the Board include convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association.

Executive Directors

Mr. Lo Lok Fung Kenneth (羅樂風), aged 79, is the Chairman of our Board and an executive Director. He co-founded our Group with Mrs. Lo in 1970. Mr. Lo has been a Director of our Company since its establishment in January 1993. With over 60 years of experience in the Apparel Manufacturing Industry, Mr. Lo has been instrumental in developing our Group into a world leader. Mr. Lo stepped down as our chief executive officer in December 2007. As Chairman, Mr. Lo has assumed the role of strategic thinker and change driver — he devotes his time to identifying and anticipating opportunities and risks in our industry and how they may have an impact on our business. In addition, Mr. Lo is committed to developing and driving our corporate culture, business ethics and sustainability, which are memorialized in his book "For The Greater Good — Becoming The World's No. 1 Apparel Maker", published in 2016.

Mr. Lo was conferred the Industrialist of the Year Award of the Federation of Hong Kong Industries in 2012 for his contribution to industrial development and to the society. He won the Ernst & Young Entrepreneur of the Year China Award (Hong Kong/Macau Region) in 2014 and the DHL/SCMP Hong Kong Business Award (Owner-Operator Category) in 2016.

Mr. Lo is currently an honorary fellow of Vocational Training Council in Hong Kong, as well as a guest professor in Yunnan University (雲南大學). He is also the honorary chairman of the CEO Club of The Hong Kong Polytechnic University, a fellow of Hong Kong Management Association, the honorary president of the Hong Kong Woollen and Synthetic Knitting Manufacturers' Association, Limited as well as a general committee member of the Textile Council of Hong Kong. In addition, Mr. Lo has also involved in charity work and environmental protection. He has been a director and chairman of Windshield Charitable Foundation (宏施慈善基金) since November 2001, and a director of World Green Organisation Limited since May 2013.

Mr. Lo is the husband of Mrs. Lo, our vice Chairman and executive Director, and father of Mr. Andrew Lo, our executive Director and chief executive officer, and Mr. Howard Lo, a senior vice president of our Group. For more information regarding the relationship of Mr. Lo and our Group, please see "Our History and Development."

Mrs. Lo Choy Yuk Ching Yvonne (羅蔡玉清), aged 72, is the vice Chairman of our Board and an executive Director. She co-founded our Group with Mr. Lo in 1970. Mrs. Lo has been a Director of our Company since its establishment in January 1993. Since our establishment, Mrs. Lo has overseen our finance and administrative functions and has over 50 years of business management experience. Mrs. Lo was awarded Honorary Fellowship by Canadian Chartered Institute of Business Administration (CCIBA) and Honorary Doctorate of Management by Lincoln University in September 2009. Mrs. Lo was also rewarded Chinese Business Leader by Asia College of Knowledge Management in 2016.

Apart from business management, Mrs. Lo has also devoted herself to charity and social work. She established the Yuk Ching Charity Trust (玉清慈善基金) (now known as The Incorporated Trustees of Yuk Ching Charity Trust), which aims to help the education of students by, among others, providing financial support, and has been its donor and trustee since October 2004, and chairman since 2005. She is also the honorary chairperson of The Hong Kong Federation of Women (香港各界婦女聯合協進會) since February 2017.

Mrs. Lo is the wife of Mr. Lo, our Chairman and executive Director and mother of Mr. Andrew Lo, our executive Director and chief executive officer, and Mr. Howard Lo, a senior vice president of our Group. For more information regarding the relationship of Mrs. Lo and our Group, please see "Our History and Development."

Mr. Lo Ching Leung Andrew (羅正亮), aged 52, is the chief executive officer of our Group and has been an executive Director since March 1994. With almost 30 years of experience in the Apparel Manufacturing Industry, Mr. Andrew Lo is now primarily responsible for formulating and overseeing the overall development strategies and operating of our Group. Mr. Andrew Lo first joined our Group in 1988 and started in the production department of sweater division and has since risen through the ranks. He has also served as deputy chief executive officer of our Group from 2003 to 2007, and was promoted to chief executive officer of our Group in 2008.

Mr. Andrew Lo served as a softgoods sub-committee member of The Hong Kong Exporters' Association from 2003 to 2007, as well as a director of the Hong Kong Research Institute of Textiles and Apparel from 2010 to 2016. He has been a director of the Textile Council of Hong Kong Limited since 2014. Mr. Andrew Lo is currently a member of the Textiles Advisory Board and a member of the Trade and Industry Advisory Board.

Mr. Andrew Lo was appointed as a member of the 5th committee of the Chinese People's Political Consultative Conference of Huicheng District, Huizhou City (中國政治協商會議惠州市惠城區委員會第五屆委員) and a council member of the Better Hong Kong Foundation in 2012. Since 2016, he has served as a member of PolyU Court of Hong Kong Polytechnic University.

Mr. Andrew Lo graduated from University of Toronto with a bachelor's degree in arts in June 1988. He is the son of Mr. Lo, our Chairman and executive Director, and Mrs. Lo, our vice Chairman and executive Director, and brother of Mr. Howard Lo, a senior vice president of our Group.

Mr. Wong Chi Fai (王志輝), aged 57, is an executive Director of our Group since March 1994 and is mainly responsible for overseeing the Group's innovation development and productivity enhancement, supporting corporate functions and setting up strategies and governance policy. Mr. Wong joined our Group and served as the senior officer of denim division since November 1982 and has since risen through the ranks. He then served as overseas plant manager from 1986 to 1988 and general manager of denim division from 1988 to 1994. He was promoted to executive director of the Group in 1994 and was responsible for overseeing lifestyle wear division till 2007 and denim division till 2015.

With over 30 years of experience in the Apparel Manufacturing Industry, Mr. Wong currently serves as the member of the board of The Hong Kong Research Institute of Textiles and Apparel Limited since September 2016. He was also awarded the Honorary Citizen of Zhongshan City (中山市榮譽市民) in 2013 for his great contributions to the economic and social development of the city.

Mr. Wong Sing Wah (黃星華), aged 54, was appointed as an executive Director of our Group since January 2011 and is primarily responsible for overseeing lifestyle wear and sweater divisions, supporting corporate functions and setting up strategies and governance policy. Mr. Wong initially joined our Group as an assistant merchandiser of sweater division in May 1983. He then served as overseas sales manager from 1986 and later overseas operation manager until 1990. Mr. Wong re-joined our Group in June 1996 as sales manager of lifestyle wear division, where he held various positions since then. He served as sales senior manager until March 2000, later assistant general manager of Japan operation until August 2003, and then deputy general manager of Japan operation until January 2004, and then deputy general manager of operation until October 2004, and then general manager of sales and operations until June 2007 and subsequently, and the president until December 2011.

Mr. Wong was awarded the "2013 Top Ten Economic Individual of Dongguan City" (2013年東莞十大經濟人物), and served as the vice chairman of the 1st supervisory committee of the Dongguan City Association of Enterprises with Foreign Investment Changping Branch (東莞市外商投資企業協會常平分會) in 2010.

Independent Non-executive Directors

Mr. Griffiths Anthony Nigel Clifton, aged 74, was appointed as our independent non-executive Director in September 2002. Mr. Griffiths joined Shui On Group when Harbour Engineering and Construction Co., Ltd., where he was a director, was acquired by Shui On Group in February 1982. Since then, he had held various positions at Shui On Group including finance and executive director until 1984 and managing director until August 1986. When Shui On Construction and Materials Co., Ltd. (currently known as SOCAM Development Limited) listed on the Stock Exchange in 1997 (stock code: 0983), he joined the board as an independent non-executive director. He was appointed as the chairman of its audit committee and remuneration committee in 1998 and 2002 respectively, and continued in this capacity until May 2010 when he stepped down. From September 1986, Mr. Griffiths worked as the managing director at GML Consulting Ltd., a company engaged in general management and human resource consulting, until August 2002. He has served as an independent non-executive director of Manulife Provident Funds Trust Company Limited since May 2000 and has been re-designated as independent director since December 2000. Mr. Griffiths has been a fellow of The Hong Kong Institute of Directors since 2000. Mr. Griffiths has also been a fellow of The Institute of Chartered Accountants in England and Wales since 1978 and a member of the executive committee of the Hong Kong Coalition of Services Industries from 1991 to 2002, as well as a vice chairman from 1997 to 2002.

Mr. Tse Man Bun Benny (謝文彬), aged 74, was appointed as our independent non-executive Director in January 2005. Mr. Tse has over 40 years of experience in the banking industry. He joined The Hongkong and Shanghai Banking Corporation Limited, Hong Kong (HSBC) in 1968 until his retirement in 2002. During his service with HSBC, he held various key positions, including senior credit manager, district manager, managing director - Wayfoong Finance Limited and Wayfoong Credit Limited, area manager of retail banking, senior executive of corporate and institutional banking and senior executive - commercial banking. After his retirement from HSBC, he served as a director and chief executive of Allied Banking Corporation (Hong Kong) Limited from April 2003 to October 2004. In December 2004, he joined SEA Holdings Limited, a company engaged in property investment and development and listed on the Stock Exchange (Stock Code: 0251), and served as an executive director till September 2007 and was re-designated as non-executive director till May 2009.

Mr. Tse is currently also an independent non-executive director of HSBC Insurance (Asia) Limited since August 2003, HSBC Life (International) Limited since August 2007 and Tysan Holdings Limited (currently known as Hong Kong International Construction Investment Management Group Co., Limited), a company engaged in foundation piling, property investment and development and listed on the Stock Exchange (Stock Code: 0687) since September 2004. He has also served as an independent non-executive director of China Fishery Group Limited since January 2006, which was listed on the Stock Exchange of Singapore (SGX:B0Z). According to the announcements published by China Fishery Group Limited, China Fishery Group Limited, together with its various non-Peruvian subsidiaries, have filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code, while a consensual restructuring of its key Peruvian subsidiaries is being pursued in a transparent and sustainable manner in Peru. A trustee has been appointed for one of its subsidiaries which have filed for the Chapter 11 relief. As of the Latest Practicable Date, the plan of reorganization for the Chapter 11 proceedings is still on-going.

Mr. Chang George Ka Ki (張家騏), aged 65, was appointed as our independent non-executive Director in November 2007. Mr. Chang has spent much of his career in accounting and auditing thus possessing solid professional knowledge in these areas. He also served as the deputy group controller of our Group from 1984 to 1986.

Mr. Chang is currently a director at Morningside Asia, a venture capital firm, from September 1991, and a non-executive director of Hang Lung Group Limited, a company engaged in property development and investment and listed on the Stock Exchange (Stock Code: 0010) from March 2015. Mr. Chang has been a certified public accountant recognized by the State of California, U.S. since 1980 and a member of the American Institute of Certified Public Accountants since 1984. He has also been an associate member of the Hong Kong Institute of Certified Public Accountants since 1984, and a chartered accountant and a member of the Institute of Chartered Accountants of Ontario since 1992. Mr. Chang graduated from the University of Wisconsin Madison and obtained a master's degree in business administration in December 1976.

Mr. Mak Wing Sum (麥永森), aged 65, was appointed as our independent non-executive Director on July 1, 2012. Before joining the Group, Mr. Mak worked at Citibank, N.A. for approximately 25 years since August 1987 and was head of Citi Markets and Banking, Hong Kong when he departed in April 2012. Mr. Mak is also an independent non-executive director of the following companies which are all listed on the Stock Exchange: Goldpac Group Limited (Stock Code: 3315), Hong Kong Television Network Limited (Stock Code: 1137), Luk Fook Holdings (International) Limited (Stock Code: 0590), I.T Limited (Stock Code: 0999) and Lai Fung Holdings Limited (Stock Code: 1125).

Mr. Mak has been a chartered accountant and a member of the Institute of Chartered Accountants of Ontario and a member of the Hong Kong Institute of Certified Public Accountants. He has also been a member of the Hong Kong Housing Society since May 2015. Mr. Mak graduated from University of Toronto and obtained a bachelor's degree in commerce in 1976.

Save as disclosed above, none of our Directors holds or has held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus. Please refer to the section headed "Statutory and General Information" in Appendix IV for further information about the Directors, including the particulars of their service agreements and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO). Save as disclosed herein, there are no other matters in respect of each of our directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there are no other material matters relating to our directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business. Information concerning our executive Directors is shown in "— Directors" above.

Mr. Lee King Fai (李景輝), aged 55, was appointed as chief financial officer in February 2014 and company secretary on April 7, 2017. Prior to joining the Group, Mr. Lee was the finance director of Wrigley Confectionary (China) Limited, a subsidiary of Mars, Inc., which engages in manufacturing and distributions of confectionary products in China, from 2009 to 2014. He had also served in Bristol-Myers Squibb (Hong Kong) Limited, the Hong Kong operations of a world leading pharmaceutical company, as finance director, and as finance director for Mead Johnson Nutritional (Guangzhou) Limited, its infant formula subsidiary. Prior to these, Mr. Lee had worked for a number of renowned companies including Deloitte, Shell, PepsiCo Restaurant International (now Yum! Brands), Fletcher Challenge Steel (China) Limited and Campbell Soup Asia Limited in Hong Kong, China and Asia Pacific.

Mr. Lee graduated from The Chinese University of Hong Kong in 1985 with a bachelor's degree with honors in business administration. He later obtained a master's degree in business administration at the same university in 1988. Mr. Lee is a member of The Hong Kong Institute of Certified Public Accountants since 1995, a fellow of CPA Australia since 2003, a fellow of The Association of Chartered Certified Accountants (ACCA) since 2008 and a member of Chartered Institute of Management Accountants (CIMA) since 2012.

Mr. Lo Wing Sing Eddie (盧永盛), aged 58, was appointed as the president of our intimate division in May 2006 and is mainly responsible for overseeing the overall operation of intimate division. Mr. Lo joined our Group in March 2003 and has held various positions. He served as the general manager since 2003 and was later promoted to president of ACCI group. He was then transferred and served as acting president of intimate division from June 2005 to April 2006. Mr. Lo was subsequently promoted to president of intimate division since 2006. Before joining the Group, Mr. Lo had worked at Glorious Sun Enterprises Ltd., which is listed on the Stock Exchange (Stock Code: 0393), and served as the general manager and director of its subsidiary Jeanswest Corporation Pty. Ltd., an apparel retailing company.

Mr. Wong Ho (黃河), aged 50, was appointed as the president of our denim division in January 2016. Mr. Wong joined the Group as a quality control supervisor of lifestyle wear division since October 1992 and has held various positions. He was subsequently transferred to denim division and served as operation manager from 1999 and was subsequently promoted to general manager. Mr. Wong obtained a higher diploma in textiles and clothing studies from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1989.

Mr. Lo Howard Ching Ho (羅正豪), aged 39, was appointed as our senior vice president of sales and operations in April 2014. Mr. Howard Lo joined the Group as an executive trainee from September 2005 to 2007. He was then transferred to lifestyle wear division and served as assistant manager-merchandising from April 2007 to August 2007, assistant general manager of sales from September 2007 to July 2008 assistant general manager from August 2008 to December 2010 and the general manager of sales and operations from January 2011 to March 2014. Before joining the Group, Mr. Howard Lo worked at Citigroup from 2001 to 2005. He also received the Young Industrialist Awards of Hong Kong 2016.

Mr. Howard Lo graduated from the University of Toronto with a bachelor's degree in commerce in June 2001. Mr. Howard Lo is the son of Mr. Lo, our chairman and executive Director, and Mrs. Lo, our vice Chairman and executive Director, and brother of Mr. Andrew Lo, our executive Director and the chief executive officer.

Ms. Chiu Yuk Wah Catherine (趙玉燁), aged 52, was appointed as our general manager in April 2013. Ms. Chiu joined our Group as the quality assurance officer in June 1995 and has held various positions since then. She served as the assistant manager of quality assurance from October 1997 to March 2000, later the manager of quality assurance until September 2005, and then the senior manager of quality assurance until March 2007, and subsequently the assistant general manager of quality assurance until June 2010, and later the assistant general manager of corporate quality and sustainability until March 2013.

Before joining the Group, Ms. Chiu gained extensive experience in textile engineering. She worked as an assistant textile engineer and was promoted to textile engineer at Labtest Hong Kong Ltd. from July 1987 to August 1989, a technician at Institute of Textiles and Clothing of Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) from January 1990 to September 1991 and a laboratory manager at Crystal Brands (Hong Kong) Limited from September 1994 to March 1995. Ms. Chiu was also a visiting lecturer for high diploma or part-time evening courses at the Institute of Textiles and Clothing of The Hong Kong Polytechnic University from September 1997 to January 2011.

Ms. Chiu graduated from the University of Stirling, U.K. with a master's degree of science in technology management in 1992 and obtained a higher diploma in textile technology at Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1991. She was also awarded an advanced professional diploma in public relations and communications management at the School of Continuing and Professional Studies of The Chinese University of Hong Kong in 2013. Ms. Chiu is a member of the Hong Kong Public Relations Professionals' Association (PRPA) since 2015. In addition, Ms. Chiu was also a certified lead auditor for QMS 2000, the quality management system run by International Register of Certificated Auditors in U.K. (IRCA). She was a certified NLP-Trainer IANLP by Professional Training & Strategy Ltd., and also a certified hypnotherapist recognized by The Institute of Mental Technology, a registered corporate coach of the Worldwide Association of Business Coaches (WABC), and a senior member of the American Society for Quality (ASQC). Ms. Chiu also serves as the vice chairlady for the Sustainable Fashion Business Consortium (SFBC) since September 2014 and a member of board of directors for the Sustainable Apparel Coalition (SAC) in U.S.

None of our senior management members holds or has held any directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Please see "— Senior Management — Mr. Lee King Fai (李景輝)" above.

BOARD COMMITTEES

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Griffiths Anthony Nigel Clifton, Mr. Tse Man Bun Benny and Mr. Chang George Ka Ki, all of which are our independent non-executive Directors. Mr. Griffiths Anthony Nigel Clifton has been appointed as the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three independent non-executive Directors, being Mr. Mak Wing Sum, Mr. Tse Man Bun Benny and Mr. Chang George Ka Ki and one executive Director, being Mr. Lo. Mr. Mak Wing Sum has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Griffiths Anthony Nigel Clifton and Mr. Mak Wing Sum and one executive Director, being Mr. Lo, who is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

Corporate Development Committee

Our Company also established a Corporate Development Committee to review and advise on the Board of future development opportunities for our business and formulation of business growth strategy. This committee acts as an advisory think tank and its membership consists of Mr. Andrew Lo (Chairman), Mr. Wong Chi Fai, Mr. Wong Sing Wah, Mr. Chang George Ka Ki, Mr. Mak Wing Sum and Mr. Lee King Fai.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries and allowances, performance-based bonuses, share-based payment expense and retirement benefit schemes contributions.

The aggregate amount of remuneration our Directors have received (including fees, salaries and allowances, performance-based bonuses, share-based payment expense and retirement benefit schemes contributions) for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 was approximately US$4.7 million, US$4.2 million, US$14.4 million and US$1.7 million, respectively.

The aggregate amount of salaries and allowances, performance-based bonuses, share-based payment expense and retirement benefit schemes contributions paid to our five highest paid individuals of our Company, including Directors, during each of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, was approximately US$4.9 million, US$4.4 million, US$15.6 million and US$1.7 million respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding performance-based bonuses and share-based payment expense, payable to our Directors for the year ending December 31, 2017 is estimated to be approximately US$3.9 million.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 by the Group to the Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and the performance of our Group.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser (the "**Compliance Adviser**") upon listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to us when consulted by us in the following circumstances:

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

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

SHARE AWARD SCHEME B

In order to recognize the existing or past executives, consultants or officers for their past service and contribution to our Group, and to motivate and retain skilled and experienced personnel, we have adopted the Share Award Scheme B. A summary of the principal terms of the Share Award Scheme B is set out in the section headed "Statutory and General Information — D. Share Award Scheme — 1. Share Award Scheme B" in Appendix IV.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial information as of and for each of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, as well as our unaudited consolidated financial information as of and for the six months ended June 30, 2016, and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRS. Potential investors should read the whole Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a global leader in the Apparel Manufacturing Industry with a diversified product portfolio under our differentiated value-add driven co-creation business model. According to *Euromonitor*, we were ranked first by production volume and second by production value in the global Apparel Manufacturing Industry in 2016, with seven out of the top 10 global leading Brand Apparel Companies in 2016 as our customers. Our co-creation business model is critical to achieving and enhancing our industry leading position. This model is supported by the powerful combination of our almost five decades of industry experience, long-term partnerships with globally leading Brand Apparel Companies, many of which we have 10 to over 30 years of relationships, a diversified product portfolio across five product categories, and a multi-country manufacturing platform. Our co-creation business model has driven our ability to launch continuously new commercially successful products for our customers.

Our global success and industry leading business is evidenced by our strong financial track record where we have achieved significant net profit growth and margin improvement during the Track Record Period. We recorded a CAGR of 22.9% in net profit, where our net profit increased from US$81.8 million for the year ended December 31, 2014 to US$123.7 million for the year ended December 31, 2016. Our net profit increased by 31.4% from US$52.7 million in the six months ended June 30, 2016 to US$69.2 million in the same period in 2017. Going forward, we will continue to grow our market share and achieve above-market growth by delivering high value services to our customers.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We believe the most significant factors that directly or indirectly affect our financial performance and results of operations include:

- macro-economic factors and conditions;

- our relationships with key customers;

- our diversified product offerings, pricing and consumer preferences;
- our multi-country production capacity and supply chain management;
- our ability to control cost of sales and operating expenses; and
- seasonality.

Macro-economic Factors and Conditions

Our results of operations depend on a number of macroeconomic factors, including the economic conditions of our target geographic markets, development of global trade policies, fluctuations in foreign currency exchange rates and changes in the regulatory environment and economic condition of the jurisdictions where we operate.

Our revenue and growth are influenced by the economic conditions in our target geographic markets, namely, Asia Pacific, the United States and Europe. The economic growth in these markets drives levels of disposable income and consumer sentiment, which in turn drives consumer spending in apparel. Accordingly, consumers are generally more willing to make these discretionary purchases for apparel during favorable economic conditions and when they are feeling confident and prosperous. Any worsening of the economic conditions in our target geographic markets may result in the decrease in consumer purchases of apparel, the slowing down or decrease in orders from our customers, and potential delay and/or default in payment by our customers.

Our business also relies on the development of global trade policies. During the Track Record Period, we have taken advantage of various bilateral and multilateral free trade agreements, which have resulted in lower tariffs, fewer trade barriers and hence greater market access to our key geographic markets. For example, the duty-free benefits under the Japan-Vietnam Economic Partnership Agreement lead to low tariff and lower costs of products and hence make the apparel produced in our Vietnam facilities more attractive to customers in Japan. Products exported from certain countries to ASEAN countries enjoy duty free benefits. Accordingly, any change in global trade policies, including both import and export trades for our target geographic markets and the jurisdictions where we operate, could have a significant impact on the demand for our services, our overall business volume as well as our market share. With our early entry into and significant scale in various geographic markets, we believe we are well positioned to seize future opportunities arising from the further development of global trade policies.

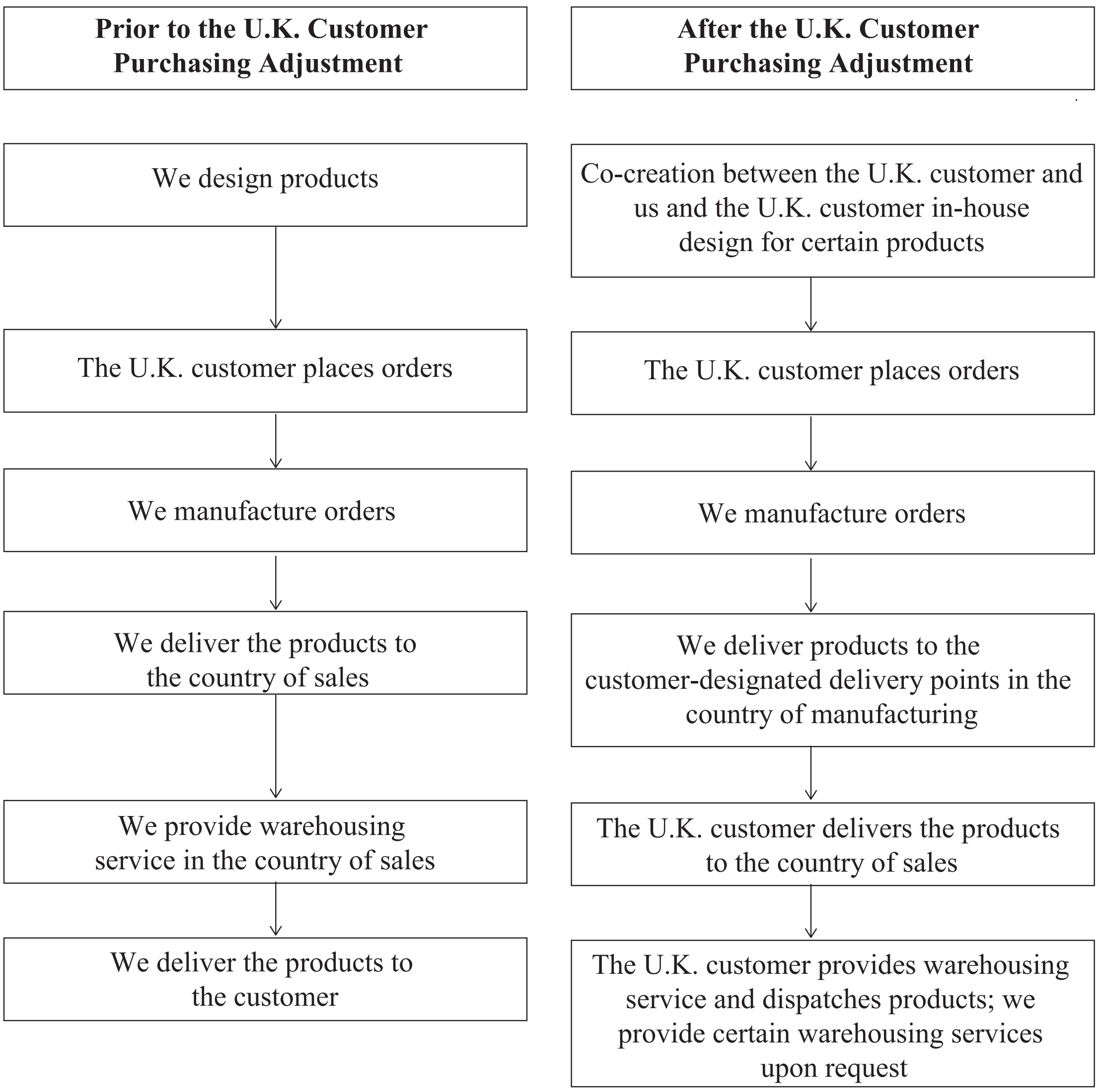
Our multi-country operations subject us to foreign exchange fluctuations and regulatory regimes of the jurisdictions where we operate. We operate in various locations and most of our sales and purchases transactions are denominated in the U.S. dollars, the Hong Kong dollars and the RMB, while our operating expenses are denominated in the U.S. dollars, the Hong Kong dollars, the RMB, the VND and other local currencies. We are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies of the countries where we or our subsidiaries operate. As we enter into transactions denominated in currencies other than the local currencies of the countries where we or our subsidiaries operate, we face foreign currency transaction risk to the extent that the amounts and relative proportions of various currencies in which our costs and liabilities are denominated deviate from the amounts and relative proportions of the various currencies in which our sales and assets are denominated. We are also subject to local laws and regulations, and government policies of the jurisdictions where we operate. Any changes to the relevant local government regulations or policies, whether relating to work place safety, labor and labor union, tax treatment, environmental protection or any other aspects, may have a direct impact on our operating costs, profitability and financial results. Additionally, any worsening of the economic conditions in the regions where we operate may result in inflation, rent hikes and increased labor cost, which may increase our operating costs in those regions and thus have an adverse impact on our profitability and financial results.

Our Relationships with Key Customers

During the Track Record Period, we derived a majority of our revenue from a limited number of key customers, whom we believe have a higher growth potential and require more diversified products and value-add services. Our five largest customers are industry leading Brand Apparel Companies and together accounted for 72.5%, 70.3%, 69.7% and 61.1% of our revenue for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively. We believe it is critical to partner with the best industry players to ensure sustainability and quality growth. Therefore, in order to align our resources to provide the best products and services, we have made a strategic decision to partner with a selected portfolio of globally leading Brand Apparel Companies. Many of our key customers have relationships with us ranging from 10 to over 30 years as a result of the dedicated and differentiated value propositions we offer. Leveraging our long-term relationships with these customers, we have achieved significant sales growth through cross-selling, extending our sales from one product category into multiple ones with our key customers. Consequently, changes in relationships with our key customers will materially affect our results of operations and financial condition. Our current concentration on a few key customers exposes us to the risks of substantial losses if (i) a single, dominant customer stops engaging in businesses with us or significantly reduces orders to us; (ii) any of our key customers significantly reduce the purchase price of our products; and (iii) any of our significant customers fail or are unable to make timely payment for our products. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand could impact our gross margin and results of operations. For details, please refer to the section headed "Risk Factors — Risks Relating to Our Industry and Business — A substantial portion of our business is derived from a limited number of major customers. Any decrease in our sales to any of them would materially and adversely affect our business, prospects, financial condition and results of operations" in this prospectus.

Our financial performance is, to some extent, impacted by how our customers purchase products and services from us and the corresponding changes in pricing arrangements. During the Track Record Period, as part of its corporate strategies, a customer in the United Kingdom adopted a different purchasing model (the "**U.K. Customer Purchasing Adjustment**"). Prior to the purchasing model adjustment, we primarily provided full supply chain services, including design, manufacturing, transportation, exportation and warehousing of products. Under the adjusted purchasing model, suppliers, like our Company, continue to develop and manufacture products and transport products to customer-designated delivery points, while reducing or discontinuing certain services related to the onshore design and logistics elements for which suppliers are no longer compensated under the adjusted model.

The following diagrams illustrate the scope of our key services before and after the U.K. Customer Purchasing Adjustment.



While we continued to provide parts of the design and logistics services during the Track Record Period in order to assist this customer in their transition to the different purchasing model, we strategically decreased or declined the unprofitable or low-margin purchase orders from this customer, therefore proactively reducing our adverse exposure to this customer-initiated adjustment. As a result of the different purchasing model, over the Track Record Period, the average selling price of products sold to this customer decreased from US$6.0 in 2014 to US$4.5 in 2015 and further decreased to US$4.3 in 2016; the revenue of this customer decreased from US$294.0 million in 2014 to US$199.3 million in 2015 and further decreased to US$143.1 million in 2016, hence affecting our gross profit from this customer. The average selling price of products sold to this customer decreased from US$4.2 in the six months ended June 30, 2016 to US$4.1 in the same period in 2017, primarily due to changes in product mix. The revenue of this customer decreased from US$77.3 million in the six months ended June 30, 2016 to US$65.3 million in the same period in 2017, primarily due to our optimization of customers and product portfolio by strategically decreasing or declining the unprofitable or low-margin purchase orders from the U.K. customer. The adjustment in purchasing model also had an impact on our costs and expenses. Our selling and distribution expenses decreased from US$42.0 million in 2014 to US$33.4 million in 2015, and further decreased to US$32.1 million in 2016, as we gradually reduced headcount for certain services related to logistics for which we are no longer compensated as a result of the U.K. Customer Purchasing Adjustment. Our rental expenses and office administrative expenses included in our administrative and other expenses also decreased from US$27.6 million in 2014 to US$27.5 million in 2015, and further decreased to US$17.0 million in 2016, due to a decrease in administrative expenses of our U.K. subsidiary. The U.K. Customer Purchasing Adjustment has been substantially adopted and this U.K. customer has similar purchasing arrangements compared with our other customers. Given its leadership in Europe, we will continue to work with this customer with a focus on optimizing product profitability.

The following table sets forth a breakdown of our revenue by product category, each expressed in the absolute amount and as a percentage of our revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	785,436	46.2%	736,650	43.6%	748,488	42.4%	391,917	47.2%	404,492	39.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	261,334	25.4%
Intimate	244,690	14.4%	240,247	14.2%	294,209	16.7%	128,071	15.4%	187,549	18.3%
Sweater	332,606	19.5%	272,008	16.1%	223,131	12.7%	85,779	10.3%	68,990	6.7%
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	98,439	9.6%
Others(2)	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

The following table sets forth a breakdown of our revenue by product category excluding the revenue attributable to the abovementioned customer in the United Kingdom, each expressed in the absolute amount and as a percentage of our revenue, for the periods indicated. Such exclusion eliminates the non-recurring downward impact of the U.K. Customer Purchasing Adjustment and gives a more representative presentation of our results of operations and financial condition.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000 (Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	637,620	37.5%	649,203	38.4%	700,498	39.7%	365,514	44.0%	384,067	37.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	260,654	25.3%
Intimate	147,310	8.6%	160,100	9.5%	226,293	12.8%	90,437	10.9%	151,888	14.8%
Sweater	283,773	16.7%	240,265	14.2%	195,972	11.1%	72,532	8.7%	60,444	5.9%
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	98,439	9.6%
A U.K. Customer	294,029	17.3%	199,337	11.8%	143,065	8.2%	77,284	9.3%	65,312	6.4%
Others(2)	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

The following table sets forth our sales volume and average selling price by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Sales Volume	**Average Selling Price**	**Sales Volume**	**Average Selling Price**	**Sales Volume**	**Average Selling Price**	**Sales Volume**	**Average Selling Price**	**Sales Volume**	**Average Selling Price**
	'000 pieces	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*
Lifestyle Wear	156,982	5.0	159,665	4.6	177,050	4.2	96,634	4.1	108,285	3.7
Denim	39,710	8.4	49,722	8.6	55,877	8.7	25,521	8.5	29,867	8.7
Intimate	73,143	3.3	82,021	2.9	90,111	3.3	40,521	3.2	51,098	3.7
Sweater	35,997	9.2	28,855	9.4	25,037	8.9	9,710	8.8	8,345	8.3
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	12,940	7.6
Total	**305,832**	**5.5**	**320,263**	**5.2**	**348,075**	**5.0**	**172,386**	**4.8**	**210,535**	**4.8**

Note:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

The following table sets forth our sales volume and average selling price by product category excluding the sales volume and average selling price attributable to the abovementioned customer in the United Kingdom for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	'000 pieces	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*
Lifestyle Wear	136,958	4.7	144,498	4.5	167,425	4.2	90,772	4.0	104,196	3.7
Denim	39,710	8.4	49,722	8.6	55,877	8.7	25,521	8.5	29,798	8.7
Intimate	48,942	3.0	56,482	2.8	70,314	3.2	29,603	3.1	40,577	3.7
Sweater	31,462	9.0	25,456	9.4	21,431	9.1	7,981	9.1	7,131	8.5
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	12,940	7.6
A U.K. Customer	48,760	6.0	44,105	4.5	33,028	4.3	18,509	4.2	15,893	4.1
Total (excluding a U.K. customer)	**257,072**	**5.4**	**276,158**	**5.3**	**315,047**	**5.1**	**153,877**	**4.9**	**194,642**	**4.9**

Note:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

Our Diversified Product Offerings, Pricing and Consumer Preferences

Our results of operations may change as a result of variations in our product offerings. During the Track Record Period, our growth was partially driven by our diversified product offerings through our "co-creation" model. We have in recent years expanded, and intend to continue to expand, the scope of our product offerings by launching new products or acquiring strategic businesses in selected markets. These include, for example, our development of loungewear and linen apparel, and our recent acquisition of Vista, a Singapore-based company specializing in sportswear and outdoor apparel manufacturing. Through internal development and strategic acquisitions, we have expanded our current product offerings to comprise five different segments of apparel, including lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel as well as several product lines under each category, for example, the graphic T-shirt, and linen apparel under the lifestyle wear. Our future results will therefore be affected by our ability to further broaden our product scope and create synergies from new products.

The average selling price of our products affects our financial performances. The average selling price of our products was affected by various factors including but not limited to (i) the average unit purchase prices of raw materials including fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories, (ii) the production costs including the subcontracting charges, (iii) the value-add services provided including co-creation, printing, washing and embroidery as required by our customers and (iv) foreign exchange rates. Any failure on our part to continue to monitor and optimize our product offering and pricing in response to changes in market conditions, consumer preferences, fashion trend and market direction, may adversely and materially affect our business, financial condition and results of operations.

Our business and results of operations are also indirectly affected by changes in consumers' preferences for our customer's products globally. Consumers' preferences for our customer's products are affected by rapid changing fashion trend and market direction, reputation and popularity of our customers' brands as well as changes in consumers' spending patterns, which are often difficult to predict. Consequently, our success depends on our ability to identify accurately these factors and take them into account during our product development and manufacturing process. This requires a combination of various elements, including but not limited to, accurate analysis and prediction of market trends, timely collection of consumer feedback, strong research and development capability, flexible and cost-effective product production and responsive supply chain management. If we are unable to anticipate, identify or timely react to changing consumer preferences or market trends or if we misjudge the market for our products, the growth and success of our business could be materially and adversely affected, potentially resulting in significant decreases in sales.

Our Multi-country Production Capacity and Supply Chain Management

Growth in our revenue and market share depends to a large extent on our ability to manage and expand our production capacity internationally. As of the Latest Practicable Date, we operated a multi-country manufacturing platform with a total of 20 self-operating manufacturing facilities spanning across five countries. In order to meet growing customer demands for our products, we have in the past few years increased our production capacity and output, and expanded, trained and managed our workforce. During the Track Record Period, we maintained high utilization rates at our current facilities. The following table sets forth a summary of our annual production capacity in terms of designed production capacity and utilization rates at our current facilities by geographic region for the periods indicated.

	Year ended December 31,									Six months ended June 30,		
	2014			2015			2016			2017		
	Designed Production Capacity[1]	Percentage of the Total	Utilization Rate[2]	Designed Production Capacity[1]	Percentage of the Total	Utilization Rate[2]	Designed Production Capacity[1]	Percentage of the Total	Utilization Rate[2]	Designed Production Capacity[1]	Percentage of the Total	Utilization Rate[2]
	(million pieces)	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*	*(million pieces)*	*(%)*	*(%)*
China	139.5	43.9%	94.5%	125.2	38.4%	91.2%	121.1	34.3%	89.5%	66.1	31.9%	90.7%
Vietnam	89.9	28.3%	89.2%	111.2	34.1%	93.4%	137.4	38.9%	95.5%	89.1	42.9%	94.2%
Cambodia	38.8	12.2%	86.4%	52.4	16.1%	96.2%	53.7	15.2%	95.9%	30.6	14.7%	93.4%
Bangladesh	17.4	5.5%	72.2%	18.1	5.6%	88.9%	24.1	6.8%	87.2%	12.7	6.1%	85.4%
Sri Lanka	32.2	10.1%	80.1%	19.0	5.8%	88.4%	17.0	4.8%	89.3%	9.1	4.4%	87.2%
Total	**317.8**	**100.0%**	**89.3%**	**325.9**	**100.0%**	**92.5%**	**353.3**	**100.0%**	**92.6%**	**207.6**	**100.0%**	**92.1%**

Notes:

(1) The designed production capacity is per management's estimate with reference to the assumption of available working hours (including the actual number of work stations, working days, working hours per day and attendance) and efficiency of the respective manufacturing facilities.

(2) The utilization rate for each of the periods indicated is derived by dividing the actual production capacity by the designed production capacity.

We plan to continue to expand our manufacturing facilities internationally to explore and capture growth opportunities in the growing apparel industry and expand our market share. Our key expansion plans include expanding our manufacturing capacities in Vietnam and Bangladesh. In Vietnam, we intend to expand our manufacturing facilities for all product categories for additional planned annual capacities of 129.5 million pieces by 2019 to increase capacities to meet customers' demands. In Bangladesh, we intend to expand our manufacturing facilities for all product categories for an additional planned annual capacity of 26.6 million pieces by 2019 to meet customers' increasing demands. In the meantime, we intend to increase productivity further through deploying enhanced and automated machinery and equipment at our existing manufacturing facilities and streamlining the production process by leveraging data analysis with support of our SAP ERP system to identify the production bottlenecks and improvement opportunities.

Our business and results of operations have been and will continue to be substantially affected by our ability to manage our supply chains. We operate an efficient and integrated supply chain system that enables us to deliver reliable and highly responsive services to our customers. Our SAP ERP system allows us to collect information regarding order generation, procurement, manufacturing to logistics, which enables us to timely identify improvement opportunities and continuously enhance supply chain management with our strong data analyzing capabilities. Our Customer Engagement System and Vendor Collaboration System facilitate collaboration with our customers and our suppliers. In addition, we have developed strong relationships with our key suppliers, which enable us to secure large amounts of high quality fabrics at favorable prices and significantly reduce procurement cycles. We also dispatch staff to conduct on-site inspection of the raw materials at our suppliers' facilities before shipment to improve efficiency.

Our Ability to Control Cost of Sales and Operating Expenses

Our results of operations have been and will continue to be affected by our ability to control our production costs and operating expenses, including costs of raw materials, staff cost, selling and distribution expenses and administrative and other expenses.

Although our manufacturing process is mechanized and automated, our operations are still labor intensive in a number of processes, such as sewing and finishing. Thus, cost of skilled labor comprises a large portion of our cost of sales. During the Track Record Period, staff cost included in cost of sales accounted for 16.9%, 18.5%, 17.6% and 17.9%, respectively, of our revenue in 2014, 2015, 2016 and the six months ended June 30, 2017. Our results of operations depend on the steady supply of relatively low cost labor in the countries and regions in which we operate. Staff cost may increase due to a shortage of skilled labor and growing industry demands for skilled labor. In addition, average wages and/or minimum wage requirements in the countries and regions in which we operate are expected to continue to grow, which may put upward pressure on our staff cost and negatively affect our profit margins. In light of these challenges, we aim to enhance our cost efficiency and profit margins by improving our manufacturing efficiency, increasing automation of our production processes, continuing to expand our manufacturing facility to locations with relatively low labor costs, and improving our logistics and information technology systems.

We purchase various raw materials from third party suppliers. The key raw materials that we use in the production of our products include fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories. The prices of raw materials are determined principally by market forces and changes in governmental policies, as well as our bargaining power with our suppliers. Any significant increase in raw materials costs from current levels could increase our cost of sales and have an adverse effect on our gross profit margins if we are unable to manage the price of our apparel products, or pass such price increases to our customers. In response to these risks, we have implemented a number of cost-control measures with respect to our raw material procurement in order to mitigate the impact of rising raw material prices, including optimizing production procedures to monitor the use of raw materials and reduce wastage, and expanding upstream into the fabric production industry.

Our ability to control our cost of selling and distribution expenses as well as administrative and other expenses also affect our profitability and results of operations. In 2014, 2015, 2016 and the six months ended June 30, 2017, our selling and distribution expenses amounted to approximately US$42.0 million, US$33.4 million, US$32.1 million and US$16.6 million, respectively, representing approximately 2.5%, 2.0%, 1.8% and 1.6% of our revenue for the corresponding periods. For the same periods, our administrative and other expenses amounted to approximately US$160.9 million, US$182.5 million, US$196.1 million and US$101.1 million, respectively, representing approximately 9.5%, 10.8%, 11.1% and 9.8% of our revenue. We expect these costs will continue to be a significant part of our operating expense.

Seasonality

Our operating results vary due to the seasonality of our products and are historically stronger in the second half of the year. This variation primarily results from higher demands of our customers toward the year-end holiday season, and, to a lesser extent, stronger demands for sweater products during the same period. These seasonality fluctuations may affect our sales revenue and the utilization rate of our manufacturing facilities. Our operating results for our peak periods should not be taken as an indication of our performance for the entire financial year. Hence, prospective investors should be aware of these seasonal fluctuations when making any comparison of our operating results.

ACQUISITION OF VISTA

In December 2016, we acquired a Singapore-based sports apparel manufacturer, Vista, to enable us to expand into the fast-growing sportswear and outdoor apparel industry. As of June 30, 2017, Vista operated two manufacturing facilities in Vietnam and Cambodia, with a total production capacity of around 16.0 million pieces and a workforce of 4,884. For the years ended December 31, 2014 and 2015, based on the financial statements of SLH Pte. Ltd., the investment holding company holding predominantly of the Vista business, the revenue generated by SLH Pte. Ltd. amounted to approximately US$184.9 million and US$234.9 million, respectively; the net profit amounted to approximately US$9.2 million and US$18.2 million, respectively; and the net profit margin was approximately 5.0% and 7.8%, respectively. Revenue and net profit contributed by Vista to our Group for the year ended December 31, 2016 would have been approximately US$198.6 million and US$16.0 million, respectively, on a pro forma basis[Note]. Vista is a special purpose vehicle set up in August 2015 for the purpose of acquiring 100% equity interest in SLH Pte. Ltd. and thus became an investment holding company of SLH Pte. Ltd. upon the completion of such acquisition. Vista has no other operating business. As such, Vista and SLH Pte. Ltd. are substantially the same in revenue and gross profit. Vista and SLH Pte. Ltd. are not identical in net income, primarily due to (i) the amortization of customer relationship resulted from Vista's acquisition of SLH Pte. Ltd.; and (ii) the interest expense from the loans incurred by Vista for the acquisition of SLH Pte. Ltd. Please refer to Appendix I Note 33(ii) for further details.

Note: The revenue and net profit of Vista for 2016 were derived from the pro forma revenue and profit of the Group for 2016 (as set out in Appendix I Note 33(ii)) with the revenue and net profit of the Group for the same period being deducted therefrom.

Pursuant to the share purchase agreement ("**SPA**") entered into between us and Grand Vista Corporation Holdings Limited (the "**Seller**"), we acquired 100% of the issued share capital of Vista for a purchase price of US$190,080,000, which includes US$101,177,000 paid in cash, a balance with a present value of US$83,003,000 to be settled, and a US$5,900,000 upward adjustment on the purchase price as agreed by the parties pursuant to the SPA which has been paid. Pursuant to the SPA, the purchase price shall be adjusted upwards or downwards based on the difference between certain estimated amounts set out in the SPA, and the audited amounts and as agreed between the parties. The upward adjustment was agreed on June 9, 2017 between the parties following the finalization of Vista's 2016 audit and negotiations between the parties. For more details of the acquisition of Vista, please refer to Note 33 of the Accountants' Report in Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of our significant accounting policies is set forth in Note 4 to the Accountants' Report in Appendix I to this prospectus. Critical accounting policies are those that require our management to exercise judgment in applying assumptions and making estimates that would yield materially different results if our management applied different assumptions or made different estimates. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We believe the following critical accounting policies involve the most significant judgments in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and sales related tax.

Revenue is recognized when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognized when the goods are delivered and title has passed.

Revenue from subcontracting work is recognized when service is rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all the estimated costs of completion and costs necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statements of financial position at cost or revalued amount less subsequent accumulated depreciation and accumulated impairment losses, if any.

Any revaluation increase arising on the revaluation of land and buildings is recognized in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognized as profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognized to write off the cost or revalued amount of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Prepaid Lease Payments

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortized over the lease terms on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units ("CGUs") or groups of CGU that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU or groups of CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU or groups of CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or groups of CGU.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Intangible Assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful life are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognized as an expense when employees have rendered service entitling them to have the contributions made.

For the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liabilities/assets), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any such surplus is limited to the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plans.

Termination benefits result from either the Group's decision to terminate the employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group recognizes a liability for benefits at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is credited or charged to profit or loss.

Derecognition

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, we recognize its retained interest in the asset and an associated liability for the amounts it may have to pay. If we retain substantially all the risks and rewards of ownership of a transferred financial asset, we continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Share-Based Payment Arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to profit or loss on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve).

For grants of shares that vest immediately at the date of grant, the fair value of the awarded shares is recognised immediately in profit or loss.

Exchange Difference Arising on Translation of Foreign Operations

Our multi-country operations subject us to foreign exchange fluctuations on translation from functional currencies of our foreign operation to our presentation currency (i.e. US$). We operate in various locations including U.K., China, and Vietnam, and most of our foreign operations are denominated in its local currency (including GBP, RMB and VND) which is different from our presentation currency. We are exposed to foreign currency risks related to exchange differences arising on translation of foreign operations.

The results and financial position of our foreign operations are translated from the functional currencies to our presenting currency as follows:

a. Assets and liabilities of our foreign operations are translated into our presentation currency using exchange rates prevailing at the end of each reporting period.

b. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

c. Exchange differences arising on translation of foreign operations, if any, are recognized in other comprehensive income and accumulated in equity.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,			Six months ended June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Revenue	1,700,714	1,688,458	1,763,392	830,047	1,027,463
Cost of sales	(1,413,701)	(1,396,778)	(1,407,730)	(678,648)	(822,528)
Gross profit	**287,013**	**291,680**	**355,662**	**151,399**	**204,935**
Other income	23,581	5,127	20,844	11,652	3,287
Selling and distribution expenses	(42,009)	(33,416)	(32,076)	(14,907)	(16,579)
Administrative and other expenses	(160,946)	(182,530)	(196,101)	(84,567)	(101,087)
Finance costs	(5,895)	(5,537)	(4,853)	(2,380)	(7,765)
Loss on fair value changes and disposals of held-for-trading investments	(4,555)	(1,357)	—	—	—
Share of results of an associate	(218)	(431)	1,304	145	(677)
Share of results of joint ventures	(2)	—	—	—	—
Gain on derecognition of joint ventures	—	6,323	—	—	—
Profit before tax	**96,969**	**79,859**	**144,780**	**61,342**	**82,114**
Income tax expense	(15,166)	(11,574)	(21,128)	(8,675)	(12,884)
Profit for the year/period	**81,803**	**68,285**	**123,652**	**52,667**	**69,230**

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

We derive our revenue primarily from direct sales of our products to our customers. Our total revenue decreased by 0.7% from US$1,700.7 million in 2014 to US$1,688.5 million in 2015, and increased by 4.4% to US$1,763.4 million in 2016. Our total revenue increased by 23.8% from US$830.0 million in the six months ended June 30, 2016 to US$1,027.5 million in the same period in 2017. During the Track Record Period, we had encountered an adjustment in the purchasing model with a U.K. customer, which, to some extent, affected our revenue generated from lifestyle wear, intimate and sweater products. During the Track Record Period, we strategically declined certain unprofitable orders under the different purchasing model and proactively reduced our adverse exposure to such customer-initiated change. For details on the U.K. Customer Purchasing Adjustment, please see "— Factors Affecting Our Financial Condition and Results of Operations — Our Relationships with Key Customers." Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, our total revenue generated from the sales of lifestyle wear increased from US$637.6 million in 2014 to US$649.2 million in 2015, and further increased to US$700.5 million in 2016; revenue generated from the sales of intimates increased from US$147.3 million in 2014 to US$160.1 million in 2015, and further increased to US$226.3 million in 2016; revenue generated from the sales of sweater decreased from US$283.8 million in 2014 to US$240.3 million in 2015, and further decreased to US$196.0 million in 2016. Our total revenue generated from the sales of lifestyle wear increased from US$365.5 million in the six months ended June 30, 2016 to US$384.1 million in the same period in 2017; revenue generated from the sales of intimates increased from US$90.4 million in the six months ended June 30, 2016 to US$151.9 million in the same period in 2017; revenue generated from the sales of sweater decreased from US$72.5 million in the six months ended June 30, 2016 to US$60.4 million in the same period in 2017.

Revenue by Product Category

The following table sets forth a breakdown of our revenue by product category, each expressed in the absolute amount and as a percentage of our revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000 (Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	785,436	46.2%	736,650	43.6%	748,488	42.4%	391,917	47.2%	404,492	39.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	261,334	25.4%
Intimate	244,690	14.4%	240,247	14.2%	294,209	16.7%	128,071	15.4%	187,549	18.3%
Sweater	332,606	19.5%	272,008	16.1%	223,131	12.7%	85,779	10.3%	68,990	6.7%
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	98,439	9.6%
Others (2)	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

The following table sets forth a breakdown of our revenue by product category excluding the revenue attributable to the abovementioned customer in the United Kingdom, each expressed in the absolute amount and as a percentage of our revenue, for the periods indicated. Such exclusion separately identifies the impact of the U.K. Customer Purchasing Adjustment and gives a more representative presentation of our results of operations and financial condition. For details on the U.K. Customer Purchasing Adjustment, please see "— Factors Affecting Our Financial Condition and Results of Operations — Our Relationships with Key Customers."

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	637,620	37.5%	649,203	38.4%	700,498	39.7%	365,514	44.0%	384,067	37.4%
Denim	331,725	19.5%	427,068	25.3%	484,152	27.5%	217,993	26.3%	260,654	25.3%
Intimate	147,310	8.6%	160,100	9.5%	226,293	12.8%	90,437	10.9%	151,888	14.8%
Sweater	283,773	16.7%	240,265	14.2%	195,972	11.1%	72,532	8.7%	60,444	5.9%
Sportswear and Outdoor Apparel[1]	—	—	—	—	—	—	—	—	98,439	9.6%
A U.K. Customer	294,029	17.3%	199,337	11.8%	143,065	8.2%	77,284	9.3%	65,312	6.4%
Others[2]	6,257	0.4%	12,485	0.8%	13,412	0.7%	6,287	0.8%	6,659	0.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

The following table sets forth our sales volume and average selling price by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	'000 pieces	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*
Lifestyle Wear	156,982	5.0	159,665	4.6	177,050	4.2	96,634	4.1	108,285	3.7
Denim	39,710	8.4	49,722	8.6	55,877	8.7	25,521	8.5	29,867	8.7
Intimate	73,143	3.3	82,021	2.9	90,111	3.3	40,521	3.2	51,098	3.7
Sweater	35,997	9.2	28,855	9.4	25,037	8.9	9,710	8.8	8,345	8.3
Sportswear and Outdoor Apparel[(1)]	—	—	—	—	—	—	—	—	12,940	7.6
Total	**305,832**	**5.5**	**320,263**	**5.2**	**348,075**	**5.0**	**172,386**	**4.8**	**210,535**	**4.8**

Note:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

The following table sets forth our sales volume and average selling price by product category excluding the sales volume and the average selling price attributable to the abovementioned customer in the United Kingdom for the periods indicated. For details on the U.K. Customer Purchasing Adjustment, please see "— Factors Affecting Our Financial Condition and Results of Operations — Our Relationships with Key Customers."

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	'000 pieces	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*	*'000 pieces*	*US$*
Lifestyle Wear	136,958	4.7	144,498	4.5	167,425	4.2	90,772	4.0	104,196	3.7
Denim	39,710	8.4	49,722	8.6	55,877	8.7	25,521	8.5	29,798	8.7
Intimate	48,942	3.0	56,482	2.8	70,314	3.2	29,603	3.1	40,577	3.7
Sweater	31,462	9.0	25,456	9.4	21,431	9.1	7,981	9.1	7,131	8.5
Sportswear and Outdoor Apparel[(1)]	—	—	—	—	—	—	—	—	12,940	7.6
A U.K. Customer	48,760	6.0	44,105	4.5	33,028	4.3	18,509	4.2	15,893	4.1
Total (excluding a U.K. customer)	**257,072**	**5.4**	**276,158**	**5.3**	**315,047**	**5.1**	**153,877**	**4.9**	**194,642**	**4.9**

Note:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

During the Track Record Period, revenue generated from the sales to the U.K. customer decreased from US$294.0 million in 2014 to US$199.3 million in 2015, and further decreased to US$143.1 million in 2016; sale volume attributable to the U.K. customer decreased from 48.8 million pieces in 2014 to 44.1 million pieces in 2015, and further decreased to 33.0 million pieces in 2016; the average selling price of the U.K. customer decreased from US$6.0 in 2014 to US$4.5 in 2015, and further decreased to US$4.3 in 2016. The decreases in the revenue, sales volume and average selling prices were primarily due to the U.K. Customer Purchasing Adjustment. Revenue generated from the sales to the U.K. customer decreased from US$77.3 million in the six months ended June 30, 2016 to US$65.3 million in the same period in 2017 by strategically decreasing or declining the unprofitable or low-margin purchase orders from the U.K. customer; sales volume attributable to the U.K. customer decreased from 18.5 million in the six months ended June 30, 2016 to 15.9 million in the same period in 2017; the average selling price of the U.K. customer remained relatively stable at US$4.2 in the six months ended June 30, 2016 and US$4.1 in the same period in 2017, primarily due to changes in product mix. We provided services to the U.K. customer mainly in relation to lifestyle wear, intimate and sweater products during the Track Record Period, and thus its purchasing model adjustment had no material impact on the revenue, sales volume and average selling price of our denim products during the Track Record Period. For details, please see "— Factors Affecting Our Financing Condition and Results of Operations — Our Relationships with Key Customers."

Lifestyle Wear

Revenue generated from the sales of lifestyle wear decreased from US$785.4 million in 2014 to US$736.7 million in 2015, and later increased to US$748.5 million in 2016. Revenue generated from the sales of lifestyle wear increased from US$391.9 million in the six months ended June 30, 2016 to US$404.5 million in the same period in 2017. The average selling price of lifestyle wear decreased from US$5.0 in 2014 to US$4.6 in 2015, and further decreased to US$4.2 in 2016. The average selling price of lifestyle wear decreased from US$4.1 in the six months ended June 30, 2016 to US$3.7 in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of lifestyle wear increased from US$637.6 million in 2014 to US$649.2 million in 2015, and further increased to US$700.5 million in 2016. Despite the global volatility in the lifestyle wear market from 2014 to 2016, we were able to maintain an aspirational CAGR of 4.8% from 2014 to 2016. Revenue generated from the sales of lifestyle wear increased from US$365.5 million in the six months ended June 30, 2016 to US$384.1 million in the same period in 2017. The increase in the revenue generated from the sales of lifestyle wear was primarily driven by an increase in sales volume, partially offset by a decrease in average selling price. The increase in sales volume was primarily because we continued to drive our business through our co-creation services and we were able to generate more orders from existing customers and attract new customers. Excluding the impact of the U.K. customer, the average selling price of lifestyle wear decreased from US$4.7 in 2014 to US$4.5 in 2015, and further decreased to US$4.2 in 2016, primarily due to changes in product mix. The average selling price of lifestyle wear decreased from US$4.0 in the six months ended June 30, 2016 to US$3.7 in the same period in 2017, primarily because we received orders from customers on basic style products with a relatively lower average selling price. Notwithstanding the decrease in averaging selling price of lifestyle wear, we were able to achieve strong growth in revenue and gross profit margin.

Denim

Revenue generated from the sales of denim increased from US$331.7 million in 2014 to US$427.1 million in 2015, and further increased to US$484.2 million in 2016. Revenue generated from the sales of denim increased from US$218.0 million in the six months ended June 30, 2016 to US$261.3 million in the same period in 2017. The increase in the revenue generated from the sales of denim was primarily because we were able to generate more orders from existing and new customers due to (i) the value-add services we provided under our co-creation business model; (ii) our environmentally friendly and sustainable denim manufacturing techniques catering to our customers' needs; and (iii) our enhanced customer penetration as a result of supplier consolidation of our customers. The average selling price of denim increased from US$8.4 in 2014 to US$8.6 in 2015, primarily due to the greater revenue contribution of customers to which we provided additional value-add services through our co-creation business model. The average selling price of denim remained relatively stable in 2015 and 2016. The average selling price of denim increased from US$8.5 in the six months ended June 30, 2016 to US$8.7 in the same period in 2017, primarily due to the increased sales of higher priced products from a key customer.

Intimate

Revenue generated from the sales of intimates decreased from US$244.7 million in 2014 to US$240.2 million in 2015, and later increased to US$294.2 million in 2016. Revenue generated from the sales of intimates increased from US$128.1 million in the six months ended June 30, 2016 to US$187.5 million in the same period in 2017. The average selling price of intimates decreased from US$3.3 in 2014 to US$2.9 in 2015, and later increased to US$3.3 in 2016. The average selling price of intimates increased from US$3.2 in the six months ended June 30, 2016 to US$3.7 in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of intimates increased from US$147.3 million in 2014 to US$160.1 million in 2015, and further increased to US$226.3 million in 2016, primarily because of (i) the growing sales volume as we strategically deployed additional production capacities in Vietnam in 2013 in anticipation of the market growth in intimate industry. As a result, we were able to capture the growth opportunities from our existing and new customers; (ii) an increase in demands from our customers for commercially successful co-creation products, such as the wireless bra. Revenue generated from the sales of intimates increased from US$90.4 million for the six months ended June 30, 2016 to US$151.9 million in the same period in 2017, primarily due to an increase in demand from our customer for commercially successful co-creation products. Excluding the impact of the U.K. customer, the average selling price of intimates decreased from US$3.0 in 2014 to US$2.8 in 2015, due to the greater revenue contribution of panties products which have lower average selling price from a major customer. The average selling price later increased to US$3.2 in 2016, primarily due to the increased sales of higher priced products developed through our co-creation business model. The average selling price of intimates increased from US$3.1 for the six months ended June 30, 2016 to US$3.7 in the same period in 2017, primarily due to the increased sales of higher priced products developed through our co-creation business model.

Sweater

Revenue generated from the sales of sweater decreased from US$332.6 million in 2014 to US$272.0 million in 2015, and further decreased to US$223.1 million in 2016. Revenue generated from the sales of sweater decreased from US$85.8 million for the six months ended June 30, 2016 to US$69.0 million in the same period in 2017. The average selling price of sweater increased from US$9.2 in 2014 to US$9.4 in 2015, and later decreased from US$9.4 in 2015 to US$8.9 in 2016. The average selling price of sweater decreased from US$8.8 for the six months ended June 30, 2016 to US$8.3 in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of sweater decreased from US$283.8 million in 2014 to US$240.3 million in 2015, primarily because we experienced a transition period as we strategically migrated part of our sweater production from China to Vietnam on a cost-effective basis for customers starting from 2013. Revenue generated from the sales of sweater decreased from US$240.3 million in 2015 to US$196.0 million in 2016, primarily because we optimized our customer portfolio and focused on customers with higher profit margins. Revenue generated from the sales of sweater decreased from US$72.5 million for the six months ended June 30, 2016 to US$60.4 million in the same period in 2017, primarily due to the changes in shipment schedules requested by a key customer resulting in the delayed recognition of our revenue in the first six months of 2017. Excluding the impact of the U.K. customer, the average selling price of sweater increased from US$9.0 in 2014 to US$9.4 in 2015, primarily because we provided additional value-add services through our co-creation business model. The average selling price of sweater decreased from US$9.4 in 2015 to US$9.1 in 2016, primarily because we received more orders from customers on basic style products with relatively lower average selling price. The average selling price of sweater decreased from US$9.1 for the six months ended June 30, 2016 to US$8.5 in the same period in 2017, primarily because we received more orders from customers on basic style products with relatively lower average selling price.

Sportswear and Outdoor Apparel

Revenue generated from the sales of sportswear and outdoor apparel amounted to US$98.4 million for the six months ended June 30, 2017. The average selling price of sportswear and outdoor apparel was US$7.6 for the six months ended June 30, 2017.

Revenue by Geographic Location

We categorize our revenue based on the country/region of shipment destination of our products. The following table sets forth a breakdown of our revenue by geographic region, each expressed as an absolute amount and as a percentage of our revenue, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
United States	530,429	31.2%	586,064	34.7%	614,072	34.8%	276,843	33.4%	382,395	37.2%
Asia Pacific[1]	609,133	35.8%	614,898	36.5%	695,184	39.4%	322,297	38.8%	380,955	37.1%
Europe[2]	520,477	30.6%	439,802	26.0%	392,431	22.4%	201,341	24.3%	226,897	22.1%
Other countries/regions	40,675	2.4%	47,694	2.8%	61,705	3.4%	29,566	3.5%	37,216	3.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

Notes:

(1) Asia Pacific primarily includes Japan, China, Hong Kong and South Korea.

(2) Europe primarily includes the United Kingdom, Belgium and Germany.

The following table sets forth a breakdown of our revenue by geographic region, excluding the revenue attributable to the abovementioned customer in the United Kingdom, each expressed in the absolute amount and as a percentage of our revenue, for the periods indicated. Such exclusion eliminates the non-recurring downward impact of the U.K. Customer Purchasing Adjustment and gives a more representative presentation of our results of operations and financial condition.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
United States	530,429	31.2%	586,064	34.7%	614,072	34.8%	276,843	33.4%	382,395	37.2%
Asia Pacific	609,133	35.8%	614,186	36.4%	693,995	39.4%	321,493	38.8%	380,573	37.0%
Europe	226,448	13.3%	241,177	14.3%	250,555	14.2%	124,861	15.0%	161,967	15.8%
A U.K. Customer	294,029	17.3%	199,337	11.8%	143,065	8.2%	77,284	9.3%	65,312	6.4%
Other countries/regions	40,675	2.4%	47,694	2.8%	61,705	3.4%	29,566	3.5%	37,216	3.6%
Total revenue	**1,700,714**	**100.0%**	**1,688,458**	**100.0%**	**1,763,392**	**100.0%**	**830,047**	**100.0%**	**1,027,463**	**100.0%**

The revenue contributed by Asia Pacific as a percentage of our revenue increased from 35.8% in 2014 to 36.5% in 2015, and further increased to 39.4% in 2016, primarily due to an increase in demands from our customers in Asia Pacific. The revenue contributed by Asia Pacific as a percentage of our revenue decreased from 38.8% for the six months ended June 30, 2016 to 37.1% in the same period in 2017, primarily due to our rapid growth in the United States market.

The revenue contributed by the United States as a percentage of our revenue increased from 31.2% in 2014 to 34.7% in 2015, primarily due to an increase in demands from our customers in the United States. The revenue contributed by the United States as a percentage of our revenue remained relatively stable in 2015 and 2016. The revenue contributed by the United States as a percentage of our revenue increased from 33.4% for the six months ended June 30, 2016 to 37.2% in the same period in 2017, primarily due to our enhanced customer penetration in the United States market driven by our co-creation business model.

The revenue contributed by Europe as a percentage of our revenue decreased from 30.6% in 2014 to 26.0% in 2015, and further decreased to 22.4% in 2016, primarily due to the impact of the U.K. Customer Purchasing Adjustment. The revenue contributed by Europe as a percentage of our revenue decreased from 24.3% for the six months ended June 30, 2016 to 22.1% in the same period in 2017, primarily due to the impact of the U.K. Customer Purchasing Adjustment. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue contributed by Europe constituted 13.3%, 14.3%, 14.2% and 15.8%, respectively, of our revenue in 2014, 2015, 2016 and the six months ended June 30, 2017. The revenue contributed by Europe as a percentage of our revenue increased from 13.3% in 2014 to 14.3% in 2015, primarily due to an increase in demands from our customers in Europe. The revenue contributed by Europe as a percentage of our revenue remained relatively stable in 2015 and 2016.

Cost of Sales

Our cost of sales primarily consists of cost of raw materials, staff cost for personnel directly involved in our production activities, subcontracting cost, depreciation of our production equipment and others.

Our cost of sales decreased from US$1,413.7 million in 2014 to US$1,396.8 million in 2015, primarily due to a decrease in material cost and subcontracting cost, partially offset by an increase in staff cost. Our cost of sales increased from US$1,396.8 million in 2015 to US$1,407.7 million in 2016, primarily due to an increase in material cost as a result of increased sales revenue, partially offset by a decrease in subcontracting cost and staff cost. Our cost of sales increased from US$678.6 million for the six months ended June 30, 2016 to US$822.5 million in the same period in 2017, primarily due to an increase in material cost and staff cost. Our cost of sales as a percentage of our revenue decreased from 83.1% in 2014 to 82.7% in 2015, and further decreased to 79.8% in 2016, primarily due to (i) increased production efficiency and economies of scale; and (ii) the migration of production to overseas regions with lower operating costs. Our cost of sales as a percentage of our revenue decreased from 81.8% for the six months ended June 30, 2016 to 80.1% in the same period in 2017, primarily due to our improved production efficiency and economies of scale as well as the migration of production to regions with lower operating costs. The following table sets forth a breakdown of our cost of sales, expressed as an absolute amount and as a percentage of our cost of sales, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Material cost	827,156	58.5%	792,505	56.7%	839,016	59.6%	393,657	58.0%	490,262	59.6%
Staff cost	286,800	20.3%	312,964	22.4%	309,583	22.0%	147,096	21.7%	183,612	22.3%
Subcontracting cost	145,412	10.3%	122,418	8.8%	96,700	6.9%	53,049	7.8%	62,302	7.6%
Depreciation and amortization expenses	32,013	2.3%	36,456	2.6%	38,241	2.7%	18,288	2.7%	22,908	2.8%
Miscellaneous cost[(1)]	122,320	8.6%	132,435	9.5%	124,190	8.8%	66,558	9.8%	63,444	7.7%
Total cost of sales	**1,413,701**	**100.0%**	**1,396,778**	**100.0%**	**1,407,730**	**100.0%**	**678,648**	**100.0%**	**822,528**	**100.0%**

Note:

(1) Includes manufacturing overheads, transportation cost, duty and tax and others.

Material cost

Material cost was the largest component of our cost of sales and primarily consisted of the cost of raw materials, such as fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories. Our material cost also includes the write-down of inventories, which mainly represents the write-down of obsolete raw materials. Material cost accounted for 58.5%, 56.7%, 59.6%, 58.0% and 59.6%, respectively, of our cost of sales for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017. For each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our material cost represented approximately 48.6%, 46.9%, 47.6%, 47.4% and 47.7%, respectively, of our revenue.

Staff cost

Staff cost represented salaries and other staff-related costs of our own manufacturing operations. Our staff cost depends on wage levels and the number of our production staff employed. Staff cost accounted for 20.3%, 22.4%, 22.0%, 21.7% and 22.3%, respectively, of our cost of sales for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017. For each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our staff cost represented approximately 16.9%, 18.5%, 17.6%, 17.7% and 17.9%, respectively, of our revenue.

For each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, our staff cost per unit of apparel in China amounted to US$1.3 per piece, US$1.6 per piece, US$1.5 per piece and US$1.4 per piece, respectively, while our staff cost per unit of apparel in South and Southeast Asia amounted to US$0.6 per piece, US$0.6 per piece, US$0.6 per piece and US$0.7 per piece, respectively.

Subcontracting cost

Subcontracting cost represented the costs we incurred from outsourcing the production of certain of our products. Subcontracting costs accounted for 10.3%, 8.8%, 6.9%, 7.8% and 7.6%, respectively, of our cost of sales for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017. For each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our subcontracting cost represented approximately 8.6%, 7.3%, 5.5%, 6.4% and 6.1%, respectively, of our revenue.

Miscellaneous cost

Miscellaneous represented manufacturing overheads, transportation cost, duty and tax and others. Miscellaneous cost accounted for 8.6%, 9.5%, 8.8%, 9.8% and 7.7%, respectively, of our cost of sales for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017. For each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2016 and 2017, our miscellaneous cost represented approximately 7.2%, 7.8%, 7.0%, 8.0% and 6.2%, respectively, of our revenue.

The following sensitivity analysis illustrates the impact of a decrease/an increase of 5%, 8% and 10% in our material cost, with all other things being held constant, and how that would have increased/decreased our gross profit for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively, as follows:

	Decrease/Increase by 5%	Decrease/Increase by 8%	Decrease/Increase by 10%
Change in gross profit (US$'000)			
Year ended December 31, 2014	+/-41,358	+/-66,172	+/-82,716
Year ended December 31, 2015	+/-39,625	+/-63,400	+/-79,251
Year ended December 31, 2016	+/-41,951	+/-67,121	+/-83,902
Six months ended June 30, 2017	+/-24,513	+/-39,221	+/-49,026

The following sensitivity analysis illustrates the impact of a decrease/an increase of 5%, 8% and 10% in our staff cost, with all other things being held constant, and how that would have increased/decreased our gross profit for each of the three years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, respectively, as follows:

	Decrease/Increase by 5%	Decrease/Increase by 8%	Decrease/Increase by 10%
Change in gross profit (US$'000)			
Year ended December 31, 2014	+/-14,340	+/-22,944	+/-28,680
Year ended December 31, 2015	+/-15,648	+/-25,037	+/-31,296
Year ended December 31, 2016	+/-15,479	+/-24,767	+/-30,958
Six months ended June 30, 2017	+/-9,181	+/-14,689	+/-18,361

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit was US$287.0 million, US$291.7 million, US$355.7 million, US$151.4 million and US$204.9 million in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively. Our overall gross profit margin increased from 16.9% in 2014 to 17.3% in 2015, and further increased to 20.2% in 2016. Our overall gross profit margin increased from 18.2% for the six months ended June 30, 2016 to 19.9% in the same period in 2017.

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	151,501	19.3%	146,291	19.9%	147,466	19.7%	71,229	18.2%	78,375	19.4%
Denim	46,541	14.0%	61,484	14.4%	85,585	17.7%	36,105	16.6%	50,045	19.1%
Intimate	43,274	17.7%	50,079	20.8%	59,889	20.4%	21,998	17.2%	40,178	21.4%
Sweater	39,609	11.9%	24,106	8.9%	53,182	23.8%	17,656	20.6%	13,665	19.8%
Sportswear and Outdoor Apparel(1)	—	—	—	—	—	—	—	—	17,693	18.0%
Others(2)	6,088	97.3%	9,720	77.9%	9,540	71.1%	4,411	70.2%	4,979	74.8%
Total gross profit	**287,013**	**16.9%**	**291,680**	**17.3%**	**355,662**	**20.2%**	**151,399**	**18.2%**	**204,935**	**19.9%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the periods indicated, separately identifying the impact of the U.K. Customer Purchasing Adjustment.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000 (Unaudited)*	*(%)*	*US$'000*	*(%)*
Lifestyle Wear	121,060	19.0%	128,357	19.8%	139,886	20.0%	66,921	18.3%	75,846	19.7%
Denim	46,541	14.0%	61,484	14.4%	85,585	17.7%	36,105	16.6%	49,855	19.1%
Intimate	22,568	15.3%	34,436	21.5%	48,127	21.3%	16,521	18.3%	34,319	22.6%
Sweater	33,369	11.8%	20,219	8.4%	47,367	24.2%	15,130	20.9%	12,492	20.7%
Sportswear and Outdoor Apparel[(1)]	—	—	—	—	—	—	—	—	17,693	18.0%
A U.K. Customer	57,387	19.5%	37,464	18.8%	25,157	17.6%	12,311	15.9%	9,751	14.9%
Others[(2)]	6,088	97.3%	9,720	77.9%	9,540	71.1%	4,411	70.2%	4,979	74.8%
Total gross profit	**287,013**	**16.9%**	**291,680**	**17.3%**	**355,662**	**20.2%**	**151,399**	**18.2%**	**204,935**	**19.9%**

Notes:

(1) On December 30, 2016, we officially launched our sportswear and outdoor apparel division through the acquisition of Vista. Given the date of the acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

During the Track Record Period, the gross profit margin of the U.K. customer decreased from 19.5% in 2014 to 18.8% in 2015, and further decreased to 17.6% in 2016. The decrease in gross profit margin of the U.K. customer is primarily due to the U.K. Customer Purchasing Adjustment, under which the profit margin of certain orders we received from such customers are significantly reduced. The gross profit margin of the U.K. customer decreased from 15.9% for the six months ended June 30, 2016 to 14.9% in the same period in 2017, primarily due to changes in product mix. We provided services to the U.K. customer mainly in relation to lifestyle wear, intimate and sweater products during the Track Record Period, and thus the U.K. Customer Purchasing Adjustment had no material impact on the gross profit margin of denim products during the Track Record Period. For details, please see "— Factors Affecting Our Financing Condition and Results of Operations — Our Relationships with Key Customers."

Lifestyle Wear

The gross profit margin of lifestyle wear increased from 19.3% in 2014 to 19.9% in 2015, and slightly decreased to 19.7% in 2016. The gross profit margin of lifestyle wear increased from 18.2% for the six months ended June 30, 2016 to 19.4% in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, the gross profit margin of lifestyle wear increased from 19.0% in 2014 to 19.8% in 2015, and further increased to 20.0% in 2016, primarily because we continued to develop our business through our co-creation business model, which resulted in the sales of higher margin products. The gross profit margin of lifestyle wear increased from 18.3% for the six months ended June 30, 2016 to 19.7% in the same period in 2017, primarily due to our migration of production from China to Vietnam with lower staff and production costs.

Denim

The gross profit margin of denim increased from 14.0% in 2014 to 14.4% in 2015, and further increased to 17.7% in 2016, primarily due to (i) the additional value-add services provided through our co-creation business model, leading to an increase in sales of better margin products; and (ii) the increased productivity through automation. The gross profit margin of denim increased from 16.6% for the six months ended June 30, 2016 to 19.1% in the same period in 2017, primarily because we continued to develop our business through our co-creation business model, which resulted in the sales of higher margin products.

Intimate

The gross profit margin of intimate increased from 17.7% in 2014 to 20.8% in 2015, and slightly decreased to 20.4% in 2016. The gross profit margin of intimate increased from 17.2% for the six months ended June 30, 2016 to 21.4% in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, the gross profit margin of intimate increased from 15.3% in 2014 to 21.5% in 2015 and slightly decreased to 21.3% in 2016, primarily because (i) we continued to develop our business through our co-creation business model, which resulted in the sales of higher margin products; and (ii) improved profitability as a result of sales of higher margin product from our key customers. The gross profit margin of intimate increased from 18.3% for the six months ended June 30, 2016 to 22.6% in the same period in 2017, primarily because we continued to develop our business through our co-creation business model, which resulted in the sales of higher margin products.

Sweater

The gross profit margin of sweater decreased from 11.9% in 2014 to 8.9% in 2015, and later increased to 23.8% in 2016. The gross profit margin of sweater decreased from 20.6% for the six months ended June 30, 2016 to 19.8% in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, the gross profit margin of sweater decreased from 11.8% in 2014 to 8.4% in 2015, primarily because (i) an increase in material cost for sweater products due to market price fluctuations; and (ii) we experienced a transition period as we strategically migrated part of our production from China to Vietnam on a cost-effective basis for customers starting from 2013. The gross profit margin of sweater later significantly increased to 24.2% in 2016, primarily because we optimized customer portfolio and focused on customers with higher profit margins. The gross profit margin of sweater remained relatively stable at 20.9% for the six months ended June 30, 2016 and 20.7% in the same period in 2017.

Sportswear and Outdoor Apparel

The gross profit margin of sportswear and outdoor apparel was 18.0% for the six months ended June 30, 2017.

Other Income

Our other income consist primarily of interest income, outward claims, gain or loss arising from changes in fair value / derecognition of derivative financial instruments, leftover sales, award & government grant, and others. We had other income of US$23.6 million, US$5.1 million, US$20.8 million, US$11.7 million and US$3.3 million, respectively, representing 1.4%, 0.3%, 1.2%, 1.4% and 0.3%, respectively, of our revenue in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017.

The following table sets forth a breakdown of the key components of our other income for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(unaudited)*	*(%)*	*US$'000*	*(%)*
Interest Income	3,905	16.6%	1,038	20.2%	166	0.8%	88	0.8%	140	4.2%
Outward Claims[(1)]	3,421	14.5%	3,431	66.9%	3,748	18.0%	1,491	12.8%	3,188	97.0%
Gain or Loss arising from Changes in Fair Value / Derecognition of Derivative Financial Instruments	5,572	23.6%	(11,574)	-225.7%	1,878	9.0%	1,878	16.1%	(1,648)	-50.1%
Leftover Sales, Award & Government Grant	1,895	8.0%	1,697	33.1%	1,340	6.4%	700	6.0%	556	16.9%
Others[(2)]	8,788	37.3%	10,535	205.5%	13,712	65.8%	7,495	64.3%	1,051	32.0%
Total	**23,581**	**100.0%**	**5,127**	**100.0%**	**20,844**	**100.0%**	**11,652**	**100.0%**	**3,287**	**100.0%**

Note:

(1) Recovery income from suppliers for fabric defects or delayed delivery.

(2) Others include dividend income from held-for-trading investments, net foreign exchange gain, gain on disposal of property, plant & equipment, loss on disposal of subsidiary, gain on disposal of prepaid lease payment, reversal of impairment loss on property, plant & equipment, reversal of other receivables, and recovery income from insurance claims.

Selling and Distribution Expenses

The following table sets forth a breakdown of the key components of our selling and distribution expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Sample and marketing expenses	14,381	34.2%	14,868	44.5%	16,000	49.9%	8,021	53.8%	7,504	45.3%
Staff cost[(1)]	19,452	46.3%	12,796	38.3%	6,944	21.6%	4,092	27.5%	4,259	25.7%
Others[(2)]	8,176	19.5%	5,752	17.2%	9,132	28.5%	2,794	18.7%	4,816	29.0%
Total	**42,009**	**100.0%**	**33,416**	**100.0%**	**32,076**	**100.0%**	**14,907**	**100.0%**	**16,579**	**100.0%**

Notes:

(1) Refers to staff cost related to logistic services for a U.K. customer.

(2) Includes depreciation and amortization expense and others.

Our selling and distribution expenses as a percentage of our revenue decreased from 2.5% in 2014 to 2.0% in 2015, and further decreased to 1.8% in 2016, primarily due to a decrease in staff cost. Our selling and distribution expenses as a percentage of our revenue decreased from 1.8% for the six months ended June 30, 2016 to 1.6% in the same period in 2017, primarily due to the cost control measures we implemented as well as greater economies of scale.

Staff cost decreased by 34.2% from US$19.5 million in 2014 to US$12.8 million in 2015 and further decreased by 45.7% to US$6.9 million in 2016, primarily due to a decrease in headcount related to the logistic services in the United Kingdom as we reduced certain services related to logistics for which we are no longer compensated as a result of the U.K. Customer Purchasing Adjustment. Staff cost slightly increased by 4.1% from US$4.1 million for the six months ended June 30, 2016 to US$4.3 million in the same period in 2017.

Administrative and Other Expenses

The following table sets forth a breakdown of the key components of our administrative and other expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Staff cost	101,632	63.1%	109,348	59.9%	138,517	70.6%	57,703	68.2%	60,033	59.4%
Rental expenses and office administrative expenses	27,618	17.2%	27,513	15.1%	17,048	8.7%	10,461	12.4%	12,850	12.7%
Depreciation and amortization	6,785	4.2%	6,800	3.7%	8,172	4.2%	4,106	4.9%	6,869	6.8%
Travel and communication	6,081	3.8%	6,869	3.8%	8,002	4.1%	3,962	4.7%	6,089	6.0%
Legal and professional expenses	4,324	2.7%	3,552	1.9%	7,292	3.7%	1,899	2.2%	3,404	3.4%
Repair and maintenance	4,955	3.1%	5,560	3.0%	6,155	3.1%	2,277	2.7%	3,872	3.8%
Staff recruitment and training	3,093	1.9%	2,806	1.5%	3,801	1.9%	1,339	1.6%	1,501	1.5%
Listing expenses	—	—	—	—	748	0.4%	—	—	2,169	2.1%
Others[1]	6,458	4.0%	20,082	11.1%	6,366	3.3%	2,820	3.3%	4,300	4.3%
Total	**160,946**	**100.0%**	**182,530**	**100.0%**	**196,101**	**100.0%**	**84,567**	**100.0%**	**101,087**	**100.0%**

Note:

(1) Includes bank charges, loss on disposal and impairment on property, plant and equipment, postage, utilities and others.

Our administrative and other expenses as a percentage of our revenue increased from 9.5% in 2014 to 10.8% in 2015, primarily due to an increase in staff cost and an increase in others as a result of impairment loss on machinery attributable to the restructuring of business operations. Our administrative and other expenses as a percentage of our revenue further increased to 11.1% in 2016, primarily due to an increase in staff cost. Our administrative and other expenses as a percentage of our revenue decreased from 10.2% for the six months ended June 30, 2016 to 9.8% in the same period in 2017, primarily due to our enhanced operational efficiency as well as greater economies of scale.

Staff cost constituted the largest component of our administrative and other expenses during the Track Record Period. Staff cost increased by 7.6% from US$101.6 million in 2014 to US$109.3 million in 2015 and further increased by 26.7% to US$138.5 million in 2016. Staff cost as a percentage of our revenue increased from 6.0% in 2014 to 6.5% in 2015 and further increased to 7.9% in 2016, primarily due to the increased annual salary increment of our administrative staff and the share-based payment in 2016. Staff cost increased by 4.0% from US$57.7 million for the six months ended June 30, 2016 to US$60.0 million in the same period in 2017. Staff cost as a percentage of our revenue decreased from 7.0% for the six months ended June 30, 2016 to 5.8% in the same period in 2017, primarily due to our enhanced operational efficiency and greater economies of scale. Rental expenses and office administrative expenses remained relatively stable at US$27.6 million in 2014 and US$27.5 million in 2015, but decreased by 38.0% to US$17.0 million in 2016, primarily due to a decrease in administrative expenses of our U.K. subsidiary because we strategically decreased or declined the unprofitable or low-margin purchase orders from a U.K. customer, therefore proactively reducing our adverse exposure to this customer-initiated adjustment in purchasing model. Rental expenses and office administrative expenses as a percentage of our revenue remained stable at 1.6% from 2014 to 2015, but slightly decreased to 1.0% in 2016. Rental expenses and office administrative expenses increased by 22.8% from US$10.5 million for the six months ended June 30, 2016 to US$12.9 million in the same period in 2017, primarily due to the rental expense of our headquarters building. Rental expenses and office administrative expenses as a percentage of our revenue remained stable at 1.3% for the six months ended June 30, 2016 and 2017.

Finance Costs

Our finance costs consists of interest expense on bank loans, bank import and export loans, bank overdrafts and imputed interest of consideration payable on acquisition of subsidiaries. The following table sets forth a breakdown of the key components of our interest on bank borrowings for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2014		2015		2016		2016		2017	
	US$'000	*(%)*	*US$'000*	*(%)*	*US$'000*	*(%)*	*US$'000* *(Unaudited)*	*(%)*	*US$'000*	*(%)*
Bank loans	4,228	71.7%	3,528	63.7%	2,749	56.6%	1,357	57.0%	4,495	57.9%
Bank import and export loans	1,490	25.3%	1,895	34.2%	2,022	41.7%	954	40.1%	2,050	26.4%
Bank overdrafts	177	3.0%	114	2.1%	82	1.7%	69	2.9%	12	0.1%
Imputed interest of consideration payable on acquisition of subsidiaries	—	—	—	—	—	—	—	—	1,208	15.6%
Total	**5,895**	**100.0%**	**5,537**	**100.0%**	**4,853**	**100.0%**	**2,380**	**100.0%**	**7,765**	**100.0%**

The decrease in our interest on bank borrowings during the Track Record Period was primarily due to a decrease in the average balance of bank borrowings, despite an increase in bank borrowings toward the year end of 2016. Our interest on bank borrowings as a percentage of our revenue remained relatively stable in 2014, 2015 and 2016. Finance costs increased by 226.3% from US$2.4 million to the six months ended June 30, 2016 to US$7.8 million in the same period in 2017. Finance costs as a percentage of our revenue increased from 0.3% for the six months ended June 30, 2016 to 0.8% in the same period in 2017, primarily due to the loans incurred in relation to the acquisition of Vista.

Loss on Fair Value Changes and Disposals of Held-For-Trading Investments

We recorded a loss on fair value changes and disposals of held-for-trading investments of US$4.6 million, US$1.4 million, nil, nil and nil in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively. The following table sets forth a breakdown of the loss on fair value changes and disposals of held-for-trading investments by category for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Listed equity securities	1,161	544	—	—	—
Listed debt securities	769	(473)	—	—	—
Unlisted equity securities	2,636	1,279	—	—	—
Unlisted debt security	(11)	7	—	—	—
Total	**4,555**	**1,357**	**—**	**—**	**—**

Share of Results of an Associate

Our share of results of an associate represents our proportion of the net profit or loss in our invested associate. Our associate is an entity over which we have significant influence but have no control. We had share of losses of an associate of US$0.2 million, US$0.4 million and US$0.7 million in 2014, 2015 and the six months ended June 30, 2017, respectively, and profits of an associate of US$1.3 million in 2016 and US$0.1 million in the six months ended June 30, 2016.

Share of Results of Joint Ventures

Our share of results of joint ventures represents our proportion of the net profit or loss in our joint ventures. We had share of loss of joint ventures of US$2,000, nil, nil, nil and nil in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively.

Gain on Derecognition of Joint Ventures

Our gain on derecognition of joint ventures represents the gain from the derecognition of our interests in joint ventures. We recorded nil, US$6.3 million, nil, nil and nil in gain on derecognition of joint ventures in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively. Prior to March 30, 2015, we held 49% of equity interests in each of the two joint ventures, King Jumbo and Fortune Joy, which are both incorporated in British Virgin Islands with their principal place of business in Bangladesh, respectively. On March 30, 2015, we acquired the remaining 51% interests in each of King Jumbo and Fortune Joy, respectively, at an aggregate consideration of approximately

US$6.6 million, as a result of which these two companies became our wholly owned subsidiaries. Therefore, our previously held 49% interests in King Jumbo and Fortune Joy are derecognized and resulting in a gain of approximately US$6.3 million recognized in profit or loss. For details, please see Notes 18 and 33 to the Accountants' Report in Appendix I.

Income Tax Expense

Income tax expense represents our total current and deferred tax expenses. We recognize income tax expense at the applicable statutory rates in accordance with the jurisdictions where we operate. Our income tax expense amounted to US$15.2 million, US$11.6 million, US$21.1 million, US$8.7 million and US$12.9 million in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively. Our effective income tax rate, which represents income tax as a percentage of our profit before tax, was 15.6%, 14.5%, 14.6%, 14.1% and 15.7% in 2014, 2015, 2016 and the six months ended June 30, 2016 and 2017, respectively.

The following table sets forth a breakdown of our current and deferred tax expenses for the periods indicated. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

	Year Ended December 31,			**Six months ended June 30,**	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Hong Kong Profits Tax					
— current year/period	5,413	5,723	14,440	6,298	7,849
— (over)underprovision in prior years	(1,936)	55	(12)	—	—
Overseas Taxation					
— current year/period	10,853	5,705	7,552	3,087	4,962
— under(over)provision in prior years	182	(24)	(822)	(914)	(13)
	14,512	**11,459**	**21,158**	**8,471**	**12,798**
Deferred taxation	654	115	(30)	204	86
Total	**15,166**	**11,574**	**21,128**	**8,675**	**12,884**

Cayman Islands Tax

Under Cayman Islands law, we are not subject to income, corporation or capital gains tax, and no withholding tax is imposed upon the payment of dividends to any holder of the shares.

Hong Kong Tax

Our subsidiaries incorporated in Hong Kong were subject to a profit tax at the rate of 16.5% during the Track Record Period.

PRC Tax

All of our PRC subsidiaries were subject to the statutory enterprise income tax ("**EIT**") rate of 25.0% in accordance with the EIT Law during the Track Record Period.

Other Jurisdictions Tax

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATION

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2017

Revenue

Our revenue increased by 23.8% from US$830.0 million for the six months ended June 30, 2016 to US$1,027.5 million in the same period in 2017.

Lifestyle Wear

Revenue generated from sales of lifestyle wear increased by 3.2% from US$391.9 million for the six months ended June 30, 2016 to US$404.5 million in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of lifestyle wear increased by 5.1% from US$365.5 million for the six months ended June 30, 2016 to US$384.1 million in the same period in 2017, primarily driven by an increase in sales volume from 90.8 million pieces for the six months ended June 30, 2016 to 104.2 million pieces in the same period in 2017, partially offset by a decrease in average selling price from US$4.0 for the six months ended June 30, 2016 to US$3.7 in the same period in 2017, primarily due to more orders received from customers on basic style products with a relatively lower average selling price. The increase in sales volume was primarily because (i) we continued to generate more orders through our co-creation services; and (ii) we increased sales volume through cross-selling of lifestyle wear products from a denim customer.

Denim

Revenue generated from sales of denim increased by 19.9% from US$218.0 million for the six months ended June 30, 2016 to US$261.3 million in the same period in 2017, primarily driven by an increase in sales volume from 25.5 million pieces for the six months ended June 30, 2016 to 29.9 million pieces in the same period in 2017. The increase in sales volume was primarily because we were able to generate more orders from existing customers due to (i) our ability to deliver right products at the right time and the right cost; (ii) our continued efforts in innovation and technology advancement; and (iii) our enhanced customer penetration as a result of supplier consolidation of our customers. The average selling price of denim increased from US$8.5 for the six months ended June 30, 2016 to US$8.7 in the same period in 2017, primarily due to the increased sales of higher priced products from a key customer.

Intimate

Revenue generated from sales of intimates increased by 46.4% from US$128.1 million for the six months ended June 30, 2016 to US$187.5 million in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of intimates increased by 67.9% from US$90.4 million for the six months ended June 30, 2016 to US$151.9 million in the same period in 2017, primarily driven by an increase in sales volume from 29.6 million pieces for the six months ended June 30, 2016 to 40.6 million pieces in the same period in 2017 and an increase in average selling price from US$3.1 for the six months ended June 30, 2016 to US$3.7 in the same period in 2017 due to an increase in demands from our customer for commercially successful co-creation products.

Sweater

Revenue generated from sales of sweater decreased by 19.6% from US$85.8 million for the six months ended June 30, 2016 to US$69.0 million in the same period in 2017. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of sweater decreased by 16.7% from US$72.5 million for the six months June 30, 2016 to US$60.4 million in the same period in 2017, primarily driven by a decrease in sales volume from 8.0 million pieces for the six months ended June 30, 2016 to 7.1 million pieces in the same period in 2017 and a decrease in average selling price from US$9.1 for the six months ended June 30, 2016 to US$8.5 in the same period in 2017. The decrease in sales volume was primarily due to the changes in shipment schedules requested by a key customer resulting in the delayed recognition of sales revenue in the first six months of 2017. The decrease in average selling price was primarily because we received orders from customers on basic style products with a relatively lower average selling price.

Sportswear and Outdoor Apparel

Revenue generated from sales of sportswear and outdoor apparel amounted to US$98.4 million in the six months ended June 30, 2017.

Cost of Sales

Our cost of sales increased by 21.2% from US$678.6 million for the six months ended June 30, 2016 to US$822.5 million in the same period in 2017. This increase in cost of sales was largely driven by an increase in material cost and staff cost.

Material cost

Our material cost increased by 24.5% from US$393.7 million for the six months ended June 30, 2016 to US$490.3 million in the same period in 2017, primarily due to an increase in sales revenue.

Staff Cost

Our staff cost increased by 24.8% from US$147.1 million for the six months ended June 30, 2016 to US$183.6 million in the same period in 2017, primarily due to an increase in sales revenue.

Subcontracting cost

Our subcontracting cost increased by 17.4% from US$53.0 million for the six months ended June 30, 2016 to US$62.3 million in the same period in 2017, primarily driven by the subcontracting costs incurred by Vista.

Miscellaneous cost

Our miscellaneous cost decreased by 4.7% from US$66.6 million for the six months ended June 30, 2016 to US$63.4 million in the same period in 2017, primarily due to the cost control measures we implemented.

Gross Profit

As a result of the foregoing, our gross profit increased by 35.4% from US$151.4 million for the six months ended June 30, 2016 to US$204.9 million in the same period in 2017. Our overall gross profit margin increased from 18.2% for the six months ended June 30, 2016 to 19.9% in the same period in 2017, primarily due to (i) increased contribution of higher profit margin products as a result of our co-creation business model, especially the value-added services we provided; and (ii) the reduced cost of sales as a percentage of our revenue due to the migration of production from China to Vietnam with lower staff and production costs.

Other Income

Our other income decreased by 71.8% from US$11.7 million for the six months ended June 30, 2016 to US$3.3 million in the same period in 2017, primarily because of a reversal of impairment loss on plant and equipment, fair value gain on foreign currency exchange contracts and foreign currency exchange gain in the first six months in 2016.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 11.2% from US$14.9 million for the six months ended June 30, 2016 to US$16.6 million in the same period in 2017, primarily due to an increase in other expenses. Other expenses increased by 72.4% from US$2.8 million for the six months ended June 30, 2016 to US$4.8 million in the same period in 2017, primarily due to an increase in inward claims from our customers due to our increased scale of operations.

Administrative and Other Expenses

Our administrative and other expenses increased by 19.5% from US$84.6 million for the six months ended June 30, 2016 to US$101.1 million in the same period in 2017, primarily due to an increase in our rental expenses and office administration expenses as a result of the rental expense of our headquarters building, our depreciation and amortization as a result of customer relationship acquired from Vista and others as a result of loss on foreign currency exchange.

Finance Costs

Our finance costs increased by 226.3% from US$2.4 million for the six months ended June 30, 2016 to US$7.8 million in the same period in 2017, mainly due to loans incurred in relation to the acquisition of Vista.

Loss on Fair Value Changes and Disposals of Held-For-Trading Investments

We recorded no loss on fair value changes and disposals of held-for-trading investments in the six months ended June 30, 2016 and 2017.

Share of Results of an Associate

Our share of profit of an associate amounted to US$0.1 million for the six months ended June 30, 2016, while our share of loss of an associate amounted to US$0.7 million in the same period in 2017, primarily because our associate in Vietnam, PCGT Limited, incurred a loss in the first half of 2017.

Share of Results of Joint Ventures

We did not record share of results of joint ventures for the six months ended June 30, 2016 and 2017 due to our derecognition of joint ventures in Bangladesh in 2015.

Gain on Derecognition of Joint Ventures

We did not record a gain on derecognition of joint ventures for the six months ended June 30, 2016 and 2017.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by 33.9% from US$61.3 million for the six months ended June 30, 2016 to US$82.1 million in the same period in 2017.

Income Tax Expense

Our income tax expense increased by 48.5% from US$8.7 million for the six months ended June 30, 2016 to US$12.9 million in the same period in 2017, as a result of an increase in our taxable income. Our effective income tax rate remained relatively stable at 14.1% for the six months ended June 30, 2016 and 15.7% in the same period in 2017.

Profit for the Period

As a result of the cumulative effect of the above factors, our profit for the period increased from US$52.7 million for the six months ended June 30, 2016 to US$69.2 million in the same period in 2017. Our net margin increased from 6.3% for the six months ended June 30, 2016 to 6.7% in the same period in 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

Our revenue increased by 4.4% from US$1,688.5 million in 2015 to US$1,763.4 million in 2016.

Lifestyle Wear

Revenue generated from sales of lifestyle wear increased by 1.6% from US$736.7 million in 2015 to US$748.5 million in 2016. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of lifestyle wear increased by 7.9% from US$649.2 million in 2015 to US$700.5 million in 2016, primarily driven by an increase in sales volume from 144.5 million pieces in 2015 to 167.4 million pieces in 2016, partially offset by a decrease in average selling price from US$4.5 in 2015 to US$4.2 in 2016 due to changes in product mix. The increase in sales volume was primarily because (i) we continued to generate more orders through our co-creation services; (ii) we benefitted from enhanced customer penetration as a result of the supplier consolidation of our customers; and (iii) we increased sales volume through cross-selling of lifestyle wear products from a denim customer.

Denim

Revenue generated from sales of denim increased by 13.4% from US$427.1 million in 2015 to US$484.2 million in 2016, primarily driven by an increase in sales volume from 49.7 million pieces in 2015 to 55.9 million pieces in 2016. The average selling price remained relatively stable at US$8.6 in 2015 and US$8.7 in 2016. The increase in sales volume was primarily because we were able to generate more orders from existing and new customers due to (i) the value-add services we provided under our co-creation business model; (ii) our environmentally friendly and sustainable denim manufacturing techniques to cater to our customers' needs; and (iii) enhanced customer penetration as a result of supplier consolidation of our customers.

Intimate

Revenue generated from sales of intimates increased by 22.5% from US$240.2 million in 2015 to US$294.2 million in 2016. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of intimates increased by 41.3% from US$160.1 million in 2015 to US$226.3 million in 2016, primarily driven by an increase in sales volume from 56.5 million pieces in 2015 to 70.3 million pieces in 2016 and an increase in average selling price from US$2.8 in 2015 to US$3.2 in 2016 due to an increase in demands from our customers for commercially successful co-creation products, such as the wireless bra.

Sweater

Revenue generated from sales of sweater decreased by 18.0% from US$272.0 million in 2015 to US$223.1 million in 2016. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of sweater decreased from US$240.3 million in 2015 to US$196.0 million in 2016, primarily driven by a decrease in sales volume from 25.5 million pieces in 2015 to 21.4 million pieces in 2016 and a decrease in average selling price from US$9.4 in 2015 to US$9.1 in 2016. The decrease in sales volume was primarily because we optimized our customer portfolio and focused on customers with higher profit margins. The decrease in average selling price was primarily because we received orders from customers on basic style products with a relatively lower average selling price.

Cost of Sales

Our cost of sales increased by 0.8% from US$1,396.8 million in 2015 to US$1,407.7 million in 2016. This increase in cost of sales was largely driven by an increase in material cost, partially offset by a decrease in subcontracting cost.

Material cost

Our material cost increased by 5.9% from US$792.5 million in 2015 to US$839.0 million in 2016, primarily because of an increase in sales revenue.

Staff cost

Our staff cost decreased by 1.1% from US$313.0 million in 2015 to US$309.6 million in 2016, primarily due to an improvement in efficiency and migration from China to regions with lower staff costs.

Subcontracting cost

Our subcontracting cost decreased by 21.0% from US$122.4 million in 2015 to US$96.7 million in 2016, primarily driven by an increase in our in-house production.

Miscellaneous cost

Our miscellaneous cost decreased by 6.2% from US$132.4 million in 2015 to US$124.2 million in 2016, primarily due to a decrease in customs duty attributable to the adoption of the U.K. Customer Purchasing Adjustment.

Gross Profit

As a result of the foregoing, our gross profit increased by 21.9% from US$291.7 million in 2015 to US$355.7 million in 2016. Our overall gross profit margin increased from 17.3% in 2015 to 20.2% in 2016, primarily due to (i) increased contribution of higher profit margin products as a result of our co-creation business model, especially the value-add services we provided; (ii) the reduced cost of sales as a percentage of our revenue due to economies of scale as well as migration of production from China to regions with lower staff and production costs, and increased production efficiency, and (iii) the optimization of our customer and product portfolio with a focus on higher margin orders.

Other Income

Our other income increased by 306.6% from US$5.1 million in 2015 to US$20.8 million in 2016, primarily because of changes in fair value of foreign currency exchange contracts from a loss of US$11.6 million in 2015 to a gain of US$1.9 million in 2016, and an increase in others included in other income from US$10.5 million in 2015 to US$13.7 million in 2016. For details on foreign currency exchange contracts, please see "— Analysis of Selected Items in Consolidated Statements of Financial Position — Derivative Financial Instruments."

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 4.0% from US$33.4 million in 2015 to US$32.1 million in 2016, primarily due to a decrease in our staff cost. Staff cost decreased by 45.7% from US$12.8 million in 2015 to US$6.9 million in 2016, primarily due to the decreased headcount in the United Kingdom as a result of the U.K. Customer Purchasing Adjustment.

Administrative and Other Expenses

Our administrative and other expenses increased by 7.4% from US$182.5 million in 2015 to US$196.1 million in 2016, primarily due to an increase in our staff cost, partially offset by a decrease in rental expenses and office administrative expenses as a result of a decrease in administrative costs of our U.K. subsidiary, and others as a result of impairment loss on machinery attributable to the restructuring of business operations. Staff cost increased by 26.7% from US$109.3 million in 2015 to US$138.5 million in 2016, primarily due to the increased headcount to support our business expansion, the increased compensation level due to our business growth and the share-based payment of US$9.9 million in 2016.

Interest on Bank Borrowings

Our interest on bank borrowings decreased by 12.4% from US$5.5 million in 2015 to US$4.9 million in 2016. The increase in bank borrowings in 2016 mainly happened toward the year end due to the acquisition of Vista and had no material impact on our interest on bank borrowings in 2016.

Loss on Fair Value Changes and Disposals of Held-For-Trading Investments

We recorded no loss on fair value changes and disposals of held-for-trading investments in 2016, as compared to a loss on fair value changes and disposals of held-for-trading investments of US$1.4 million in 2015. The change was primarily because we sold all of our held-for-trading investments in December 2015.

Share of Results of an Associate

Our share of loss of an associate amounted to US$0.4 million in 2015, while our share of profit of an associate amounted to US$1.3 million in 2016, primarily because our associate commenced operation in the third quarter of 2015 and went into full operation in 2016.

Share of Results of Joint Ventures

We did not record share of results of joint ventures both in 2015 and 2016 due to our derecognition of a joint venture in Bangladesh in 2015.

Gain on Derecognition of Joint Ventures

We recorded a gain on derecognition of joint ventures of US$6.3 million in 2015 and nil in 2016, primarily due to our derecognition of King Jumbo and Fortune Joy in 2015.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by 81.3% from US$79.9 million in 2015 to US$144.8 million in 2016.

Income Tax Expense

Our income tax expense increased by 82.5% from US$11.6 million in 2015 to US$21.1 million in 2016, as a result of an increase in our taxable income. Our effective income tax rate remained relatively stable at 14.5% in 2015 and 14.6% in 2016.

Profit for the Year

As a result of the cumulative effect of the above factors, our profit for the year increased from US$68.3 million in 2015 to US$123.7 million in 2016. Our net margin increased from 4.0% in 2015 to 7.0% in 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Our revenue decreased slightly by 0.7% from US$1,700.7 million in 2014 to US$1,688.5 million in 2015, primarily because we have encountered an adjustment in the purchasing model with a U.K. customer, which, to some extent, affected our revenue generated from lifestyle wear, intimate and sweater products. During this period, we strategically declined certain unprofitable orders under the different purchasing model and proactively reduced our adverse exposure to such customer-initiated change. For details on the U.K. Customer Purchasing Adjustment, please see "— Factors Affecting Our Financial Condition and Results of Operations — Our Relationships with Key Customers."

Lifestyle Wear

Revenue generated from sales of lifestyle wear decreased by 6.2% from US$785.4 million in 2014 to US$736.7 million in 2015. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of lifestyle wear increased by 1.8% from US$637.6 million in 2014 to US$649.2 million in 2015, primarily driven by an increase in sales volume from 137.0 million pieces in 2014 to 144.5 million pieces in 2015, partially offset by a decrease in average selling price from US$4.7 in 2014 to US$4.5 in 2015 as a result of changes in product mix. The increase in sales volume was primarily because (i) we continued to generate more orders through our co-creation business model; and (ii) we increased sales volume through cross-selling of lifestyle wear products from a denim customer.

Denim

Revenue generated from sales of denim increased by 28.7% from US$331.7 million in 2014 to US$427.1 million in 2015, primarily driven by an increase in sales volume from 39.7 million pieces in 2014 to 49.7 million pieces in 2015 and an increase in average selling price from US$8.4 in 2014 to US$8.6 in 2015. The increase in sales volume was primarily because we were able to generate more orders from existing and new customers due to (i) the value-add services we provided under our co-creation business model; (ii) our environmentally friendly and sustainable denim manufacturing techniques to cater to our customers' needs; and (iii) the enhanced customer penetration as a result of supplier consolidation of our customers. The increase in average selling price was primarily due to the greater revenue contribution of customers to which we provided additional value-add services through our co-creation business model.

Intimate

Revenue generated from sales of intimates decreased by 1.8% from US$244.7 million in 2014 to US$240.2 million in 2015. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of intimates increased by 8.7% from US$147.3 million in 2014 to US$160.1 million in 2015, primarily driven by an increase in sales volume from 48.9 million pieces in 2014 to 56.5 million pieces in 2015, partially offset by a decrease in average selling price from US$3.0 in 2014 to US$2.8 in 2015. The increase in sales volume was primarily because we strategically deployed additional production capacities in Vietnam in 2013 in anticipation of the market growth in intimate industry. As a result, we were able to capture the growth opportunities from our existing and new customers. The decrease in average selling price was primarily due to the greater revenue contribution of panties products which have lower average selling price from a major customer.

Sweater

Revenue generated from sales of sweater decreased by 18.2% from US$332.6 million in 2014 to US$272.0 million in 2015. Excluding the impact of the aforementioned U.K. Customer Purchasing Adjustment, revenue generated from the sales of sweater decreased from US$283.8 million in 2014 to US$240.3 million in 2015, primarily driven by a decrease in sales volume from 31.5 million pieces in 2014 to 25.5 million pieces in 2015, partially offset by an increase in average selling price from US$9.0 in 2014 to US$9.4 in 2015. The decrease in sales volume was primarily because we experienced a transition period as we strategically migrated part of our sweater production from China to Vietnam on a cost-effective basis for customers starting from 2013. The increase in average selling price was primarily because we provided additional value-add service through our co-creation business model.

Cost of Sales

Our cost of sales decreased by 1.2% from US$1,413.7 million in 2014 to US$1,396.8 million in 2015. This decrease in cost of sales was primarily driven by a decrease in material cost.

Material cost

Our material cost decreased by 4.2% from US$827.2 million in 2014 to US$792.5 million in 2015. This decrease in our material cost was primarily driven by the favorable prices of raw materials as a result of our relationship with suppliers.

Staff cost

Our staff cost increased by 9.1% from US$286.8 million in 2014 to US$313.0 million in 2015. This increase in our staff cost was primarily driven by (i) an increase in the number of our employees as a result of our expansion in Cambodia and Vietnam and an increase in our in-house production; and (ii) to a lesser extent, an increase in the wages in the regions where we operate.

Subcontracting cost

Our subcontracting cost decreased by 15.8% from US$145.4 million in 2014 to US$122.4 million in 2015. This decrease in our subcontracting cost was primarily driven by an increase in our in-house production.

Miscellaneous cost

Our miscellaneous cost increased by 8.3% from US$122.3 million in 2014 to US$132.4 million in 2015, primarily due to an increase in manufacturing overheads because we increased our in-house production.

Gross Profit

As a result of the foregoing, our gross profit increased by 1.6% from US$287.0 million in 2014 to US$291.7 million in 2015. Our overall gross profit margin increased from 16.9% in 2014 to 17.3% in 2015, primarily due to the growth in profit margin of denim and intimate products, partially offset by a decrease in profit margin of sweater products.

Other Income

Our other income decreased by 78.3% from US$23.6 million in 2014 to US$5.1 million in 2015, primarily because of the fair value changes in foreign currency exchange contracts from a gain of US$5.6 million in 2014 to a loss of US$11.6 million in 2015. For details on foreign currency exchange contracts, please see "— Analysis of Selected Items in Consolidated Statements of Financial Position — Derivative Financial Instruments."

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 20.5% from US$42.0 million in 2014 to US$33.4 million in 2015, primarily due to a decrease in staff cost. Staff cost decreased by 34.2% from US$19.5 million in 2014 to US$12.8 million in 2015, primarily due to the decreased headcount in the United Kingdom as a result of the U.K. Customer Purchasing Adjustment.

Administrative and Other Expenses

Our administrative and other expenses increased by 13.4% from US$160.9 million in 2014 to US$182.5 million in 2015, primarily due to an increase in staff cost and others, partially offset by a decrease in rental expenses and office administrative expenses. Staff cost increased by 7.6% from US$101.6 million in 2014 to US$109.3 million in 2015, primarily due to the increased headcount to support our business expansion.

Interest on Bank Borrowings

Our interest on bank borrowings decreased by 6.1% from US$5.9 million in 2014 to US$5.5 million in 2015, primarily due to a decrease in the average balance of bank borrowings.

Loss on Fair Value Changes of Held-For-Trading Investments

Our loss on fair value changes of held-for-trading investments decreased from US$4.6 million in 2014 to US$1.4 million in 2015 due to the market value fluctuations of our held-for-trading investments.

Share of Results of an Associate

Our share of loss of an associate was US$0.2 million in 2014 and was US$0.4 million in 2015, which remained relatively stable.

Share of Results of Joint Ventures

Our share of results of joint ventures decreased by 100.0% from US$2,000.0 in 2014 to nil in 2015, primarily due to our derecognition of a joint venture in Bangladesh in 2015.

Gain on Derecognition of Joint Ventures

Our gain on derecognition of joint ventures increased from nil in 2014 to US$6.3 million in 2015, primarily due to our derecognition of King Jumbo and Fortune Joy in 2015.

Profit Before Tax

As a result of the foregoing, our profit before tax decreased by 17.6% from US$97.0 million in 2014 to US$79.9 million in 2015.

Income Tax Expense

Our income tax expense decreased by 23.7% from US$15.2 million in 2014 to US$11.6 million in 2015, mainly as a result of a decrease in our taxable income. Our effective income tax rate remained relatively stable at 15.6% in 2014 and 14.5% in 2015.

Profit for the Year

As a result of the cumulative effect of the above factors, our profit for the year decreased from US$81.8 million in 2014 to US$68.3 million in 2015. Our net margin decreased from 4.8% in 2014 to 4.0% in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded our operations primarily with net cash generated from our operations and borrowings, and our funds were primarily used for purchase of property, plant and equipment, purchase of land use right and acquisitions. As of August 31, 2017, we had US$131.4 million in cash and cash equivalents.

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Net cash from operating activities . . .	79,895	108,825	198,787	45,241	22,546
Net cash used in investing activities. .	(96,394)	(38,184)	(133,048)	(43,691)	(60,989)
Net cash from (used in) financing activities	94,626	(150,724)	(35,092)	(8,165)	5,835
Net increase (decrease) in cash and cash equivalents	78,127	(80,083)	30,647	(6,615)	(32,608)
Cash and cash equivalents at beginning of the year/period	123,504	196,462	114,723	114,723	144,101
Effect of foreign exchange rate changes	(5,169)	(1,656)	(1,269)	1,235	(2,454)
Cash and cash equivalents at end of the year/period	**196,462**	**114,723**	**144,101**	**109,343**	**109,039**

Net Cash from Operating Activities

Net cash generated from operating activities for the six months ended June 30, 2017 was US$22.5 million, derived primarily by deducting profit before tax of US$82.1 million the following items: (i) an increase in trade, bills and other receivables of US$47.0 million, primarily due to an increase in trade receivables from our key customers resulting from increases in sales growth from such customers; (ii) an increase in inventories of US$28.3 million, primarily due to an increase in raw material in anticipation of sales growth in the second half of 2017; (iii) a decrease in trade, bills and other payables of US$20.7 million, primarily due to a decrease in staff bonus provisions as a result of the payment of 2016 staff bonus in the six months ended June 30, 2017; and (iv) non-cash items, including US$26.9 million of depreciation of property, plant and equipment, US$7.8 million of finance costs and US$5.3 million of the write-down of inventories.

Net cash generated from operating activities in 2016 was US$198.8 million, derived primarily by deducting from profit before tax of US$144.8 million the following items: (i) an increase in inventories of US$26.3 million, primarily because of an increase in our work-in-progress toward the end of 2016 as a result of increased production in anticipation of the labor holiday due to an early Chinese New Year in 2017; (ii) an increase in trade, bills and other receivables of US$27.6 million, primarily due to the increased receivables from our key customers due to the sales growth in 2016; adding back (iii) an increase in trade, bills and other payables of US$51.9 million, primarily due to the increased purchases of raw materials in response to our increased sales and the increased salary-related accrued expenses; and (iv) non-cash items, including US$45.8 million of depreciation of property, plant and equipment, US$17.1 million of the write-down of inventories and US$9.9 million of share-based payment.

Net cash generated from operating activities in 2015 was US$108.8 million, derived primarily by deducting from profit before tax of US$79.9 million the following items: (i) an increase in inventories of US$34.0 million, primarily in anticipation of the sales growth in the first quarter of 2016; (ii) a decrease in trade, bills and other payables of US$36.3 million, primarily due to reduced purchases of raw materials in response to decreased sales and a decrease in other payables as a result of the U.K. Customer Purchasing Adjustment; adding back (iii) a decrease in held-for-trading investments of US$12.8 million, primarily due to the disposal of one subsidiary primarily engaged in securities trading; (iv) a decrease in trade, bills and other receivables of US$9.0 million due to a decrease in trade receivables from a top customer in 2015; and (v) non-cash items, including US$42.9 million of depreciation of property, plant and equipment, US$18.8 million of write-down of inventories and US$11.6 million of loss arising from changes in fair value of derivative financial instruments.

Net cash generated from operating activities in 2014 was US$79.9 million, derived primarily by deducting from profit before tax of US$97.0 million the following items: (i) an increase in trade, bills and other receivables of US$66.2 million, primarily due to the increased sales revenue as a result of customer demands; (ii) an increase in held-for-trading investments of US$39.6 million, primarily due to our new investments; adding back (iii) an increase in trade, bills and other payables of US$41.6 million, primarily due to the increased purchases for raw materials; (iv) a decrease in inventories of US$12.2 million, primarily due to a decrease in customer demands in 2015; and (v) non-cash item of US$38.8 million of depreciation of property, plant and equipment and US$10.8 million of the write-down of inventories.

Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2017 was US$61.0 million, which was primarily attributable to (i) purchase of property, plant and equipment of US$44.8 million in connection with the expansion of our lifestyle wear manufacturing facilities in Bangladesh and Vietnam as well as our denim manufacturing facility in China; (ii) deposits paid for acquisition of property, plant and equipment of US$15.9 million in connection with our deposits paid for construction costs in our lifestyle wear manufacturing facility in Bangladesh and for the purchase of machinery in our manufacturing facilities in China, Bangladesh and Vietnam; (iii) purchase of prepaid lease payments of US$1.9 million in connection of our expansions overseas; partially offset by proceeds on disposal of property, plant and equipment of US$0.9 million in connection with the disposals of our machinery.

Net cash used in investing activities in 2016 was US$133.0 million, which was primarily attributable to (i) purchase of property, plant and equipment of US$90.6 million mainly in connection with the expansion of our lifestyle wear and intimate manufacturing facilities in Vietnam and our intimate manufacturing facilities in China; (ii) acquisition of subsidiaries of US$79.8 million in connection with our acquisition of Vista; (iii) purchase of prepaid lease payments of US$12.4 million in connection with our expansion overseas; partially offset by proceeds on disposal of property, plant and equipment of US$55.4 million mainly in connection with our disposal of an office building in Hong Kong.

Net cash used in investing activities in 2015 was US$38.2 million, which was primarily attributable to (i) purchases of property, plant and equipment of US$79.6 million mainly in connection with our continued investment in a denim manufacturing facility in Cambodia and the expansion of our lifestyle wear and sweater manufacturing facilities in Vietnam; (ii) acquisition of subsidiaries of US$5.7 million mainly in connection with our acquisition of equity interests in one joint venture in Bangladesh; and (iii) payment on settlement of derivative financial instruments of US$5.4 million, primarily due to the fair value loss on foreign currency exchange contracts; partially offset by (i) withdrawal of pledged certificates of deposit of US$49.0 million; and (ii) proceeds on disposal of property, plant and equipment of US$10.3 million mainly in connection with the disposals of our machinery.

Net cash used in investing activities in 2014 was US$96.4 million, which was primarily attributable to (i) purchases of property, plant and equipment of US$118.9 million mainly in connection with our investment in a new denim manufacturing facility in Cambodia, the expansion of our lifestyle wear and intimate manufacturing facilities in Vietnam and the investment in a new building in our intimate manufacturing facility in China; (ii) purchase of pledged certificates of deposit of US$49.0 million; and (iii) loan advance to an associate of US$9.2 million mainly in connection with the expansion needs of our associate; partially offset by (i) withdrawal of pledged certificates of deposit of US$82.0 million; and (ii) receipt on settlement of derivative financial instruments of US$5.2 million.

Net Cash from (Used in) Financing Activities

Net cash generated from financing activities for the six months ended June 30, 2017 was US$5.8 million, which was attributable to (i) new bank borrowings raised of US$355.8 million mainly in connection with the funding of repayment of amount due to ultimate holding company and capital expenditure in the first half of 2017 and (ii) advance from ultimate holding company of US$25.0 million; partially offset by (iii) repayment of bank borrowings of US$152.1 million; (iv) repayment of the amount due to ultimate holding company of US$143.6 million; (v) interim dividend paid of US$64.5 million; and (vi) acquisition of non-controlling interest of US$7.1 million in connection with the acquisition of non-controlling interests of Vista's subsidiaries.

Net cash used in financing activities in 2016 was US$35.1 million, which was attributable to (i) interim dividend paid of US$349.2 million and (ii) repayment of bank borrowings of US$342.5 million, partially offset by (i) new bank borrowings raised of US$563.5 million and (ii) advance from ultimate holding company of US$98.0 million, for the funding of capital expenditure for the first half of 2017, including the purchases of property, plant and equipment in relation to certain manufacturing facilities.

Net cash used in financing activities in 2015 was US$150.7 million, which was attributable to (i) repayment of bank borrowings of US$681.8 million; (ii) dividend paid of US$77.8 million, partially offset by new bank borrowings raised of US$568.3 million; and (iii) advance from ultimate holding company of US$47.1 million, due to the funding of capital expenditure.

Net cash generated from financing activities in 2014 was US$94.6 million, which was attributable to new bank borrowings raised of US$739.1 million, partially offset by (i) repayment of bank borrowings of US$619.5 million and (ii) interim dividend paid of US$19.8 million.

CAPITAL EXPENDITURES

Our capital expenditures decreased from US$125.7 million in 2014 to US$112.9 million in 2015, and increased to US$290.4 million in 2016. Our capital expenditures increased from US$31.0 million for the six months ended June 30, 2016 to US$51.7 million in the same period in 2017. Our capital expenditures were used primarily for the expansion of our manufacturing capacities, including the construction of additional manufacturing facilities, and the upgrading of our existing machinery and equipment. The following table sets forth our capital expenditures for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Property, plant and equipment	121,156	101,559	87,933	27,573	49,840
Land use rights	4,589	4,740	12,397	3,411	1,869
Investment in newly acquired subsidiaries	—	6,580	190,080	—	—
Total	**125,745**	**112,879**	**290,410**	**30,984**	**51,709**

During the Track Record Period, we financed our capital expenditures primarily with cash generated from operations and bank loans. For the years ending December 31, 2017 and 2018, our planned capital expenditure is expected to be US$177.4 million and US$158.1 million, respectively, subject to adjustment based on market conditions. We plan to fund our planned capital expenditure by using the cash on our statements of financial position, the cash flow generated from our operations, the cash from bank borrowings and the net proceeds received from the Global Offering. Please see "Our Business — Development Strategies — Expansion of manufacturing facilities internationally to capture organic and consolidation growth" and "Our Business — Production — Production Expansion Plan" for details of our expansion plan and its related capital expenditures and "Future Plans and Use of Proceeds — Use of Proceeds" for the portion of capital expenditures to be funded by the proceeds from the Global Offering.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Capital Commitments

Our capital commitments during the Track Record Period were primarily relating to the acquisition of property, plant and equipment. The following table sets forth the total amount of our capital expenditures contracted for but not yet incurred in respect of acquisition of property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted for but not provided for in the consolidated financial statements in relation to:				
- Acquisition of property, plant and equipment. .	54,002	29,396	42,994	60,157

Operating Lease Commitments

We lease a number of land and buildings and plant and machinery under non-cancellable lease agreements. The following table sets forth the future aggregate minimum lease payments in respect of our rented land and buildings and plant and machinery under our non-cancellable lease agreements as of the dates indicated.

	As of December 31,			As of June 30,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not later than one year	7,348	6,060	6,020	10,694
Later than one year and not later than five years. .	12,699	7,687	6,597	17,153
Later than five years	169	275	1,212	499
Total	**20,216**	**14,022**	**13,829**	**28,346**

WORKING CAPITAL

We recorded net current assets of US$131.6 million and US$75.4 million as of December 31, 2014 and 2015, respectively, and recorded net current liabilities of US$316.1 million, US$354.4 million and US$343.0 million as of December 31, 2016, June 30, 2017 and August 31, 2017, respectively. The following table sets forth a breakdown of our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Current assets					
Inventories	186,574	197,987	217,114	241,257	217,701
Prepaid lease payments	390	504	843	850	921
Trade, bills and other receivables	272,976	258,085	287,540	337,653	355,644
Amounts due from related companies	—	—	—	523	521
Loan receivables	816	668	627	679	687
Held-for-trading investments	72,287	—	—	—	—
Derivative financial assets	7,536	—	1,648	—	—
Tax recoverable	5,184	2,823	1,382	105	89
Pledged certificates of deposit	49,028	—	—	—	—
Pledged bank deposits	1,993	—	—	—	—
Bank balances and cash	201,662	120,693	149,523	111,487	132,872
Total current assets	**798,446**	**580,760**	**658,677**	**692,554**	**708,435**
Current liabilities					
Trade, bills and other payables	288,840	255,123	393,773	376,397	384,070
Amount due to ultimate holding company	20,008	20,640	118,632	—	—
Amount due to an associate	—	3,202	2,235	304	—
Amounts due to related companies	1,083	204	152	—	—
Derivative financial liabilities	4,750	3,494	—	—	—
Tax liabilities	6,327	4,699	14,407	21,316	24,927
Bank borrowings	345,863	218,006	445,558	648,963	642,430
Total current liabilities	**666,871**	**505,368**	**974,757**	**1,046,980**	**1,051,427**
Net current assets (liabilities)	**131,575**	**75,392**	**(316,080)**	**(354,426)**	**(342,992)**

Working Capital Sufficiency

Our net current assets decreased from US$131.6 million as of December 31, 2014 to US$75.4 million as of December 31, 2015, primarily due to (i) a decrease of US$81.0 million in bank balances and cash; (ii) a decrease of US$72.3 million in held-for-trading investments and (iii) a decrease of US$49.0 million in pledged certificates of deposit, partially offset by (i) a decrease of US$127.9 million in bank borrowings; and (ii) a decrease of US$33.7 million in trade, bills and other payables.

We recorded net current assets of US$75.4 million as of December 31, 2015, while we recorded net current liabilities of US$316.1 million, US$354.4 million and US$343.0 million as of December 31, 2016, June 30, 2017 and August 31, 2017, respectively. Our net current liabilities position as of December 31, 2016, primarily reflected (i) an increase of US$138.7 million in trade, bills and other payables, resulting from an increase in trade payables to raw material suppliers attributable to sales growth and an increase in payables attributable to the acquisition of Vista; (ii) an increase of US$98.0 million in amount due to ultimate holding company, for the funding of capital expenditure for the first half of 2017, including the purchases of property, plant and equipment in relation to certain manufacturing facilities; and (iii) an increase of US$227.6 million in bank borrowings to finance the acquisition of Vista for a consideration of US$190.1 million and part of the payment of an interim dividend of US$349.2 million. We recorded the amount due to ultimate holding company and the bank borrowings as current liability in accordance with IFRS because they are repayable on demand. Our net current liabilities increased from US$316.1 million as of December 31, 2016 to US$354.4 million as of June 30, 2017, primarily due to an increase in bank borrowings, resulting from new bank borrowing raised to repay the amount due to ultimate holding company and to fund our capital expenditure in the first half of 2017, partially offset by (i) a decrease in amount due to ultimate holding company, resulting from the repayment of such amount; and (ii) an increase in trade, bills and other receivables resulting from an increase in trade receivables from our top customers due to increases in sales revenue. Our net current liabilities decreased from US$354.4 million as of June 30, 2017 to US$343.0 million as of August 31, 2017, primarily due to the increase of US$18.0 million by trade, bills and other receivables and the increase of US$21.4 million by bank balance and cash attributable to increased sales during the period and partially offset by the decreased inventories as a result of July and August being the peak season for the shipment of sweater products to customers. Other than these, there were no material changes in our current assets and liabilities during the two months ended August 31, 2017. We expect to be in a net current asset position upon Listing.

To improve our working capital and liquidity position, we intend to or have adopted and implemented the following internal control measures to manage and control our working capital and liquidity position at a prudent level.

a) We have designated Mr. Lee King Fai, our chief financial officer, to review regularly and update our liquidity and funding policies to ensure that it is aligned with our business plan and financial position, and report comprehensively on the working capital and liquidity management to the Board of Directors at least once every six months;

b) We set annual budgets, supplemented by regular cash flow projections, to forecast and manage our cash inflows and outflows. In particular, we prepare cash flow and funding summaries on a regular basis to monitor our cash flow in connection with operating costs, financings, repayments of loans purchase of property, plant and equipment, tax payables and other expenses. Our finance department also prepares periodic cash flow reports for our senior management to monitor and manage collection and use of cash. Our Directors and senior management hold regular meetings to review the operating budget plan and cash flow estimates in respect of each major business activity and transaction and determine relevant amount of disbursed funds; and

c) To enhance our working capital management, we seek to manage the level of our liquid assets to ensure the availability of sufficient cash flows to meet any unexpected cash requirements arising from our business. We carefully consider our cash position and ability to obtain further financing when arranging payment for major business plans and transactions. We will continue to assess available resources to finance our business needs on an ongoing basis and proactively adjust our business plans or implement cost control measures if necessitated by our then-existing financial conditions and cash requirements.

Taking into account cash and cash equivalents on hand, our operating cash flows, banking facilities available to us and the estimated net proceeds from the Global Offering, and considering the internal control measures implemented by us in relation to the liquidity and working capital management, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus. Based on the above financial resources available to the Company, the Joint Sponsors concur with the view of the Directors. As of August 31, 2017, we had cash and cash equivalents of US$131.4 million.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment, land use rights and intangible assets, market acceptance of our products or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to issue debt securities or borrow from lending institutions. See "Risk Factors — Risks Relating to Our Industry and Business — We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all, and if we are unable to raise funds, the value of your investment in us may be adversely impacted."

ANALYSIS OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment increased by 14.9% from US$392.3 million as of December 31, 2014 to US$450.5 million as of December 31, 2015, primarily due to our continued investments in plant, machinery, land and building in relation to the expansion of our lifestyle wear and sweater manufacturing facilities in Vietnam, and our new denim manufacturing facility in Cambodia, partially offset by the disposal of certain equipment used in our sweater production.

Our property, plant and equipment increased by 2.7% from US$450.5 million as of December 31, 2015 to US$462.8 million as of December 31, 2016, primarily due to (i) our continued investments in plant, machinery and building in relation to our lifestyle wear and intimate manufacturing facilities in Vietnam and intimate manufacturing facility in China; (ii) the property, plant and equipment attributable to the acquisition of Vista, partially offset by the disposal of an office building in Hong Kong.

Our property, plant and equipment increased by 6.3% from US$462.8 million as of December 31, 2016 to US$492.1 million as of June 30, 2017, primarily due to our continued investments in plant, machinery and building in relation to our lifestyle wear manufacturing facilities in Bangladesh and Vietnam and our denim manufacturing facility in China.

The Directors review the carrying amounts of property, plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recovered. During the year ended December 31, 2015, the carrying amounts of certain property, plant and equipment may not be recovered and an impairment loss of approximately US$12.1 million was recognized in profit or loss. In the opinion of our Directors, there was no other indicator of impairment (including obsolescence or physical damages, utilization of property, plant and equipment and etc.) identified for the remaining property, plant and equipment at the end of each reporting period. Please refer to Note 4 "Significant Accounting Policies", Note 5 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty" and Note 12 "Property, plant and equipment" in Appendix I to this prospectus for further details.

Inventories

Our inventories consist of raw materials, work in progress and finished goods. To minimize the risk of inventory build-up, we review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity. The value of our inventories accounted for 23.4%, 34.1%, 33.0% and 34.8% of our total current assets as of December 31, 2014, 2015 and 2016 and June 30, 2017, respectively.

The following table sets forth a summary of our inventory balances as of the dates indicated.

	As of December 31,			As of June 30,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	50,705	55,637	58,045	80,701
Work in progress	105,765	119,147	140,935	136,450
Finished goods	30,104	23,203	18,134	24,106
Total	**186,574**	**197,987**	**217,114**	**241,257**

Our inventory slightly increased from US$186.6 million as of December 31, 2014 to US$198.0 million as of December 31, 2015, primarily due to an increase in work in progress in anticipation of sales growth in the first quarter of 2016, and further increased to US$217.1 million as of December 31, 2016, primarily due to (i) an increase in our work-in-progress toward the end of 2016 as a result of increased production in anticipation of the labor holiday due to an early Chinese New Year in 2017; and (ii) the inventory balances of US$16.4 million attributable to the acquisition of Vista on December 30, 2016. Our inventory increased from US$217.1 million as of December 31, 2016 to US$241.3 million as of June 30, 2017, primarily due to an increase in our raw materials in anticipation of sales growth in the second half of 2017. As of August 31, 2017, US$188.4 million, or 78.1%, of our inventories had been used or consumed subsequent to June 30, 2017.

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2014	**2015**	**2016**	**2017**
Inventory turnover days[1]	52	50	54	51

Note:

(1) Inventory turnover days are derived by dividing the average inventory for the relevant period by cost of sales and multiplying by 365 days for the three years ended December 31, 2014, 2015 and 2016 and 183 days for the six months ended June 30, 2017.

Our inventory turnover days remained relatively stable at 52 days in 2014 and 50 days in 2015. Our inventory turnover days increased from 50 days in 2015 to 54 days in 2016, primarily because we recorded an increase in inventory attributable to the acquisition of Vista on December 30, 2016. Excluding the impact of the acquisition of Vista, our inventory turnover days were 52 days in 2016. Our inventory turnover days decreased to 51 days in the six months ended June 30, 2017, primarily because the acquisition of Vista happened at the end of 2016 and we accounted for both the inventory and cost at sales of Vista during the first half of 2017. We aim to continue to manage actively our inventory turnover days in the future.

Our Directors believe that our inventory provision policy is in compliance with the IFRS.

Trade, Bills and Other Receivables

The following table sets forth our trade, bills and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	230,437	219,166	236,288	280,408
Less: allowance for doubtful debts	(922)	(957)	(880)	(917)
	229,515	218,209	235,408	279,491
Bills receivables	2,508	1,509	2,393	—
Temporary payments	13,315	12,390	6,630	5,965
Other deposits and prepayments	27,638	25,977	43,109	52,197
Total	**272,976**	**258,085**	**287,540**	**337,653**

Our trade, bills and other receivables decreased from US$273.0 million as of December 31, 2014 to US$258.1 million as of December 31, 2015, primarily because of a decrease in trade receivables from one of our top customers. Our trade, bills and other receivables increased from US$258.1 million as of December 31, 2015 to US$287.5 million as of December 31, 2016, primarily due to (i) an increase in sales revenue from one of our top customers; and (ii) an increase in receivables attributable to the acquisition of Vista. Our trade, bills and other receivables increased from US$287.5 million as of December 31, 2016 to US$337.7 million as of June 30, 2017, primarily due to an increase in trade receivables from our top customers resulting from increases in sales revenue.

The following table sets forth our trade and bills receivables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2014	2015	2016	2017
Trade and bills receivables turnover days[(1)(2)]	44	49	47	46

Notes:

(1) Trade and bills receivables turnover days are equal to the average balance of trade and bills receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days for the three years ended December 31, 2014, 2015 and 2016 and 183 days for the six months ended June 30, 2017.

(2) The calculation of trade and bills receivables turnover days excludes the amount of temporary payments and other deposits and prepayments.

We generally grant our customers a credit period of 15 to 120 days. Our trade and bills receivables turnover days increased from 44 days in 2014 to 49 days in 2015, primarily because our U.K. customer extended its payment period up to 75 days in 2015. Our trade and bills receivables turnover days remained relatively stable at 49 days in 2015 and at 47 days in 2016. Excluding the impact of the acquisition of Vista, our trade and bills receivables turnover days were 46 days in 2016. Our trade and bills receivables turnover days slightly decreased to 46 days in the six months ended June 30, 2017. We have undertaken measures aimed at reducing our trade and bills receivables turnover days. We regularly review our customers' payment history and also review the aging of our trade and bills receivables on a regular basis. We believe our credit control policy is appropriate.

The following table sets forth the aging analysis of our trade receivables which are past due but not impaired, presented based on the due date, as of the dates indicated.

	As of December 31,			As of June 30,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
1-60 days	55,984	30,498	26,460	22,057
61-90 days	3,056	281	171	783
91-120 days	42	706	—	—
Over 120 days	32	280	—	—
Total	**59,114**	**31,765**	**26,631**	**22,840**

The following table sets forth the movement in the allowance for our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
At beginning of the year/period	863	922	957	880
Allowance (reversal) for the year/period	59	102	(77)	37
Amounts written off as uncollectible	—	(67)	—	—
At end of the year/period	**922**	**957**	**880**	**917**

We consider an amount that is not paid on schedule pursuant to the agreement with us to be past due. Our trade receivables past due were primarily due to late payments by customers. As of December 31, 2014, 2015 and 2016 and June 30, 2017, approximately US$59.1 million, US$31.8 million, US$26.6 million and US$22.8 million of our trade receivables were past due but not considered to be impaired because these mainly relate to customers from whom there is no history of default. Based on past experience, our Directors are of the view that the trade receivables which are past due but not impaired are of good credit quality. We do not hold any collateral over these past due but no impaired balances.

As of December 31, 2014, 2015 and 2016 and June 30, 2017, approximately US$62.9 million, US$52.2 million, US$30.4 million and US$36.1 million of our trade receivables have been pledged to banks to secure general banking facilities granted to us. We review the aging of trade and bills receivables on a regular basis. As of August 31, 2017, 87.5% of our trade and bills receivables as of June 30, 2017 had been settled subsequent to June 30, 2017.

Held-For-Trading Investments

Our held-for-trading investments represent listed and unlisted equity and debt securities in Hong Kong and other jurisdictions. The following table sets forth a breakdown of our held-for-trading investments as of the dates indicated.

	As of December 31,			**As of June 30,**
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Listed equity securities	5,570	—	—	—
Listed debt securities	10,938	—	—	—
Unlisted equity securities	53,772	—	—	—
Unlisted debt security	2,007	—	—	—
Total	**72,287**	**—**	**—**	**—**

As of December 31, 2014, the listed debt securities represent a non-interest bearing bond and interest bearing bonds with fixed interest rates ranging from 6.13% to 10.50% per annum. The maturity dates of the listed debt securities range from April 27, 2017 to January 10, 2023 or perpetual.

As of December 31, 2014, the unlisted equity securities represent the investments primarily in investment funds denominated in U.S. dollars, Euro and RMB. The funds may at their discretion pay dividends out of capital.

As of December 31, 2014, the unlisted debt security represents the fund investing in U.S. dollars denominated debt security with a yield to maturity of 2.12% per annum. The maturity of the unlisted debt security was 0.6 year.

Trade, Bills and Other Payables

As of December 31, 2014, 2015 and 2016 and June 30, 2017, our trade, bills and other payables totaled US$293.1 million, US$266.5 million, US$404.8 million and US$387.9 million, respectively. The following table sets forth a breakdown of our trade, bills and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	130,293	117,969	136,646	149,408
Bills payables	1,017	2,901	1,216	1,975
Other payables	161,823	145,629	266,891	236,471
Total	**293,133**	**266,499**	**404,753**	**387,854**

Our trade, bills and other payables mainly relate to the purchase of raw materials from our suppliers. Our suppliers generally granted us credit terms of 14 to 60 days during the Track Record Period. Our trade, bills and other payables decreased by 9.1% from US$293.1 million as of December 31, 2014 to US$266.5 million as of December 31, 2015, primarily due to (i) a decrease in trade payables as a result of reduced purchases of raw materials in response to decreased sales; and (ii) a decrease in other payables as a result of the U.K. Customer Purchasing Adjustment. Our trade, bills and other payables increased by 51.9% from US$266.5 million as of December 31, 2015 to US$404.8 million as of December 31, 2016, primarily due to (i) an increased purchase of raw materials as a result of sales growth; and (ii) an increase in payables attributable to the acquisition of Vista. Our trade, bills and other payables decreased by 4.2% from US$404.8 million as of December 31, 2016 to US$387.9 million as of June 30, 2017, primarily due to a decrease in staff bonus provisions as a result of the payment of 2016 staff bonus in the six months ended June 30, 2017.

The following table sets forth our trade and bills payables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2014	2015	2016	2017
Trade and bills payables turnover days(1)(2)	31	33	34	32

Notes:

(1) Trade and bills payables turnover days equal to the average balance of trade and bills payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for the three years ended December 31, 2014, 2015 and 2016 and 183 days for the six months ended June 30, 2017.

(2) Calculation of trade and bills payables turnover days exclude the amount of other payables.

Our trade and bills payables turnover days increased from 31 days in 2014 to 33 days in 2015, primarily due to an increase in purchases toward the end of 2015. Our trade and bills payables turnover days remained relatively stable from 2015 to 2016. Excluding the impact of the acquisition of Vista, our trade and bills payables turnover days were 33 days in 2016. Our trade and bills payables turnover days decreased to 32 days for the six months ended June 30, 2017, primarily because the acquisition of Vista happened at the end of 2016 and we accounted for both trade and bills payables and cost of sales of Vista during the first half of 2017.

The following table sets forth the aging analysis of our trade payables as of the dates indicated, based on the invoice date.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
0-60 days	106,140	113,335	129,989	143,686
61-90 days	19,506	1,971	4,648	2,909
91-120 days	1,004	1,006	616	882
Over 120 days	3,643	1,657	1,393	1,931
Total	**130,293**	**117,969**	**136,646**	**149,408**

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not default in payment of any trade and non-trade payables.

Bank Borrowings

As of December 31, 2014, 2015 and 2016 and June 30, 2017, our bank borrowings totaled US$345.9 million, US$218.0 million, US$477.6 million and US$676.5 million, respectively.

Our bank borrowings decreased by 37.0% from US$345.9 million as of December 31, 2014 to US$218.0 million as of December 31, 2015, primarily due to the net repayment of bank loans in 2015. Our bank borrowings increased by 119.1% from US$218.0 million as of December 31, 2015 to US$477.6 million as of December 31, 2016, primarily due to our financing for the acquisition of Vista and the partial payment of an interim dividend. Our bank borrowings increased by 41.7% from US$477.6 million as of December 31, 2016 to US$676.5 million as of June 30, 2017, primarily due to the new bank borrowing raised to repay our amount due to ultimate holding company.

During the Track Record Period, we used bank loans to manage our working capital requirements and capital expenditure. The following table sets forth the breakdown of our bank borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Bank loans	226,990	118,444	365,393	470,362	449,779
Bank import and export loans	113,673	93,592	106,743	203,653	214,196
Bank overdrafts	5,200	5,970	5,422	2,448	1,455
Total	**345,863**	**218,006**	**477,558**	**676,463**	**665,430**

The following table sets forth the maturity profile of our bank borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of August 31,
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Within one year	239,110	150,789	184,239	427,094	423,204
More than one year but not more than two years	50,261	36,781	105,482	104,121	103,196
More than two years but not more than five years	56,492	30,436	187,837	145,248	139,030
Subtotal	**345,863**	**218,006**	**477,558**	**676,463**	**665,430**

As of December 31, 2014, 2015 and 2016, June 30, 2017 and August 31, 2017, the effective interest rates of our variable-rate borrowings ranged from 0.64% to 5.25% per annum, 1.67% to 5.25% per annum, 2.20% to 5.25% per annum, 0.74% to 5.25% per annum and 0.72% to 5.25% per annum, respectively. A majority of our outstanding bank borrowings are denominated in U.S. dollars or Hong Kong dollars.

Some of the loan agreements we entered into contained customary covenants and restrictions. For example, the borrowing and guaranteeing entities should maintain total tangible net worth of certain amount, certain net debt to net worth ratio and certain net debt to net worth and shareholder's loan ratio. Other than otherwise disclosed in the prospectus, the agreements under our bank borrowings do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we did not have any default in payment of trade payables, bank borrowings during the Track Record Period.

As of December 31, 2016 and June 30, 2017, our net debt to equity ratio reached 106.4% and 180.1%, respectively, which exceeded thresholds of certain financial covenants contained in the agreements relating to three of our banking facilities. A summary of the key commercial terms of the three banking facilities is set out below:

- **Banking Facility 1**

On May 5, 2016, we renewed a banking facility (the "**Banking Facility 1**") with the total available amount to HK$2,295.5 million. The Banking Facility 1 comprises a number of sub-facilities, including an overdraft and trade facility, a foreign exchange facility and a term loan facility. The term loan facility of HK$1,394.0 million contains a financial covenant requiring the Group to maintain a net consolidated gearing ratio of no more than 1.0 time net debt to equity. In May 2017, the Banking Facility 1 was renewed to increase the available amount to HK$2,882.5 million. The Banking Facility 1 carries an interest rate of HIBOR plus 1.45% to 2.53% per annum or LIBOR plus 1.30% to 1.45% per annum for trade loan facility and term loan facility. It also comprises an overdraft facility at prime rate per annum. The term loan facility of HK$1,814.9 million contains a financial covenant requiring the Group to maintain a net consolidated gearing ratio of no more than 1.1 times net debt to equity. The Banking Facility 1 has standard events of default. The maturity date for term loan under Banking Facility 1 ranges from April 2018 to November 2021. Interest payable under Banking Facility 1 as of June 30, 2017 was approximately US$74,000. As of the Latest Practicable Date, the total draw down amount was approximately HK$2,051.0 million.

- **Banking Facility 2**

On May 9, 2014, we entered into a HK$200.0 million banking facility (the " **Banking Facility 2**") . The Banking Facility 2 carries an interest rate of HIBOR plus 2.25% per annum. It has standard events of default and a financial covenant requiring the Group to maintain a net debt gearing of no more than 1.0 time net debt to equity. The maturity date is September 2018. Interest payable under Banking Facility 2 as of June 30, 2017 was approximately US$9,000. As of the Latest Practicable Date, the Banking Facility 2 has been fully drawn down.

- **Banking Facility 3**

On December 14, 2016, we entered into a US$105.0 million banking facility (the " **Banking Facility 3**"). The Banking Facility 3 carries an interest rate of LIBOR plus 1.4% per annum. It has standard events of default and a financial covenant requiring the Group to maintain a net debt gearing of no more than 1.0 time net debt to equity. The maturity date is December 2019. Interest payable under Banking Facility 3 as of June 30, 2017 was approximately US$31,000. As of the Latest Practicable Date, the Banking Facility 3 has been fully drawn down.

As part of our financial planning in anticipation of the listing, we planned to incur additional borrowings for Vista and pre-IPO dividends, and we were aware that such new borrowings would exceed thresholds in certain covenants in our banking facilities agreements. Waivers were discussed and requested from the relevant banks prior to relevant events, and were issued after the relevant events as a matter of procedures. The waiver granted in relation to the Banking Facility 1 is subject to the breach being rectified before December 31, 2017. The waivers granted in relation to the Banking Facility 2 and Banking Facility 3 are effective from June 30, 2017 to December 30, 2017 and subject to the condition that no other event of default occurs or subsists or continues during this period. Our elevated net debt to equity ratios did not trigger any cross default provisions contained in other loan agreements entered into by us. We intend to pay back part of our outstanding bank borrowings in order to re-comply with such covenant by the end of 2017. We expect to be in a net current asset position upon Listing. To avoid recurrence of similar incidents in the future, we have taken additional measures to improve our corporate governance and internal controls to monitor compliance with the terms in our loan agreements, including designating Mr. Lee King Fai, our chief financial officer, to (i) keep records of the covenants and restrictions contained in our loan agreements; (ii) work closely with the external professional advisers engaged by us, including legal counsels and accountants, to ensure full compliance; and (iii) monitor and assess the changes in our business operation, financial conditions and contemplated business activities that might affect relevant terms in our loan agreements.

As of June 30, 2017 and August 31, 2017, we had unutilized banking facilities of approximately US$284.4 million and US$259.4 million, respectively.

We intend to apply a portion of the net proceeds of the Global Offering to repay part of our borrowings after the Listing. See "Future Plans and Use of Proceeds — Use of Proceeds" for further details.

Derivative Financial Instruments

The following table sets forth our derivative financial instruments, which include foreign currency exchange contracts, and call and put options in investment in a subsidiary.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Derivative financial assets				
- Foreign currency exchange contracts	7,536	—	—	—
- Call and put options on investment in a subsidiary	—	—	1,648	—
Derivative financial liabilities				
- Foreign currency exchange contracts	(4,750)	(3,494)	—	—

As we operate in various locations and our sales and purchases transactions are denominated in different currencies, we are exposed to foreign currency exchange risks. During the Track Record Period, we entered into foreign currency exchange contracts in respect of the RMB against the U.S. dollars and in respect of the GBP against the U.S. dollars. Any RMB or GBP fluctuations beyond the pre-determined exchange rates would result in gains or losses for us. For details on currency risk, please see "— Quantitative and Qualitative Disclosures about Market Risk — Currency Risk." In terms of RMB hedging activity, based on prevailing market trends on foreign currency exchange, we have set a maximum hedging ratio of 50% on annual RMB exposure, which is limited to our PRC operating overhead. During the Track Record Period, we recorded gains on foreign currency exchange contracts of US$5.6 million, US$1.9 million and nil, respectively, in 2014, 2016 and the six months ended June 30, 2017, but recorded a loss on foreign currency exchange contracts of US$11.6 million in 2015, primarily due to the RMB against the U.S. dollars in 2015 depreciated much faster than we expected.

As of December 31, 2014, we had 11 outstanding contracts hedging against fluctuations in RMB exchange rates with notional principal amount of US$453.0 million and 13 outstanding contracts hedging against fluctuations in GBP exchange rates with notional principal amount of US$110.0 million. As of December 31, 2015, we had eight outstanding contracts hedging against fluctuations in RMB exchange rates with notional principal amount of US$108.0 million. As of December 31, 2016 and June 30, 2017, we did not have any outstanding foreign currency exchange contracts.

We will continue to monitor our foreign exchange risks, and take prudent measures, including purchasing derivative financial instruments in an adequate amount and on acceptable terms, to minimize our exposure to these risks. For derivative financial instruments that we may purchase in the future, we have implemented and will continue to implement internal policies which set forth overall principles as well as detailed evaluation and monitoring processes of our purchases of derivative financial instruments. Our foreign exchange management policy involves, among other things, (i) purchasing of foreign currency exchange contracts, whereby all foreign currency exchange contracts are transacted only with authorized financial institutions and undertaken only in situations where we have actual needs; (ii) compiling historical foreign exchange rates and forward exchange rates data from banks by our finance department for the management's reference; and (iii) closely monitoring the exchange rate fluctuations on a daily basis by collecting the prevailing market information from different sources by our finance department. We have formulated an investment management policy to analyze and assess the risk and benefit of each investment. Our investment decision, including the amount and duration of each investment, is made on a case by case basis after due and careful consideration of a number of factors, including the level of risk exposure, the available investment vehicles, the purchase cost of the instrument, the potential benefit and loss of the instrument and the expected market trends. During the Track Record Period, we did not maintain a stop-loss policy with respect to our investments in financial assets. Mr. Lee King Fai, our chief financial officer, monitors the performance of our investment on a regular basis. While we did not set a specific quantitative stop-loss benchmark, we maintained the ability to redeem all or part of our investments in financial assets based on a number of factors, including, among others, prevalent market conditions, performance of the underlying investments and our expectation of realizing an investment gain or avoiding a loss. Our finance and accounting personnel are responsible for the review of our annual investment budgets and accounting review and management of each investment. Going forward, our Audit Committee may also review our new investment in the amount exceeding 5% of our net assets, and such 5% threshold will be subject to review by the Board and the independent non-executive Directors from time to time. Our internal audit personnel will be charged with reviewing all investments and will also be required to submit reports and investment return analysis regularly on all investments during the investment process. The reports and investment return analysis submitted by our internal audit personnel will be reviewed by our Board of Directors.

Our call and put option in investment in a subsidiary represents the call option of SL Global Pte, Ltd. ("**SLG**"), a wholly-owned subsidiary of Vista, to acquire the remaining 49% equity interest in a joint venture formed between SLG and other non-controlling shareholders of Texwell Global Pte Ltd ("**TWG**"), a non-wholly owned subsidiary of SLG, at a pre-determined consideration at any time on and from June 30, 2011, pursuant to a joint venture agreement made between SLG and other non-controlling shareholders of TWG. Other non-controlling shareholders of TWG were granted a put option to dispose of their equity interest in TWG to SLG at a pre-determined consideration on and from June 30, 2015. On December 31, 2016, the fair values of call and put options were determined to be approximately US$1,648,000 and nil, respectively. On March 2, 2017, SLG entered into a share purchase agreement to acquire the remaining 49% of equity interests of TWG, and mutually agreed to terminate the joint venture agreement signed on March 3, 2010. Therefore, the call and put options were cancelled without any party exercising such rights.

Treasury Management Policy

We have adopted a treasury and investment policy which sets out overall principles as well as detailed approval processes of our investment activities. Such policy includes, among other things, the following:

(a) investments in high risk products being prohibited;

(b) investments should be non-speculative in nature and the primary objectives of investment activities are safety, liquidity and reasonable yield; and

(c) investments should be undertaken only in situations where we have surplus cash not required for day to day operations in the next one to three months.

Our finance department is responsible for the initial assessment and analysis on the expected benefit and potential risk of our investment activities and compiling of relevant data and information from banks or other sources such as term sheets, expert opinions and analyst reports for the management's reference. Our investment decisions are made on a case by case basis and after due and careful consideration of a number of factors, including but not limited to the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. Our finance department is also responsible for reporting the status of our investment activities to the Directors during Board meetings.

Goodwill and Intangible Assets

The following table sets forth our goodwill and intangible assets for the periods indicated.

	As of December 31,			As of June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Goodwill	—	—	74,941	74,941
Intangible assets				
- Customer relationship	—	—	73,750	71,291
- Brand name	—	—	31,777	31,777
Total	**—**	**—**	**180,468**	**178,009**

As of December 31, 2014 and 2015, we did not record any goodwill or intangible assets. As of December 31, 2016 and June 30, 2017, we recorded goodwill and intangible assets of US$180.5 million and US$178.0 million, accounting for 13.3% and 12.4% of our total assets. The increase in our goodwill and intangible assets was due to the acquisition of Vista in 2016.

The valuation of our intangible assets arising from the acquisition of Vista was conducted by an independent qualified valuer. Key assumptions and parameters for customer relationships and brand name considered primarily include (i) revenue growth, (ii) gross margins, (iii) discount rate, (iv) useful life, as well as (v) tax rate. Customer relationship and brand name acquired from Vista are identified and recognized as intangible assets. The aggregate amount of customer relationship is amortized over the period of the useful lives of the various relationships, which is assessed as being 15 years. The useful life of the customer relationship was determined with reference to a number of factors, including the useful lives of similar intangible assets in certain comparable transactions, historical customer data, and management's experience and industry knowledge. Vista has established long-term business relationships with its key customers. Based on our management's experience in the industry, the management has long-term partnerships with globally leading apparel brands, many of which we have 10 to over 30 years of relationships. Therefore, the management took the mid-point of 15 years. Besides, a qualified independent valuer engaged by us has performed researches on market data by considering the recent purchase price allocation from acquisitions in similar industry, and together with their analysis of the historical customer data and inputs from management regarding their experience and industry knowledge, the qualified independent valuer is also satisfied that it is not unreasonable to adopt a useful life of 15 years for the customer relationships. Brand name is treated as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. Therefore, it is not amortized until its useful life is determined to be finite.

For the purpose of impairment testing, goodwill and brand name have been allocated to the cash-generating unit representing Vista.

The recoverable amount of Vista on December 31, 2016 and June 30, 2017 has been calculated based on its value in use. The calculation uses cash flow projections of Vista based on financial projections approved by our management covering a three-year period with a pre-tax discount rate of 15.5% and 15.5%, respectively, a yearly growth rate of 10% and 10%, respectively, and a gross margin ranging from 16.8% to 18.0% and 17.8%, respectively. Cash flows beyond the three-year period are extrapolated using a steady 3% growth rate. Other key assumptions for the value in use calculations relating to the estimation of cash flows include projected sales. The estimation of the key assumptions is based on past performance of Vista and management's expectations for market development and there is no material change in the key assumptions and parameters for the impairment assessment of goodwill and brand name at acquisition date and June 30, 2017. We did not recognize any impairment loss during the year ended December 31, 2016 and the six months ended June 30, 2017 based on the impairment assessment performed.

Please refer to Note 4 “Significant Accounting Policies”, Note 5 “Critical Accounting Judgments and Key Sources of Estimation Uncertainty”, Note 15 “Goodwill” and Note 16 “Intangible Assets” in Appendix I to this prospectus for further details of our accounting policies for goodwill and intangible assets and their impairment, and the estimates and assumptions involved therein.

The following table sets forth the potential impairment of goodwill and intangible assets as of December 31, 2016 and June 30, 2017, respectively, in relation to Vista when there are changes in key assumptions.

Sensitivity on yearly growth rate

Change in yearly growth rate	Potential impairment	
	As of	
	December 31, 2016	June 30, 2017
	(US$'000)	*(US$'000)*
Decrease by 3%	19,786	—
Decrease by 1%	6,709	—
Increase by 1%	—	—
Increase by 3%	—	—

Sensitivity on gross margin

Change in gross margin	Potential impairment	
	As of	
	December 31, 2016	June 30, 2017
	(US$'000)	*(US$'000)*
Decrease by 1%	21,652	—
Decrease by 0.5%	10,826	—
Increase by 0.5%	—	—
Increase by 1%	—	—

Sensitivity on pre-tax discount rate

Changes in pre-tax discount rate	Potential impairment	
	As of	
	December 31, 2016	June 30, 2017
	(US$'000)	*(US$'000)*
Decrease by 1%	—	—
Decrease by 0.5%	—	—
Increase by 0.5%	7,707	—
Increase by 1%	14,846	—

Sensitivity on long term growth rate

Changes in long term growth rate	Potential impairment	
	As of	
	December 31, 2016	June 30, 2017
	(US$'000)	*(US$'000)*
Decrease by 1%	7,824	—
Decrease by 0.5%	4,062	—
Increase by 0.5%	—	—
Increase by 1%	—	—

The above sensitivity analysis is not meant to be exhaustive and is for references only.

INDEBTEDNESS

As of August 31, 2017, being the latest practicable date for the purpose of the indebtedness statement below, we had US$665.4 million in indebtedness. The following table sets forth our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of August 31,
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Indebtedness					
Amount due to ultimate holding company	20,008	20,640	118,632	—	—
Bank Borrowings					
— secured	76,168	4,928	5,060	130,134	129,252
— unsecured	269,695	213,078	472,498	546,329	536,178
Total Indebtedness	**365,871**	**238,646**	**596,190**	**676,463**	**665,430**

As of August 31, 2017, the Group's bank borrowings of US$536.2 million was unsecured and guaranteed by the group companies, US$127.8 million was secured and unguaranteed and US$1.4 million was secured and guaranteed by the group companies.

The amount due to ultimate holding company is unsecured, interest-free and repayable on demand. The amount due to ultimate holding company remained relatively stable from 2014 to 2015, but increased by US$98.0 million from 2015 to 2016, primarily for the funding of capital expenditure for the first half of 2017, including the purchases of property, plant and equipment in relation to certain manufacturing facilities. The amount due to ultimate holding company decreased to nil as of June 30, 2017, because we repaid such amount in full in 2017. For details of our bank borrowings, please see "— Analysis of Selected Items in Consolidated Statements of Financial Position — Bank Borrowings." Except for our indebtedness as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of August 31, 2017, being the latest practicable date for our indebtedness statement.

Since August 31, 2017 and up to the date of this prospectus, there has not been any material and adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining banking facilities should the need arise. Our Directors confirm that the Company does not have any external financing plans as of the Latest Practicable Date apart from the Global Offering.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MAJOR FINANCIAL RATIOS

The following table sets forth certain major financial ratios of our Group for the periods or as of the dates indicated:

	Year ended/As of December 31,			Six months ended/ As of June 30,	
	2014	**2015**	**2016**	**2016**	**2017**
Profitability:					
Gross margin	16.9%	17.3%	20.2%	18.2%	19.9%
Net profit margin	4.8%	4.0%	7.0%	6.3%	6.7%
Rates of return:					
Return on assets(1)	6.6%	6.4%	9.1%	N/A	N/A(3)
Return on equity(2)	15.2%	12.8%	40.1%	N/A	N/A(3)
Liquidity:					
Net debt to equity ratio(4)	17.3%	18.3%	106.4%	N/A	180.1%
Current ratio(5)	1.2	1.1	0.7	N/A	0.7
Quick ratio(6)	0.9	0.8	0.5	N/A	0.4

Notes:

(1) Return on assets ratio is calculated using net profit divided by total assets at the end of the year or period, multiplied by 100%.

(2) Return on equity ratio is calculated using net profit divided by total equity at the end of the year or period, multiplied by 100%.

(3) This semi-annual number is not meaningful as it is not comparable to the annual numbers.

(4) Net debt to equity ratio is calculated using total interest-bearing bank borrowings less bank balances and cash, pledged certificates of deposit and pledged bank deposits divided by total equity.

(5) Current ratio is calculated using total current assets divided by total current liabilities.

(6) Quick ratio is calculated using total current assets less inventory divided by total current liabilities.

Return on Assets

Our return on assets slightly decreased from 6.6% as of December 31, 2014 to 6.4% as of December 31, 2015, primarily due to a decrease in our net profit. Our return on assets increased from 6.4% as of December 31, 2015 to 9.1% as of December 31, 2016, primarily due to an increase in our net profit, partially offset by an increase in total assets.

Return on Equity

Our return on equity decreased from 15.2% as of December 31, 2014 to 12.8% as of December 31, 2015, primarily due to a decrease in our net profit. Our return on equity later significantly increased to 40.1% as of December 31, 2016, primarily due to an increase in net profit and a decrease in equity in 2016. The decrease in equity in 2016 was primarily because we paid an interim dividend of US$29,097 per share with an aggregate amount of US$349.2 million.

Net Debt to Equity Ratio

Our net debt to equity ratio remained relatively stable at 17.3% as of December 31, 2014 and 18.3% as of December 31, 2015. Our net debt to equity ratio later significantly increased to 106.4% and 180.1% as of December 31, 2016 and June 30, 2017, respectively, primarily because we incurred additional bank borrowings to finance the acquisition of Vista of US$190.1 million, part of the interim dividend of US$349.2 million, and the net amount of repayment of amount due to ultimate holding company of US$118.6 million, which was used to finance the capital expenditure for the expansion of our manufacturing facilities. We expect to be in a net current asset position upon Listing.

Current Ratio

Our current ratio decreased from 1.2 as of December 31, 2014 to 1.1 as of December 31, 2015, and further decreased to 0.7 as of December 31, 2016, primarily due to a greater increase in current liabilities, resulting from an increase in trade, bills and other payables, amount due to ultimate holding company and bank borrowings. Our current ratio remained stable at 0.7 as of December 31, 2016 and June 30, 2017.

Quick Ratio

Our quick ratio decreased from 0.9 as of December 31, 2014 to 0.8 as of December 31, 2015, and further decreased to 0.5 as of December 31, 2016, primarily due to a greater increase in current liabilities, resulting from an increase in trade, bills and other payables, amount due to ultimate holding company and bank borrowings. Our quick ratio remained relatively stable at 0.5 as of December 31, 2016 and 0.4 as of June 30, 2017.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any significant contingent liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Risk

We operate in various locations and most of our sales and purchases transactions are denominated in the U.S. dollars, the Hong Kong dollars, the RMB and the GBP, while our operating expenses are denominated in the U.S. dollars, the Hong Kong dollars, the RMB, the VND and other local currencies.

During the Track Record Period, we were mainly exposed to fluctuations in the Hong Kong dollars and the RMB. Since the Hong Kong dollars are pegged to the U.S. dollars, our foreign exchange exposure in respect of the Hong Kong dollars is considered minimal. During the Track Record Period, we entered into foreign currency exchange contracts to mitigate our exposures of the RMB and the GBP against the U.S. dollars. As of December 31, 2014, 2015 and 2016 and June 30, 2017, the notional principal amount of our foreign currency exchange contracts in respect of the RMB against the U.S. dollars was US$453.0 million, US$108.0 million, nil and nil, respectively. As of December 31, 2014, 2015 and 2016 and June 30, 2017, the notional principal amount of our foreign currency exchange contracts in respect of the GBP against the U.S. dollars was US$110.0 million, nil, nil and nil, respectively. Our management will continue to monitor foreign currency exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The following table sets forth the sensitivity analysis on the impact of changes in the exchange rate of the RMB against the U.S. dollars on our post-tax profit during the Track Record Period. The sensitivity analysis below is in line with historical fluctuations of the post-tax profit due to fluctuations in exchange rate of the RMB against the U.S. dollars during the Track Record Period. A positive/negative number below indicates an increase/decrease in profit where the US$ weakens 5% against the RMB. For a 5% strengthening of the US$ against the RMB, there would be a comparable impact on the Group's post-tax profit and the balances below would be negative/positive. The sensitivity analysis has excluded the foreign currency exchange contracts we held.

	Year ended December 31,			Six months ended June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Post-tax profit	2,092	(96)	40	34

Including the foreign currency exchange contracts, the sensitivity analysis below was estimated based on the contracts outstanding at the end of respective reporting periods. If the forward exchange rate of the U.S. dollars against the RMB and the GBP changes by 5%, the potential effect on the post-tax profit for the year would have been as follows:

	Year ended December 31,			Six months ended June 30,
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
US$ strengthens against RMB by 5% Decrease in the post-tax profit for the year	(17,823)	(4,155)	—	—
US$ weakens against RMB by 5% Increase in the post-tax profit for the year	19,699	4,593	—	—
US$ strengthens against GBP by 5% Decrease in the post-tax profit for the year	(4,264)	—	—	—
US$ weakens against GBP by 5% Increase in the post-tax profit for the year	4,293	—	—	—

We did not enter into foreign currency exchange contracts in 2016 and for the six months ended June 30, 2017.

Price Risk

The key raw materials that we use in the production of our products include fabric and yarn both primarily made of cotton, polyester and acrylic, and accessories, which are subject to market price risk. We have not entered into any hedging transactions to hedge our exposure to such market price risk.

In addition, we have been exposed to equity price risk through our investments in listed equity and debt securities because certain investments held by us are classified on the consolidated statements of financial position as held-for-trading investments. Our equity price risk was mainly concentrated in the listed equity and debt securities of companies quoted on various stock exchanges. Post-tax profit of the year would increase/decrease as a result of gains/losses on these instruments. We monitor the price risk and will consider hedging the risk exposure should the need arise.

As of December 31, 2014, if there had been a 5.0% change in the market value of these listed equity and debt securities, with all other variables held constant, our post-tax profit for the year would have been increased/decreased by approximately US$0.7 million as a result of the changes in fair value of listed equity and debt securities. As of December 31, 2015 and 2016 and June 30, 2017, no listed equity and debt securities were held-for-trading.

Cash Flow Interest Rate Risk

As we have no significant interest-bearing assets (other than cash and cash equivalents, short-term bank deposits, pledged certificates of deposit and pledged bank deposit, details of which have been disclosed in Note 24 and 25 of the Accountants' Report in Appendix I), our operating cash flows are substantially independent of changes in market interest rates. Our interest rate risk primarily arises from our borrowings with floating interest rates. We did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk exposure during the Track Record Period. Our management will continue to monitor interest rate risk exposure and will take prudent measures to minimize the interest rate risk.

If interest rates had been 0.5% higher/lower and all other variables were held constant, as of December 31, 2014, 2015 and 2016 and June 30, 2017, our post-tax profit would decrease/increase by approximately US$1.4 million, US$0.9 million, US$2.0 million and US$1.4 million. This is mainly attributable to the Group's exposure to interest rates on its variable interest rate bank borrowings.

Credit Risk

Our maximum exposure to credit risk, which will cause a financial loss to us due to failure to discharge an obligation by the counterparties, is the carrying amount of the respective financial assets as stated in the consolidated statement of financial position. As of December 31, 2014, 2015 and 2016 and June 30, 2017, trade receivables from the five largest customers represented approximately 73.6%, 64.4%, 60.6% and 66.6% of our total trade receivables, respectively. In order to minimize our credit risk, our management has delegated a team responsible for credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that our credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

We finance our working capital requirements through a combination of funds generated from our operations and bank borrowings. We rely on bank borrowings as significant sources of liquidity. In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Directors believe that we have maintained sufficient general banking facilities for financing capital commitment in the near future and for working capital purposes. See Note 1 of the Accountants' Report in Appendix I for details.

RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. Our Directors believe that each of the related party transactions set out in Note 41 of the Accountants' Report in Appendix I to this prospectus were carried out in the ordinary course of business on an arm's length basis and confirm that all non-trade balances and guarantees with related parties will be settled and released before Listing. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

DIVIDENDS

We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

Subject to the Companies Law and other applicable laws and regulations, we currently target to distribute to our Shareholders no less than 30% of our distributable profits for any particular year. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

During the Track Record Period, we declared dividends of US$19.8 million in 2014, US$77.8 million in 2015, US$349.2 million in 2016 and US$64.5 million in the six months ended June 30, 2017, respectively. All declared dividends during the Track Record Period have been fully settled.

DISTRIBUTABLE RESERVES

As of June 30, 2017, the reserves (capital reserve and retained profits) of the Company amounted to US$101.2 million which was available for distributions to Shareholder of our Company. The Companies Law provides that a company incorporated in the Cayman Islands, such as our Company, subject to the provisions, if any, of its memorandum and articles of association, no distribution or dividend may be paid to its shareholders out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, such company shall be able to pay its debts as they fall due in the ordinary course of business.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since June 2017 and up to the date of this Prospectus, and there is no event since June 30, 2017 which would materially affect the information shown in Accountants' Report in Appendix I.

LISTING EXPENSE INCURRED AND TO BE INCURRED

During the Track Record Period, we incurred listing expenses of approximately US$0.7 million and US$2.2 million, respectively, which was recognized as administrative and other expenses in our consolidated statement of profit or loss for 2016 and the six months ended June 30, 2017, respectively. We expect to incur additional listing expenses of approximately US$23.8 million (based on the Offer Price of HK$8.05 per Share, being the mid-point of the Offer Price range stated in this prospectus) after the Track Record Period, of which US$4.4 million is expected to be recognized as administrative and other expenses in the second half of 2017 and US$19.4 million is expected to be recognized as a deduction in equity directly. Our Directors do not expect such expenses to have a material and adverse impact on our financial results in 2017.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2017, as if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2017 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2017 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2017	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share**
	US$'000	**US$'000**	**US$'000**	**US$**
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on an Offer Price of HK$7.30 per share	135,762	454,332	590,094	0.21
Based on an Offer Price of HK$8.80 per share	135,762	548,774	684,536	0.24

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2017 is based on the consolidated net assets of the Group attributable to the owners of the Company amounted to US$313,771,000 with an adjustment for the intangible assets and goodwill as of June 30, 2017 of US$178,009,000, extracted from the Accountants' Report on Historical Financial Information set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 509,300,000 Offer Shares at Indicative Offer Price range of lower limit and upper limit of HK$7.30 and HK$8.80 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related fees and expenses incurred or expected to be incurred and borne by the Group (excluding approximately US$2.9 million of listing expenses which have been charged to profit or loss up to June 30, 2017 by the Group) and do not take into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option and Award Shares granted or may be granted under the Share Award Scheme B. It does not take into account of any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates and the Repurchase Mandate.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share has been arrived at after making the adjustments referred to in note 2 above and on the basis of 2,816,180,000 Shares are in issue assuming that the Global Offering and the Re-denomination Issue have been completed on June 30, 2017. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and Award Shares granted or may be granted under the Share Award Scheme B (including the 13,062,000 Shares held by the Trustee), or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates and the Repurchase Mandate.

4. No adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2017.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Lo and Mrs. Lo will, through their holding company, CGL, hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 80.67% of the issued share capital of our Company. Accordingly, Mr. Lo, Mrs. Lo and CGL will be a group of Controlling Shareholders under the Listing Rules.

In July 2017, CGL, through its wholly-owned subsidiary, Fashion Fit Limited, acquired a 60% interest in Masterknit Limited ("**Masterknit**"), a company that is primarily engaged in the development and production of flat knitted shoe upper products ("**Masterknit Business**").

Our Directors are of the view that our business activities are clearly delineated from that of Masterknit, since our Group focuses on designing and manufacturing of apparel products for global customers under their own brands, and does not develop and manufacture shoe products. In contrast, Masterknit mainly engaged in developing and producing flat knitted shoe upper products. As Masterknit Business is a new business area and in order to focus on our current business segments, Masterknit Business will not form part of our Group upon Listing. We have entered into various agreements with Masterknit including, among others, a framework sub-contracting services agreement and a framework materials sourcing agreement. Please see the section headed "Connected Transactions" in this prospectus for details.

There is no products overlap between Masterknit Business and our business. We focus on apparel business including denim, lifestyle wear, intimate, sports and outdoor apparel, while the Masterknit Business focuses on shoe upper business. The brand companies typically have different procurement strategies and procurement teams for shoe products and apparel products. Masterknit does not manufacture any apparel products and therefore does not have any impact on our sales of apparel products to our brand customers. As such, our Directors are of the view that Masterknit does not compete, and is unlikely to compete, either directly or indirectly, with the business of our Group. Accordingly, neither of our Controlling Shareholders nor Directors is interested in any business which is, whether directly or indirectly, in competition with our business. However, CGL entered into the Deed of Undertaking, pursuant to which CGL has irrevocably and unconditionally undertaken to us that CGL shall not dispose of any interest in Masterknit Business and shall procure Masterknit not to dispose of any of its core assets or business or interests in its subsidiaries from time to time (if any), without first offering to us the right to acquire such business or interest. If CGL intends to dispose of its interest in Masterknit Business, it shall first offer to our Company the right to acquire such business or interest and provide a written notice to the Company of its intention to dispose of such business or interest, which shall include relevant information including, among others, the proposed consideration and the payment terms. The consideration shall be subject to independent valuation by a qualified third party engaged by the Company. The Company is entitled to exercise its discretion to accept the offer within 20 business days (the "**Notification Period**") after its receipt of the written notice on the consideration and terms set forth in the written notice. The relevant party may only proceed with such disposal to any third party after the expiration of the Notification Period or after the Company has declined the offer in writing, whichever is earlier. The Directors who have an interest conflicting from that of the Company would abstain from voting at the board meeting convened for the purpose of considering the offer during the Notification Period. Hence, all decisions in this respect would be made by the other Directors of the Company, including the independent non-executive Directors. We will comply with applicable requirements under Listing Rules if we are to acquire any business or interest in Masterknit.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition, each of Mr. Lo and Mrs. Lo (the "**Covenantors**") has entered into the Deed of Non-Competition, pursuant to which the Covenantors have jointly and severally, unconditionally and irrevocably undertaken that he/she will not (except through the Group and any investment or interests held through the Group), and will procure his/her respective close associates (other than any member of our Group) not to, directly or indirectly (including through nominees), either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, invest in, participate in, engage in and/or operate or be interested in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which competes or is likely to compete, directly or indirectly, with the existing business of any member of our Group as described in this prospectus (the "**Restricted Business**") during the Non-Competition Period (as defined below).

The non-competition undertaking shall not apply where the Covenantors or their respective close associates (other than any member of our Group) do not individually and in aggregate hold or control, directly or indirectly, the voting rights in respect of 10% or more of the issued share capital of any company that is engaged in the Restricted Business and are not able to control the board of such company.

The non-competition period stated in the Deed of Non-competition refers to the period commencing on the Listing Date and ending on the earliest of (a) the Shares being cancelled or ceased to be listed on the Stock Exchange; or (b) the Covenantors and/or their respective close associates (except for any members of the Group) ceasing to be entitled to exercise or control the exercise of 30% or more in aggregate of the voting power at general meetings of our Company and have no power to control the composition of the majority of the members of the Board; or (c) the Covenantors no longer being recognized as our controlling shareholders under any applicable rules and regulations (the "**Non-competition Period**").

Option for New Opportunity

The Covenantors have irrevocably, unconditionally and jointly and severally agreed, undertaken and covenant with the Company (for itself and as trustee for the benefit of each of its subsidiaries from time to time) that, during the Non-competition Period, any business opportunity which will directly or indirectly compete or is likely to compete with the Restricted Business, including but not limited to the opportunities which are the same with or similar to the Restricted Business (the "**New Opportunity**") that the Covenantors or any of their respective close associate (except for any member of our Group) identify or propose or that is offered or presented to them by a third party, shall be first referred or recommended to our Group in accordance with the Deed of Non-Competition, subject to relevant laws, requirements or contractual arrangements with third parties.

The Covenantors shall, and procure their respective close associates (except for any members of our Group), as soon as reasonably practicable, once becoming aware of the New Opportunity, provide us with a written notification which includes all reasonable and necessary information known by the Covenantors or their respective close associates (except for any members of our Group) (including the nature of the New Opportunity and necessary information in relation to the cost of relevant investment or acquisition) for us to consider whether such New Opportunity would constitute competition or potential competition to the Restricted Business and whether engaging in such New Opportunity would be in the best interests of the Group and the Shareholders as a whole (the "**Offer Notice**").

We shall as soon as possible and in any case within 30 days upon receipt of the Offer Notice respond to the Covenantors or their respective close associates (except for any members of our Group) of any decision taken to pursue or decline the New Opportunity. The Company will seek approval from a committee of the board of Directors who do not have a material interest in the matter of consideration, as to whether to pursue or decline the New Opportunity. Hence, all decisions in this respect would be made by such Directors including independent non-executive Directors. If we fail to reply within the above period, we shall be deemed to have declined the New Opportunity. If we determine to take up the New Opportunity, the Covenantors or their respective close associates (except for any members of our Group) would be obligated to offer such New Opportunity to us.

Further Undertaking

Each of the Covenantors has further undertaken that, during the Non-Competition Period:

a. upon request by us, he/she will, and will procure their respective close associates (except for any members of our Group) to, provide us all necessary information requested by us for the implementation of the undertakings contained in the Deed of Non-Competition;

b. he/she will allow our authorized representatives or auditors to have reasonable access to the financial and corporate information necessary to assess its transactions with third parties, which would assist with our judgments in respect of whether the Covenantors or their respective close associates (except for any members of our Group) have complied with the undertakings contained in the Deed of Non-Competition; and

c. he/she will ensure that within 10 days from receipt of our written request, he/she will provide us with the necessary written confirmation as to the performance by the Covenantors or their respective close associates (except for any members of our Group) under the undertakings contained in the Deed of Non-Competition and the Covenantors or their respective close associates (except for any members of our Group) shall allow such confirmation to be included in our annual reports.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders and Directors confirms that he/she/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the Global Offering.

Management Independence

The Board comprises five executive Directors and four independent non-executive Directors. Although Mr. Lo and Mrs. Lo are executive Directors and also Controlling Shareholders of our Company and the directors of CGL, and Mr. Andrew Lo, our executive Director and chief executive officer, and Mr. Howard Lo, a member of our senior management team, are also directors of CGL, our management and operational decisions are made by all our executive Directors and senior management, most of whom have served our Group for a long time and all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. See "Directors and Senior Management" for further details.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses necessary to carry on our businesses, and has sufficient capital, equipment, access to customers and suppliers, and employees to operate our business independently from our Controlling Shareholders. In addition, our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal control measures to facilitate the effective operation of our business.

Apart from the transactions set out in "Connected Transactions," our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

Financial Independence

Our Group has our own internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payment and we make financial decision according to our own business needs.

Our Directors confirmed that, as of the date of this prospectus, there are no subsisting loans, guarantees or pledges provided by our Controlling Shareholders and/or their respective close associates to our Group.

We do not rely on our Controlling Shareholders and/or their respective close associates to provide financial assistance to our Group. We have independent access to third-party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of continuing agreements and arrangements with our connected persons (as defined under Chapter 14A of the Listing Rules) in our ordinary and usual course of business. Upon the listing of the Shares on the Stock Exchange, the transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

We have entered into transactions with the following persons/companies, who/which will become our connected persons upon Listing:

- Mr. Lo, an executive Director and one of our Controlling Shareholders, hence our connected person;

- Mrs. Lo, an executive Director and one of our Controlling Shareholders, hence our connected person;

- Mr. Andrew Lo, an executive Director, hence our connected person;

- CGL, a limited company incorporated in Bermuda and registered by way of continuation in the Cayman Islands, one of our Controlling Shareholders, hence our connected person;

- Sinotex Corporation Limited, a limited company incorporated in Hong Kong and wholly-owned by CGL, hence an associate (as defined under Chapter 14A of the Listing Rules) of CGL and our connected person;

- Tanbo Development Limited, a limited company incorporated in Hong Kong and indirectly wholly-owned by Mr. Lo and Mrs. Lo, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Lo and Mrs. Lo and our connected person;

- Happy Field Company Limited, a limited company incorporated in Hong Kong and indirectly wholly-owned by Mr. Lo and Mrs. Lo, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Lo and Mrs. Lo and our connected person;

- Joint Access Limited, a limited company incorporated in Hong Kong, with Mr. Andrew Lo holding 50% of its issued share capital, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Andrew Lo and our connected person; and

- Masterknit, a limited company incorporated in Hong Kong, with CGL indirectly holding 60% of its issued share capital, hence an associate (as defined under Chapter 14A of the Listing Rules) of CGL and our connected person.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION

We set out below details of the continuing connected transaction which is exempt from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 0.1% on an annual basis.

Licence Agreement

We have entered into a licence agreement on March 20, 2017 with CGL (the "**Licence Agreement**"), pursuant to which CGL agreed to grant to our Group a licence to use certain trademarks and domain names in connection with our business and operations in various territories and, where applicable, to use and/or to refer to the trademark used on the front and back covers of our prospectus.

We will pay to CGL the sum of HK$1.00 as consideration. The term of the Licence Agreement is for an initial period of three years (the "**Initial Term**") commencing from January 1, 2017. Upon expiration of the Initial Term, the Licence Agreement shall be automatically renewed for successive three-year terms (each, a "**Renewal Term**") unless terminated otherwise. We may terminate the Licence Agreement prior to the expiration of the Initial Term or any Renewal Term by giving not less than six months' notice in writing to CGL. If at any time CGL ceases to have any right to grant the licences of the intellectual property or any of them to our Group, we may forthwith terminate the Licence Agreement by giving notice to CGL. Furthermore, unless both parties agree otherwise, the Licence Agreement shall be terminated on the earliest of the date that: (i) our Shares being cancelled or ceasing to be listed on the Stock Exchange; or (ii) CGL and/or its close associate, excluding our Group, ceasing to be entitled to exercise or control the exercise of 30% or more in aggregate of the voting power at the general meetings of our Company and having no power to control the composition of the majority of the members of our Board; or (iii) CGL no longer being recognized as the controlling shareholder under any applicable rules and regulations. For further details of the intellectual property which we consider to be or may be material to our business, please refer to "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of the Group" in Appendix IV to this prospectus.

Since each of the relevant percentage ratios (other than the profits ratio) under the Listing Rules in respect of the licence fee payable under the Licence Agreement is expected to be less than 0.1%, the transaction under the Licence Agreement constitutes a de minimis transaction which will be exempted from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1).

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We set out below details of the continuing connected transactions which are exempt from circular (including independent financial advice) and independent shareholders' approval requirements but subject to the annual reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

Leases with Shareholders' Entities

We, as tenants, entered into various leases with entities controlled by our Controlling Shareholders (the "**Shareholders' Entities**"). Pursuant to the leases with the Shareholders' Entities (the "**Leases with Shareholders' Entities**"), the Shareholders' Entities, as landlords, agreed to lease to us the premises for office, warehouse and living quarters purpose, the lease terms of which are all not more than three years. Since the Shareholders' Entities are connected persons of our Company, and our transactions with these entities are of a similar nature, such transactions will be aggregated and treated as if they were one transaction, pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. The major terms of the Leases with Shareholders' Entities are listed below:

Effective Date	Landlord	Tenant	Size	Use	Payment Schedule	Rent per month
			sq.m.			*(HK$)*
(i) January 1, 2017.	Sinotex Corporation Limited	Crystal Knitters Limited	7,288	Office	Monthly	1,195,000
(ii) April 1, 2017.	Tanbo Development Limited	Crystal Sweater Limited	350	Warehouse	Monthly	45,000
(iii) April 1, 2017.	Joint Access Limited	Crystal Knitters Limited	389	Living quarters	Monthly	350,000
(iv) April 1, 2017.	Happy Field Company Limited	Crystal Knitters Limited	1,012	Living quarters	Monthly	450,000

For each of the years ended December 31, 2014, 2015 and 2016, the total annual rent for leasing the above premises (excluding the lease agreement (i) above, which was a new transaction started on January 1, 2017) amounted to US$0.8 million, US$0.9 million and US$0.9 million, respectively. For the six months ended June 30, 2017, the total rent leasing the above premises (including the lease agreement (i) above) amounted to US$1.5 million. The proposed annual caps for leasing arrangements under the Leases with Shareholders' Entities for each of the years ending December 31, 2017, 2018 and 2019 will be US$3.2 million, US$3.2 million and US$3.2 million, respectively, taking into consideration the new lease agreement (i) above, which started on January 1, 2017. In determining the above annual caps for leasing the properties under the Leases with Shareholders' Entities, our Directors have considered the pricing terms of the lease agreements. DTZ Cushman & Wakefield

Limited, the property valuer of our Company, has confirmed that the rent payable under the Leases with Shareholders' Entities reflects prevailing market rates. Our Directors confirm that the annual rent payable is determined on normal commercial terms and with reference to market price.

Agreements with Masterknit

We set out below (a) provision of general services to Masterknit; (b) sub-contracting transactions between our Group as the sub-contractor and Masterknit as the customer; (c) materials sourcing transactions between our Group as the supplier and Masterknit as the purchaser; and (d) equipment leasing from Masterknit. There were no historical figures for the below transactions with Masterknit as (i) Masterknit and the Company were independent third parties until CGL, through its wholly-owned subsidiary, acquired 60% interest in Masterknit in July 2017; (ii) the Company does not develop and manufacture shoe products and therefore did not have business relationships with Masterknit, who is mainly engaged in developing and producing flat knitted shoe upper products. Please refer to the section headed "Relationship with Controlling Shareholders" for details. These agreements have been entered into after considering, among others, the potential revenue growth of Masterknit. Masterknit's revenue in relation to knitted shoe upper products have been growing substantially of more than five times for the year ended December 31, 2016 compared to the year ended December 31, 2015. Such increase in growth was primarily due to the continued increase in demand of knitted shoe upper products from a leading international sportswear brand and the relatively lower base of Masterknit's business scale in 2015. With the further increase in growth demand in knitted shoe upper products from this leading international sportswear brand, Masterknit's estimated revenue for year ending December 31, 2017 is expected to grow more than 100%. Considering the business size and scale of this leading international sportswear brand, the growth of their knitted shoe upper products, as well as the expectations of successfully selling knitted shoe upper products to other international sportswear brand(s), the growth of Masterknit is expected to be substantial in 2018 and 2019.

(a) ***General Services Agreement***

We entered into a general services agreement with Masterknit, pursuant to which we will provide various services to Masterknit including, among others, IT system support, data processing, analysis, general administrative services, human resource support, research and development, logistics and other services. The term of the agreement is from July 1, 2017 and ending on December 31, 2019. The fees for general services are determined based on a percentage of Masterknit's quarterly revenue.

The transactions contemplated under this general services agreement started from July 1, 2017 and the historical transaction amount during the Track Record Period is nil. Our Directors estimate that the maximum fee payable by Masterknit to us in relation to such general services provided to Masterknit for the six months ended December 31, 2017 and each of the two years ending December 31, 2018 and 2019 will not exceed US$646,000, US$1,920,000 and US$3,264,000, respectively. In determining the above annual caps, our Directors have considered (i) historical volume of orders placed by customers with Masterknit; (ii) further increase of orders from Masterknit's existing customers; (iii) Masterknit's potential growth of new customer portfolios; and (iv) the Group's costs in similar nature and Masterknit's historical costs in this nature.

(b) ***Framework Sub-contracting Services Agreement***

Parties: The Group (as the sub-contractor); and Masterknit (as the customer)

Principal terms: We entered into a framework sub-contracting services agreement with Masterknit, pursuant to which we provide sub-contracting services to Masterknit from time to time. The term of the agreement is from October 1, 2017 and ending on December 31, 2019

Reasons for the transaction: As we possess extensive expertise in relation to garment manufacturing and we are moving into manufacturing of sportswear and accessories, the cooperation with Masterknit will enable us to gain knitted shoe upper related experience. In addition, Masterknit does not have its own manufacturing capability and therefore require reputable sub-contractors for manufacturing purpose.

Pricing policy: The sub-contracting fees are determined with reference to comparable processing charges by third-party sub-contractors that are providing similar services to Masterknit.

Historical figures: N/A

Annual Caps: The transactions are expected to start in the fourth quarter of 2017 and the maximum aggregate annual sub-contracting services fee payable by Masterknit for the respective periods below shall not exceed the caps set out below:

	Fourth quarter of	Year ended December 31,	
	2017	2018	2019
	(in US$ thousands)		
Total sub-contracting amount	2,810	13,485	26,711

Basis of Caps: In determining the above annual caps, our Directors have considered (i) historical volume of orders placed by customers with Masterknit; (ii) sales forecast from Masterknit's existing and new customers; (iii) number of machines installed on available factory spaces; (iv) estimates of output per machine per year and (v) unit productivity and comparable processing charges.

(c) ***Framework Materials Sourcing Agreement***

Parties: The Group (as the supplier); and Masterknit (as the purchaser)

Principal terms: We entered into a framework materials sourcing agreement with Masterknit, pursuant to which Masterknit purchase various yarn related products from us. The term of the agreement is from October 1, 2017 and ending on December 31, 2019

Reasons for the transaction: We have extensive experience and expertise in sourcing a broad range of materials. The materials sourcing services is primarily related to the sub-contracting services that we provide to Masterknit. By sourcing relevant materials directly from us, we are able to leverage our extensive experience and sourcing network to enhance our production efficiency and costs competitiveness.

Pricing policy: The materials sourcing prices are determined with reference to market price available from independent third parties and estimated material costs of different product mix to revenue percentage.

Historical figures: N/A

Annual Caps: The maximum aggregate annual sales amount to Masterknit for the respective periods below shall not exceed the caps set out below:

	Fourth quarter of	Year ended December 31,	
	2017	2018	2019
	(in US$ thousands)		
Total sub-contracting amount	Nil	10,800	18,360

Basis of Caps: In determining the above annual caps, our Directors have considered (i) historical volume of orders placed by customers with Masterknit; (ii) sales forecast from Masterknit's existing and new customers; (iii) estimated material costs of different product mix to turnover percentage; and (iv) estimated amount of materials to be purchased directly from suppliers by Masterknit.

Since Masterknit is our connected persons and our transactions with Masterknit under the categories of (a)-(c) above are of a similar nature, the transactions will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps in respect of the above categories of transactions with Masterknit are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14 of the Listing Rules. The proposed annual caps for the agreements with Masterknit for each of the three years ending December 31, 2019 will be US$3,456,000, US$26,205,000 and US$48,335,000, respectively. As the applicable "percentage ratios" (other than the profits ratio) for the transactions under the above categories are more than 0.1% but below 5%, the transactions contemplated therein are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

(d) ***Equipment Leasing Agreement***

We entered into an equipment leasing agreement with Masterknit, under which Masterknit agreed to lease to us various production equipment. As the sub-contracting services mentioned in (b) above require different types of production equipment, we consider it is commercially sensible for us to lease the required equipment from Masterknit due to the reasons that (i) based on our current business plan, we are providing knitted shoe upper sub-contracting services to Masterknit only, it is more cost efficient to lease the required equipment instead of purchasing machinery; and (ii) Masterknit handles directly with its customers in relation to product development, as such, they are in a better position to decide the types of required equipment to ensure product quality. The term of the agreement is from October 1, 2017 and ending on December 31, 2019. The fees for equipment leasing are determined with reference to the cost of such production equipment and an agreed internal rate of return.

The transactions contemplated under this equipment leasing agreement are expected to start in the fourth quarter of 2017 and the historical transaction amount during the Track Record Period is nil. Our Directors estimate that the maximum fee payable by us to Masterknit in relation to such equipment leasing for the fourth quarter of 2017 and each of the two years ending December 31, 2018 and 2019 will not exceed US$169,000, US$3,240,000 and US$6,412,000, respectively. In determining the above annual caps, our Directors have considered (i) the cost of relevant equipment; (ii) customer demand forecast; and (iii) estimated number of machines to be installed on available factory spaces.

As the applicable "percentage ratios" (other than the profits ratio) for the transaction are more than 0.1% but below 5%, the transaction described above is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

THE DIRECTORS' VIEWS

In the view of our Directors (including the independent non-executive Directors), it is in the interests of our Group to continue with all the connected transactions described in this section after the Listing, and that all these transactions are conducted on normal commercial terms, were entered into in the ordinary and usual course of business of our Group, the terms are fair and reasonable and are in the interests of our Shareholders as a whole. In addition, the proposed annual caps for the non-exempt continuing connected transaction described above are fair and reasonable and in the interests of our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transaction described above, and for which waiver has been sought, has been entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole, and that the annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

APPLICATION FOR WAIVER

The transaction described in "— Non-Exempt Continuing Connected Transaction" above constitutes our non-exempt continuing connected transaction and would normally require reporting and announcement but is exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules. As the transaction is expected to continue after Listing and has been fully disclosed in this prospectus, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the announcement under Rule 14A.105, subject to the condition that the annual transaction value shall not exceed the estimated annual cap (as stated above). We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to the non-exempt continuing connected transaction.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and immediately following the completion of the Global Offering:

Authorized share capital

	Shares	Total nominal value
As of the Latest Practicable Date and immediately following the completion of the Global Offering	3,500,000,000	HK$35,000,000

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

Issued share capital

As of the Latest Practicable Date:

Shares	Nominal value	Total nominal value
2,319,942,000	HK$0.01	HK$23,199,420

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):

Shares	Description of Shares	Nominal value	Total nominal value
2,306,880,000	Shares in issue pursuant to the Re-denomination Issue	HK$0.01	HK$23,068,800
13,062,000	Shares in issue pursuant to Share Award Scheme B	HK$0.01	HK$130,620
509,300,000	Shares to be issued pursuant to the Global Offering	HK$0.01	HK$5,093,000
2,829,242,000	Total		HK$28,292,420

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary resolutions passed by the Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by special resolution passed by the Shareholders. For more details, please see "Summary of the Constitution of Our Company and Cayman Companies Law — 2. Articles of Association — 2.5 Alteration of capital" in Appendix III.

Pursuant to the Cayman Companies Law and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may 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. For more details, please see "Summary of the Constitution of our Company and Cayman Companies Law — 2. Articles of Association — 2.4 Variation of rights of existing shares or classes of shares" in Appendix III.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — Conditions of the Global Offering", our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, please see the section headed "Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2017" in Appendix IV to this prospectus.

THE CORNERSTONE PLACING

As part of the International Offering, we and the Joint Global Coordinators have entered into a cornerstone investment agreement with each of Fast Retailing Co., Ltd., and L (Overseas) Holdings LP (collectively, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to subscribe for, at the Offer Price, such number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US$30.0 million (the "**Cornerstone Placing**"). Assuming an Offer Price of HK$7.30 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 32,076,000, representing approximately 1.13% of the Shares in issue and outstanding upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.05 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 29,088,000, representing approximately 1.03% of the Shares in issue and outstanding upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.80 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 26,608,500, representing approximately 0.94% of the Shares in issue and outstanding upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Each of the Cornerstone Investors and their respective ultimate beneficial owners are independent third parties, independent of each other, and are not our connected persons. None of the Cornerstone Investors and their respective ultimate beneficial owners is an existing shareholder or a close associate of us. The Cornerstone Investors will subscribe for the Offer Shares pursuant to, and as part of, the International Offering. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering, other than pursuant to their respective cornerstone investment agreement.

The Offer Shares to be acquired by the Cornerstone Investors will rank *pari passu* with the fully paid Shares then in issue and to be listed on the Stock Exchange and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any representation on the Board or become our substantial shareholder. No special rights have been granted to the Cornerstone Investors as part of the Cornerstone Placing.

The Offer Shares to be acquired by the Cornerstone Investors (i) will not be subject to re-allocation of Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering; or (ii) be affected by any exercise of the Over-allotment Option to be granted by the Company to the Joint Global Coordinators and exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be issued by the Company on or around Thursday, November 2, 2017.

OUR CORNERSTONE INVESTORS

We have entered into cornerstone investment agreement with each of the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Fast Retailing Co., Ltd. ("Fast Retailing")

Fast Retailing has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased with an aggregate amount of Hong Kong dollar equivalent of US$20.0 million (excluding Brokerage and the Levies which Fast Retailing will pay in respect of the Shares).

Assuming an Offer Price of HK$7.30 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that Fast Retailing would subscribe for would be 21,384,000 Shares, representing approximately 0.76%, 4.20% and 4.67% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.05 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that Fast Retailing would subscribe for would be 19,392,000 Shares, representing approximately 0.69%, 3.81% and 4.23% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.80 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that Fast Retailing would subscribe for would be 17,739,000 Shares, representing approximately 0.63%, 3.48% and 3.87% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised).

Fast Retailing, which was established in 1963, is a Japanese retail holding company listed on the Tokyo Stock Exchange (TSE: 9983) and the Hong Kong Stock Exchange (SEHK: 6288). It is a leading retailer of quality clothing for men, women, children and infants under its mainstay brand UNIQLO and other global brands, which comprise GU, Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand.

UNIQLO has been one of our top five customers during the Track Record Period. The investment by Fast Retailing is part of the continuing development of our strategic partnership with Fast Retailing.

L (Overseas) Holdings LP ("L (Overseas)")

L (Overseas) has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased with an aggregate amount of Hong Kong dollar equivalent of US$10.0 million (excluding Brokerage and the Levies which L (Overseas) will pay in respect of the Shares.

Assuming an Offer Price of HK$7.30 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that L (Overseas) would subscribe for would be 10,692,000 Shares, representing approximately 0.38%, 2.10% and 2.33% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.05 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that L (Overseas) would subscribe for would be 9,696,000 Shares, representing approximately 0.34%, 1.90% and 2.12% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$8.80 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares that L (Overseas) would subscribe for would be 8,869,500 Shares, representing approximately 0.31%, 1.74% and 1.94% of the Shares in issue and outstanding immediately following the completion of the Global Offering, the Offer Shares and the International Offer Shares (assuming the Over-allotment Option is not exercised).

L (Overseas) was formed in Canada and is a foreign investment subsidiary of L Brands, Inc. L Brands, Inc. (NYSE: LB), through Victoria's Secret, PINK, Bath & Body Works, La Senza and Henri Bendel, is an international company with annual sales of more than US$12.6 billion in 2016. The company operates more than 3,000 company-owned specialty stores in the United States, Canada, the United Kingdom and Greater China, and its brands are sold in more than 700 franchised locations worldwide. The company's products are also available online at www.VictoriasSecret.com, www.BathandBodyWorks.com, www.HenriBendel.com and www.LaSenza.com.

L Brands had been one of our top five customers during the Track Record Period. The investment by L (Overseas) is part of the continuing development of our strategic partnership with L Brands.

CONDITIONS PRECEDENT

The obligations of each of the Cornerstone Investors to subscribe for the Offer Shares under the respective cornerstone investment agreements are subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in those Underwriting Agreements or as subsequently waived or varied by agreement of the parties thereto;

(b) none of the aforesaid Underwriting Agreements having been terminated;

(c) the Offer Price having been agreed by the Joint Global Coordinators (on behalf of the underwriters) and the Company in connection with the Global Offering;

(d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of dealings in the Shares on the Main Board of the Stock Exchange;

(e) the respective representations, warranties, undertakings, confirmations and acknowledgements of each Cornerstone Investor and the Company under the relevant cornerstone investment agreement are accurate, true and not misleading and there being no breach of the relevant cornerstone investment agreement on the part of such Cornerstone Investor; and

(f) no laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it shall not, and shall procure that its wholly-owned subsidiaries to whom such Cornerstone Investor has transferred any of the Shares acquired under the relevant cornerstone investment agreement shall not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"):

(a) dispose of, or agree or contract to dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares or other securities of the Company which are derived therefrom pursuant to any rights issue, capitalization issue or other form of capital reorganization or any voting right or any other right attaching thereto (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the forgoing securities) (together, the "**Relevant Shares**") or any legal or beneficial interest therein or any interest in any company or entity holding any of the Relevant Shares or any voting right or any other right attaching thereto (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the forgoing securities); or

(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 such share capital or securities or any interest therein or any voting right or any other right attaching thereto; or

(c) enter into any transaction directly or indirectly with the same economic effect as any transaction described above in either of paragraphs (a) or (b); or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described above in any of paragraphs (a), (b) or (c);

whether any of the foregoing transactions described above in any of paragraphs (a), (b), (c) or (d) is to be settled by delivery of share capital or such other securities, in cash or otherwise.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will 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 our Company:

		Following the Re-denomination Issue and immediately upon the Global Offering (assuming the Over-allotment Option is not exercised)[1]	
Name	**Nature of interest**	**Number of Shares**[2]	**Approximate percentage of interest in our Company (%)**
Mr. Lo	Interest in controlled corporation[3]	2,282,273,280	80.67
Mrs. Lo	Interest in controlled corporation[3]	2,282,273,280	80.67
CGL	Beneficial owner	2,282,273,280	80.67

Notes:

(1) The calculation is based on the total number of 2,829,242,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

(2) All interests stated are long positions.

(3) CGL is beneficially and wholly-owned by Mr. Lo and Mrs. Lo (each of them individually holding 50% of CGL's shares). By virtue of the SFO, Mr. Lo and Mrs. Lo are both deemed to be interested in the Shares held by CGL.

Save as disclosed above and in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Re-denomination Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will 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 other member of the Group.

FUTURE PLANS

See "Business — Development Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$8.05 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$3,892.0 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes.

- Approximately HK$1,751.4 million (approximately 45% of our total estimated net proceeds) is intended to be used for funding capital expenditures in connection with the expansion of manufacturing capacity, including:

  i. Approximately HK$973.0 million (approximately 25% of our total estimated net proceeds) for the construction of additional manufacturing facilities in Vietnam over the next two to three years, including (1) HK$389.2 million (approximately 10% of our total estimated net proceeds) for constructing facilities to house our lifestyle wear, sweater and sportswear and outdoor apparel production, and (2) HK$583.8 million (approximately 15% of our total estimated net proceeds) for constructing facilities to house our denim and intimate production. For details, please see "Business — Development Strategies — Expansion of manufacturing facilities internationally to capture organic and consolidated growth" and "Business — Production — Production Expansion Plan";

  ii. Approximately HK$778.4 million (approximately 20% of our total estimated net proceeds) for the construction of additional manufacturing facilities in Bangladesh over the next two to three years, including (1) HK$467.0 million (approximately 12% of our total estimated net proceeds) for constructing facilities to house our lifestyle wear, sweater and sportswear and outdoor apparel production, and (2) HK$311.4 million (approximately 8% of our total estimated net proceeds) for constructing facilities to house our denim and intimate production. For details, please see "Business — Development Strategies — Expansion of manufacturing facilities internationally to capture organic and consolidated growth" and "Business — Production — Production Expansion Plan";

- Approximately HK$778.4 million (approximately 20% of our total estimated net proceeds) is intended to be used for the upstream vertical expansion into fabric production in Asia, including (1) HK$311.4 million (approximately 8% of our total estimated net proceeds) for constructing fabric mills in Bangladesh to produce fabrics to be used in our lifestyle wear and sportswear and outdoor apparel production, of which approximately 3% of the total estimated net proceeds are expected to be the initial investment in buildings and certain machinery of our Bangladesh manufacturing site by 2018, and the remaining 5% will be invested primarily in machinery and installation in the three years after 2018. We expect the fabric production facilities to commence operation approximately in 2020, and (2) HK$467.0 million (approximately 12% of our total estimated net proceeds) to expand into fabric production in other suitable locations identified by us in the future. We intend to expand into fabric production in locations where we currently have manufacturing facilities such as Vietnam. Once we identify a location, we will look for suitable land and undertake appropriate planning permissions before we commence construction. Other than the above-mentioned initial investment in buildings and machinery of our Bangladesh manufacturing site, the remaining amount will be invested in the next three years after 2018. We expect that our fabric production facilities will commence operation approximately two years after the initial investment. For details, please see "Business — Development Strategies — Upstream vertical expansion by expanding into fabric production to capture further value."

- Approximately HK$973.0 million (approximately 25% of our total estimated net proceeds) is intended to be used for repaying part of our debts, details of which are as follows.

Type of Debts	Maturity Date	Interest Rate Range	Outstanding Principal Amount
Loan incurred for Vista acquisition	December 29, 2019	LIBOR+1.4%	US$105 million
Debt owed to Vista sellers . . .	December 15, 2017	Interest free	US$85 million
Loan incurred by Vista prior to the acquisition	August 5, 2020	LIBOR+2.5%	US$32 million

- Approximately HK$389.2 million (approximately 10% of our total estimated net proceeds) is intended to be used for our working capital and general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the proposed Offer Price range.

If the Offer Price is fixed at HK$8.80 per Offer Share (being the high end of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$368.6 million, assuming the Over-allotment Option is not exercised.

If the Offer Price is fixed at HK$7.30 per Offer Share (being the low end of the Offer Price range stated in this prospectus), the net proceeds we receive will be reduced by approximately HK$368.6 million, assuming the Over-allotment Option is not exercised.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK$538.1 million (assuming an Offer Price of HK$7.30 per Share, being the low end of the proposed Offer Price range) to HK$648.7 million (assuming an Offer Price of HK$8.80 per Share, being the high end of the proposed Offer Price range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
The Hongkong and Shanghai Banking Corporation Limited
Citigroup Global Markets Asia Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 50,930,000 Hong Kong Offer Shares and the International Offering of initially 458,370,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by written notice from the Joint Global Coordinators, if, at any time prior to 8:00 a.m. on the Listing Date:

(1) there develops, occurs, exists or comes into effect:

(a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, Vietnam, Cambodia, Sri Lanka or Bangladesh (collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions or elsewhere; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(e) any new laws, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the U.S. dollars, Euro, the Hong Kong dollars or the RMB against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any proceedings of any third party being threatened or instigated against any member of the Group; or

(i) an authority in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director; or

(j) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(k) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, unless such supplement or amendment has been issued with the prior written approval of the Joint Sponsors; or

(l) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(m) an executive Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(n) the chairman or chief executive officer of the Company vacating his office;

(o) a material breach by any member of the Group of the Listing Rules or applicable laws,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators:

(A) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(B) has or will have or may have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(D) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Global Coordinators:

(a) a prohibition on the Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the option shares) pursuant to the terms of the Global Offering; or

(b) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(c) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(d) any material breach of any of the obligations imposed upon any party to this Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(e) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement; or

(g) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) 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

(h) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(i) the Reporting Accountants, or any of the counsels of the Company which is named as an expert in the section headed "Statutory and General Information — E. Other Information — 5. Qualification of Experts" in this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(j) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawal of its consent to being named in any of the Hong Kong Public Offering Documents or to the issue of any of the Hong Kong Public Offering Documents.

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 no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) shall be issued by us or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except in certain circumstances provided under Rule 10.08 of the Listing Rules.

(B) *Undertakings by our Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that, except pursuant to the lending of any Shares pursuant to the Stock Borrowing Agreement (if applicable), he/she/it shall not, unless in compliance with the requirements of the Listing Rule:

(i) in the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or 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/she/it is shown by this prospectus to be the beneficial owner; or

(ii) in the period of six months commencing on the date on which the period referred to in the preceding paragraph expires, dispose of, or enter into any agreement to dispose of or otherwise create, any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, all of them as a group would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Note (2) to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent Controlling Shareholders from using the Shares beneficially owned by him/her/it as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:

(i) when he/she/it pledges or charges any Shares beneficially owned by him/her/it in favor of an authorized institution 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

(ii) when he/she/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 in writing of such indications.

We will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraph (i) and (ii) above (if any) by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) *Undertakings by Our Company*

Our Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the "**First Six-Month Period**"), our Company will not and will procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or other equity securities of the Company, or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(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 any Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other equity securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or other share or securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of the Company. The Controlling Shareholders jointly and severally undertake to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure the Company to comply with the undertakings above.

(B) *Undertakings by our Controlling Shareholders*

Each of our Controlling Shareholders has jointly and severally undertaken to each of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules or any pledge or charge to authorized institutions pursuant to Note 2 to Rule 10.07 of the Listing Rules:

(i) save for the lending of Shares by CGL pursuant to the Stock Borrowing Agreement, it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or 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 or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (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 any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or(c) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period); and

(ii) it will not, until the expiry of the Second Six-Month Period, enter into any of the transactions specified in (a) or (b) or (c) above or offer to or agree to or 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, it will cease to be a Controlling Shareholder; and

(iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a) or (b) or (c) above or offers to or agrees to or 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 the Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters' Interests in Our Company

Except for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our 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 obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 76,395,000 Shares, representing no more than 15% of the initial Offer Shares, at the Offer Price under the International Offering, to cover, amongst others, over-allocations in the International Offering, if any.

Commissions and Expenses

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) will receive a gross underwriting commission equal to 2.5% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering). Our Company may also in our sole discretion pay any or all of the Joint Global Coordinators an additional incentive fee.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Joint Global Coordinators in their sole discretions consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Joint Global Coordinators in their sole discretions consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK$207.9 million (assuming an Offer Price of HK$8.05 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

INDEPENDENCE OF JOINT SPONSORS

Morgan Stanley Asia Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The aggregate of (a) the amounts due to HSBC Corporate Finance (Hong Kong) Limited, its holding companies or any of their subsidiaries (collectively, the "**HSBC Group**") from the Company and its subsidiaries; and (b) all guarantees given by HSBC Group on behalf of the Company and its subsidiaries exceed 30% of the total assets of the Company as of December 31, 2016. As a result, HSBC Corporate Finance (Hong Kong) Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

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 the 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 headed "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.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to adjustment and the Over-allotment Option):

(a) the Hong Kong Public Offering of 50,930,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "—The Hong Kong Public Offering" below; and

(b) the International Offering of an aggregate of 458,370,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act as described in "—The International Offering" below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 18.00% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 20.16% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in "—The International Offering—Over-allotment Option" in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation."

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 50,930,000 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 subject to the reallocation of Offer Shares between the International Offering and the Hong

Kong Public Offering and assuming that 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 forth in the paragraph headed "—Conditions of the Global Offering" below.

Allocation

The 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 would 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.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 25,465,000 and 25,465,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5.00 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5.00 million (excluding the brokerage, 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 Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 25,465,000 Hong Kong Offer Shares (being 50% of the 50,930,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 50,930,000 Offer Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 152,790,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 203,720,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 254,650,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

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 Joint Global Coordinators in their sole discretions consider appropriate. In addition, the Joint Global Coordinators 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 Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators in their sole discretions consider appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she and any person(s) for whose benefit he/she is making 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, 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 Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$8.80 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "—Pricing and Allocation" below, is less than the maximum price of HK$8.80 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, please see the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 458,370,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "—Pricing and Allocation" below 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 Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer 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 Joint Global Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application 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 paragraph headed "—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 to the International Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Joint Global Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 76,395,000 Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover, amongst others, over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares will represent 20.16% of our Company's issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

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 any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, include (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the 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 the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the 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 paragraph (ii), (iii), (iv) or (v).

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 the Shares;
- there is no certainty regarding 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, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) 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 Joint Global Coordinators, or any person acting for them may cover such over-allocation by, amongst others, using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangement mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of Shares which may be allotted and issued pursuant to the exercise in full of the Over-allotment Option, being 76,395,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 76,395,000 Shares from CGL pursuant to the Stock Borrowing Agreement.

The stock borrowing arrangements under the Stock Borrowing Agreement comply with the requirements set forth in Rule 10.07(3) of the Listing Rules and thus not subject to the restrictions of Rule 10.07(1) of the Listing Rules.

PRICING AND ALLOCATION

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 price or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date, which is expected to be on or around Friday, October 27, 2017 and in any event no later than Wednesday, November 1, 2017.

The Offer Price will not be more than HK$8.80 per Offer Share and is expected to be not less than HK$7.30 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. 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 indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range 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, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (**http://www.crystalgroup.com**) and the website of the Stock Exchange (**http://www.hkexnews.hk**) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth 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 between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings solely in the discretion of the Joint Global Coordinators.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Thursday, November 2, 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (**http://www.crystalgroup.com**) and the website of the Stock Exchange (**http://www.hkexnews.hk**).

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 Joint Global Coordinators (on behalf of the Hong Kong 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.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option;

(b) the Offer Price having been agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) on or before Wednesday, November 1, 2017, the Global Offering will not proceed and lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its 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. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of our Company (**http://www.crystalgroup.com**) and the website of the Stock Exchange (**http://www.hkexnews.hk**). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed "— How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in a separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option).

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted 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 on the Stock Exchange 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 advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 3, 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 3, 2017. The Shares will be traded on the Main Board of the Stock Exchange in board lots of 500 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer 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 **https://www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a WHITE or YELLOW Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the White Form eIPO service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of White Form eIPO service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person or core connected person (as defined in the Listing Rules) of the Company or will become a connected person or core connected person of the Company immediately upon completion of the Global Offering;
- an associate or close associate (as defined in the Listing Rules) 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 **https://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 during normal business hours from 9:00 a.m. on Monday, October 23, 2017 until 12:00 noon on Thursday, October 26, 2017:

(i) any of the following offices of the Hong Kong Underwriters:

(a) Morgan Stanley Asia Limited, at 46/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

(b) The Hongkong and Shanghai Banking Corporation Limited, at 1 Queen's Road Central, Central, Hong Kong; and

(c) Citigroup Global Markets Asia Limited, at 50/F, Champion Tower, 3 Garden Road, Central, Hong Kong

(ii) any of the following branches of the receiving banks:

The Hongkong and Shanghai Banking Corporation Limited

	Branch name	Address
Hong Kong Island . .	Hong Kong Office	Level 3, 1 Queen's Road Central, Hong Kong
	Pacific Place Branch	Shop 102, Pacific Place Mall, 88 Queensway, Hong Kong
	Aberdeen Centre Branch	Shop 2, G/F, Site 1, Aberdeen Centre, Aberdeen, Hong Kong
	Cityplaza Branch	Unit 065, Cityplaza I, Taikoo Shing, Hong Kong
	Causeway Bay Branch	Basement 1 & Shop G08, G/F, Causeway Bay Plaza 2, 463-483 Lockhart Road, Hong Kong
	Hopewell Centre Branch	Shops 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

	Branch name	Address
Kowloon	Kwun Tong Branch	G/F & 1/F, Wong Tze Building, 71 Hoi Yuen Road, Kwun Tong, Kowloon
	Festival Walk Branch	Shop LG2-01, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok, Kowloon
	Hung Hom Branch	G/F, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom, Kowloon
	Tsim Sha Tsui Branch	Basement & 1/F, 82-84 Nathan Road, Tsim Sha Tsui, Kowloon
	Telford Gardens Branch	Shop Unit P16, Block G, Telford Plaza I, Kowloon Bay, Kowloon
	Mei Foo Sun Chuen Branch	79, Broadway Stage 4, Mei Foo Sun Chuen, Kowloon
New Territories	Kwai Hing Branch	Shop 2, 3/F, Sun Kwai Hing Plaza, 166-174 Hing Fong Road, Kwai Chung, New Territories
	Shatin Plaza	Shop 49, Level 1, Shatin Plaza, 21-27 Sha Tin Centre Street, Shatin, New Territories
	Tai Po Branch	G/F 54-62 Kwong Fuk Road, Tai Po, New Territories
	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150-160 Castle Peak Road, Yuen Long, New Territories
	East Point City Branch	Shop No.108, East Point City, 8 Chung Wa Road, Tseung Kwan O, New Territories
	Citywalk Branch	Shops G21-22, Citywalk, 1 Yeung Uk Road, Tsuen Wan, New Territories
	Tuen Mun Town Plaza Branch	Shop 1, UG/F, Shopping Arcade Phase II, Tuen Mun Town Plaza, Tuen Mun, New Territories

Standard Chartered Bank (Hong Kong) Limited

	Branch name	Address
Hong Kong Island . .	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central, Hong Kong
	Hennessy Road Branch	399 Hennessy Road, Wanchai, Hong Kong
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point, Hong Kong
Kowloon	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong, Kowloon
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan, New Territories
	Tuen Mun Town Plaza Branch	Shop No. G047-G052, Tuen Mun Town Plaza Phase I, Tuen Mun, 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, New Territories

You can collect a YELLOW Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, October 23, 2017 until 12:00 noon on Thursday, October 26, 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed WHITE or YELLOW Application Form, together with a cheque or a banker's cashier order attached and marked payable to "HSBC Nominees (Hong Kong) Limited — Crystal 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, October 23, 2017— 9:00 a.m. to 4:30 p.m.
- Tuesday, October 24, 2017— 9:00 a.m. to 4:30 p.m.

- Wednesday, October 25, 2017— 9:00 a.m. to 4:30 p.m.

- Thursday, October 26, 2017— 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, October 26, 2017, the last application day or such later time as described in the paragraph headed "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the White Form eIPO service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Memorandum and Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and 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 Forms 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 Joint Global Coordinators, the Joint Sponsors, 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, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers 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 Forms;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(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 fulfilled the criteria mentioned in the paragraph headed "Personal Collection" in this section to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC or 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 the YELLOW Application Form

You may refer to the YELLOW Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the paragraph headed "— 2. Who Can Apply" in this section may apply through the White Form eIPO service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **https://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 Service

You may submit your application to the White Form eIPO Service Provider at **https://www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, October 23, 2017 until 11:30 a.m. on Thursday, October 26, 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, October 26, 2017 or such later time under the paragraph headed "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of White Form eIPO service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the White Form eIPO service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under White Form eIPO service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the White Form eIPO service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (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).

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 designated White Form eIPO Service Provider, will contribute HK$2.0 for each "Crystal International Group Limited" White Form eIPO application submitted via the website **https://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 money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 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
1/F One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and the Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a WHITE Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the WHITE Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, have not indicated or will not indicate an interest for, any Offer Shares under the International Offering nor otherwise participate in the International Offering;

- (if the electronic application instruction are given for your benefit) 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 and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, the Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (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 Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and 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 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Monday, October 23, 2017 — 9:00 a.m. to 8:30 p.m.[(1)]
- Tuesday, October 24, 2017 — 8:00 a.m. to 8:30 p.m. [(1)]
- Wednesday, October 25, 2017 — 8:00 a.m. to 8:30 p.m. [(1)]
- Thursday, October 26, 2017 — 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, October 23, 2017 until 12:00 noon on Thursday, October 26, 2017 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, October 26, 2017, the last application day or such later time as described in the paragraph headed "— 10. 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).

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 banks, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the White Form eIPO service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the White Form eIPO service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/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 Thursday, October 26, 2017.

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 White Form eIPO service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company.

Then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The WHITE and YELLOW Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a WHITE or YELLOW Application Form or through the White Form eIPO service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 500 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 **https://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" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 26, 2017. 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 Thursday, October 26, 2017 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" in this prospectus, 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 Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, November 2, 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the Company's website at **http://www.crystalgroup.com** and the website of the Stock Exchange at **http://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 **http://www.crystalgroup.com** and the Stock Exchange's website at **http://www.hkexnews.hk** by no later than 8:00 a.m. on Thursday, November 2, 2017;
- from the designated results of allocations website at **https://www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, November 2, 2017 to 12:00 midnight on Wednesday, November 8, 2017;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, November 2, 2017 to Sunday, November 5, 2017;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, November 2, 2017 to Saturday, November 4, 2017 at all the receiving banks' designated 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" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to 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 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 will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer 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 Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$8.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Global Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global 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 or before Thursday, November 2, 2017.

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 before Thursday, November 2, 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, November 3, 2017 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" 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) from Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, November 2, 2017 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 or before Thursday, November 2, 2017, 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 or before Thursday, November 2, 2017, 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 Thursday, November 2, 2017, 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 Offering in the manner described in the paragraph headed "— 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, November 2, 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) **If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, November 2, 2017, 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 or before Thursday, November 2, 2017 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 Thursday, November 2, 2017, 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 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 the paragraph headed "— 11. Publication of Results" above on Thursday, November 2, 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, November 2, 2017 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 Thursday, November 2, 2017. 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 Thursday, November 2, 2017.

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 set out on pages I-1 to I-110, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CRYSTAL INTERNATIONAL GROUP LIMITED AND MORGAN STANLEY ASIA LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED

Introduction

We report on the Historical Financial Information of Crystal International Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-110, which comprises the consolidated statements of financial position at 31 December 2014, 2015 and 2016 and 30 June 2017, the statements of financial position of the Company at 31 December 2014, 2015 and 2016 and 30 June 2017 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016 and the six months ended 30 June 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-110 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 October 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position at 31 December 2014, 2015 and 2016 and 30 June 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to note 10 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 October 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the previously issued consolidated financial statements of the Group for the years ended 31 December 2014 and 2015 ("Previously Issued Consolidated Financial Statements"), the consolidated financial statements of the Group for the year ended 31 December 2016 ("2016 Consolidated Financial Statements") and the consolidated financial statements of the Group for the six months ended 30 June 2017 ("Stub Period Consolidated Financial Statements"). The Previously Issued Consolidated Financial Statements, 2016 Consolidated Financial Statements and Stub Period Consolidated Financial Statements (collectively referred to as "Historical Financial Statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by International Accounting Standard Board (the "IASB") and were audited by us in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in United States dollars and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	2014	2015	2016	2016	2017
		US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Revenue	6	1,700,714	1,688,458	1,763,392	830,047	1,027,463
Cost of sales		(1,413,701)	(1,396,778)	(1,407,730)	(678,648)	(822,528)
Gross profit		287,013	291,680	355,662	151,399	204,935
Other income		23,581	5,127	20,844	11,652	3,287
Selling and distribution expenses		(42,009)	(33,416)	(32,076)	(14,907)	(16,579)
Administrative and other expenses		(160,946)	(182,530)	(196,101)	(84,567)	(101,087)
Finance costs		(5,895)	(5,537)	(4,853)	(2,380)	(7,765)
Loss on fair value changes and disposals of held-for-trading investments		(4,555)	(1,357)	—	—	—
Share of results of an associate		(218)	(431)	1,304	145	(677)
Share of results of joint ventures		(2)	—	—	—	—
Gain on derecognition of joint ventures		—	6,323	—	—	—
Profit before tax	7	96,969	79,859	144,780	61,342	82,114
Income tax expense	9	(15,166)	(11,574)	(21,128)	(8,675)	(12,884)
Profit for the year/period		81,803	68,285	123,652	52,667	69,230
Other comprehensive (expense) income						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference arising on translation of foreign operations		(8,378)	(22,212)	(29,647)	(10,475)	3,146
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit liabilities		(3,555)	1,178	(1,757)	(933)	2,868
Deferred tax credit (expense) arising on defined benefit liabilities		711	(336)	106	27	(552)
Surplus on revaluation of properties		5,793	29,486	16,924	1,352	4,210
Deferred tax expense arising on revaluation of properties		(738)	(6,501)	(3,759)	(148)	(827)
Deferred tax credit arising on disposal of a revalued property		—	—	7,340	—	—
		2,211	23,827	18,854	298	5,699
Other comprehensive (expense) income for the year/period		(6,167)	1,615	(10,793)	(10,177)	8,845
Total comprehensive income for the year/period		75,636	69,900	112,859	42,490	78,075
Earnings per share for profit attributable to the owners of the Company, basic (US cents)	11	3.55	2.96	5.36	2.28	3.00
Profit for the year/period attributed to:						
Owners of the Company		81,803	68,285	123,652	52,667	69,142
Non-controlling interests		—	—	—	—	88
		81,803	68,285	123,652	52,667	69,230
Total comprehensive income for the year/period attributed to:						
Owners of the Company		75,636	69,900	112,859	42,490	77,987
Non-controlling interests		—	—	—	—	88
		75,636	69,900	112,859	42,490	78,075

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2014	At 31 December 2015	At 31 December 2016	At 30 June 2017
		US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS					
Non-current assets					
Property, plant and equipment.	12	392,260	450,514	462,807	492,112
Deposits paid for acquisition of property, plant and equipment	13	5,646	716	4,573	15,860
Prepaid lease payments	14	18,243	21,617	33,324	34,925
Goodwill	15	—	—	74,941	74,941
Intangible assets	16	—	—	105,527	103,068
Interest in an associate	17	14,284	16,593	17,801	17,157
Interests in joint ventures	18	98	—	—	—
Loan receivables	19	3,116	3,664	3,173	2,722
		433,647	493,104	702,146	740,785
Current assets					
Inventories	20	186,574	197,987	217,114	241,257
Prepaid lease payments	14	390	504	843	850
Trade, bills and other receivables	21	272,976	258,085	287,540	337,653
Amounts due from related companies	41	—	—	—	523
Loan receivables	19	816	668	627	679
Held-for-trading investments	22	72,287	—	—	—
Derivative financial assets	23	7,536	—	1,648	—
Tax recoverable		5,184	2,823	1,382	105
Pledged certificates of deposit	24	49,028	—	—	—
Pledged bank deposits	25	1,993	—	—	—
Bank balances and cash	25	201,662	120,693	149,523	111,487
		798,446	580,760	658,677	692,554
Total assets		1,232,093	1,073,864	1,360,823	1,433,339

	NOTES	At 31 December 2014	At 31 December 2015	At 31 December 2016	At 30 June 2017
		US$'000	*US$'000*	*US$'000*	*US$'000*
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	31	12	12	12	12
Reserves		539,856	531,948	305,546	313,759
Equity attributable to owners of the Company		539,868	531,960	305,558	313,771
Non-controlling interests		—	—	2,671	—
Total equity		539,868	531,960	308,229	313,771
Non-current liabilities					
Other payables	26	4,293	11,376	10,980	11,457
Deferred taxation	27	13,036	19,308	28,998	30,701
Defined benefit liabilities	28	8,025	5,852	5,859	2,930
Bank borrowings	29	—	—	32,000	27,500
		25,354	36,536	77,837	72,588
Current liabilities					
Trade, bills and other payables	26	288,840	255,123	393,773	376,397
Amount due to ultimate holding company	30	20,008	20,640	118,632	—
Amount due to an associate	30	—	3,202	2,235	304
Amounts due to related companies	41	1,083	204	152	—
Derivative financial liabilities	23	4,750	3,494	—	—
Tax liabilities		6,327	4,699	14,407	21,316
Bank borrowings	29	345,863	218,006	445,558	648,963
		666,871	505,368	974,757	1,046,980
Total equity and liabilities		1,232,093	1,073,864	1,360,823	1,433,339

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2014	At 31 December 2015	At 31 December 2016	At 30 June 2017
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current asset					
Investments in subsidiaries	43a	59,206	58,242	58,242	58,242
Current assets					
Other receivables		8	8	2	—
Amounts due from subsidiaries	43b	139,188	133,318	217,225	203,052
Bank balances and cash	25	192	238	89	6,853
		139,388	133,564	217,316	209,905
Current liabilities					
Other payables		—	28	1,024	1,235
Amount due to ultimate holding company	43b	20,008	20,640	118,632	—
Amounts due to subsidiaries	43b	14,467	—	52,429	37,557
Bank borrowings	29	—	—	—	128,118
		34,475	20,668	172,085	166,910
Net current assets		104,913	112,896	45,231	42,995
Net assets		164,119	171,138	103,473	101,237
Capital and reserves					
Share capital	31	12	12	12	12
Reserves	43c	164,107	171,126	103,461	101,225
Total equity		164,119	171,138	103,473	101,237

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Property revaluation reserve	Exchange reserve	Capital reserve	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014	12	63,122	(4,103)	—	—	424,965	483,996	—	483,996
Profit for the year	—	—	—	—	—	81,803	81,803	—	81,803
Exchange difference arising on translation of foreign operations	—	—	(8,378)	—	—	—	(8,378)	—	(8,378)
Remeasurement of defined benefit liabilities	—	—	—	—	—	(3,555)	(3,555)	—	(3,555)
Deferred tax credit arising on defined benefit liabilities	—	—	—	—	—	711	711	—	711
Surplus on revaluation of properties	—	5,793	—	—	—	—	5,793	—	5,793
Deferred tax expense arising on revaluation of properties	—	(738)	—	—	—	—	(738)	—	(738)
Total comprehensive income (expense) for the year	—	5,055	(8,378)	—	—	78,959	75,636	—	75,636
Realisation of revaluation reserve	—	(1,493)	—	—	—	1,493	—	—	—
Dividend paid (note 10)	—	—	—		—	(19,764)	(19,764)	—	(19,764)
At 31 December 2014	12	66,684	(12,481)	—	—	485,653	539,868	—	539,868
Profit for the year	—	—	—	—	—	68,285	68,285	—	68,285
Exchange difference arising on translation of foreign operations	—	—	(22,212)	—	—	—	(22,212)	—	(22,212)
Remeasurement of defined benefit liabilities	—	—	—	—	—	1,178	1,178	—	1,178
Deferred tax expense arising on defined benefit liabilities	—	—	—	—	—	(336)	(336)	—	(336)
Surplus on revaluation of properties	—	29,486	—	—	—	—	29,486	—	29,486
Deferred tax expense arising on revaluation of properties	—	(6,501)	—	—	—	—	(6,501)	—	(6,501)
Total comprehensive income (expense) for the year	—	22,985	(22,212)	—	—	69,127	69,900	—	69,900
Realisation of revaluation reserve	—	(1,497)	—	—	—	1,497	—	—	—
Dividend paid (note 10)	—	—	—	—	—	(77,808)	(77,808)	—	(77,808)
At 31 December 2015	12	88,172	(34,693)	—	—	478,469	531,960	—	531,960
Profit for the year	—	—	—	—	—	123,652	123,652	—	123,652
Exchange difference arising on translation of foreign operations	—	—	(29,647)	—	—	—	(29,647)	—	(29,647)
Remeasurement of defined benefit liabilities	—	—	—	—	—	(1,757)	(1,757)	—	(1,757)
Deferred tax credit arising on defined benefit liabilities	—	—	—	—	—	106	106	—	106
Surplus on revaluation of properties	—	16,924	—	—	—	—	16,924	—	16,924
Deferred tax expense arising on revaluation of properties	—	(3,759)	—	—	—	—	(3,759)	—	(3,759)
Deferred tax credit arising on disposal of a revalued property	—	7,340	—	—	—	—	7,340	—	7,340
Total comprehensive income (expense) for the year	—	20,505	(29,647)	—	—	122,001	112,859	—	112,859
Realisation of revaluation reserve	—	(52,547)	—	—	—	52,547	—	—	—
Recognition of equity-settled share-based payment expense (note 32)	—	—	—	9,903	—	—	9,903	—	9,903
Acquisition of subsidiaries (note 33)	—	—	—	—	—	—	—	2,671	2,671
Dividend paid (note 10)	—	—	—	—	—	(349,164)	(349,164)	—	(349,164)
At 31 December 2016	12	56,130	(64,340)	9,903	—	303,853	305,558	2,671	308,229

	Attributable to owners of the Company								
	Share capital	Property revaluation reserve	Exchange reserve	Capital reserve	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2017	12	56,130	(64,340)	9,903	—	303,853	305,558	2,671	308,229
Profit for the period	—	—	—	—	—	69,142	69,142	88	69,230
Exchange difference arising on translation of foreign operations	—	—	3,146	—	—	—	3,146	—	3,146
Remeasurement of defined benefit liabilities	—	—	—	—	—	2,868	2,868	—	2,868
Deferred tax expense arising on defined benefit liabilities	—	—	—	—	—	(552)	(552)	—	(552)
Surplus on revaluation of properties	—	4,210	—	—	—	—	4,210	—	4,210
Deferred tax expense arising on revaluation of properties	—	(827)	—	—	—	—	(827)	—	(827)
Total comprehensive income for the period	—	3,383	3,146	—	—	71,458	77,987	88	78,075
Dividend paid to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	(921)	(921)
Acquisition of non-controlling interests of subsidiaries	—	—	—	—	(5,262)	—	(5,262)	(1,838)	(7,100)
Dividend paid (note 10)	—	—	—	—	—	(64,512)	(64,512)	—	(64,512)
At 30 June 2017	12	59,513	(61,194)	9,903	(5,262)	310,799	313,771	—	313,771
For the six months ended 30 June 2016 (unaudited)									
At 1 January 2016	12	88,172	(34,693)	—	—	478,469	531,960	—	531,960
Profit for the period	—	—	—	—	—	52,667	52,667	—	52,667
Exchange difference arising on translation of foreign operations	—	—	(10,475)	—	—	—	(10,475)	—	(10,475)
Remeasurement of defined benefit liabilities	—	—	—	—	—	(933)	(933)	—	(933)
Deferred tax credit arising on defined benefit liabilities	—	—	—	—	—	27	27	—	27
Surplus on revaluation of properties	—	1,352	—	—	—	—	1,352	—	1,352
Deferred tax expense arising on revaluation of properties	—	(148)	—	—	—	—	(148)	—	(148)
Total comprehensive income (expense) for the period	—	1,204	(10,475)	—	—	51,761	42,490	—	42,490
At 30 June 2016	12	89,376	(45,168)	—	—	530,230	574,450	—	574,450

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
OPERATING ACTIVITIES					
Profit before tax	96,969	79,859	144,780	61,342	82,114
Adjustments for:					
Interest income	(3,905)	(1,038)	(166)	(88)	(140)
Finance costs	5,895	5,537	4,853	2,380	7,765
Depreciation of property, plant and equipment	38,765	42,897	45,763	22,158	26,884
Amortisation of prepaid lease payments	155	470	709	277	466
Amortisation of intangible assets	—	—	—	—	2,459
Loss on fair value changes and disposals of held-for-trading investments	4,555	1,357	—	—	—
Dividend income from held-for-trading investments	(3,333)	(3,016)	—	—	—
(Gain) loss arising from changes in fair value/ derecognition of derivative financial instruments	(5,572)	11,574	(1,878)	(1,878)	1,648
Loss (gain) on disposals of property, plant and equipment	788	2,294	(112)	(626)	295
Share of results of joint ventures	2	—	—	—	—
Share of results of an associate	218	431	(1,304)	(145)	677
Impairment loss (reversal) for other receivables	326	441	(208)	30	(1,523)
Write-down of inventories	10,777	18,822	17,059	6,430	5,335
Impairment loss recognised (reversal) in respect of property, plant and equipment	—	12,143	(2,280)	(2,407)	736
Allowance (reversal) for trade receivables, net	59	102	(77)	—	37
Share-based payment expense	—	—	9,903	—	—
Gain on disposal of prepaid lease payments	(242)	—	—	—	—
Gain on derecognition of joint ventures	—	(6,323)	—	—	—
Loss on disposal of subsidiaries	—	—	6	—	—
Operating cash flows before movements in working capital	145,457	165,550	217,048	87,473	126,753
Decrease (increase) in inventories	12,226	(33,987)	(26,291)	(13,668)	(28,263)
(Increase) decrease in trade, bills and other receivables	(66,219)	8,983	(27,589)	(51,523)	(47,016)
(Increase) decrease in held-for-trading investments	(39,593)	12,843	—	—	—
Increase in amounts due from related companies	—	—	—	—	(523)
Increase (decrease) in trade, bills and other payables	41,557	(36,286)	51,886	27,586	(20,685)
Increase (decrease) in amount due to an associate	—	3,202	(967)	683	(1,931)
Decrease in defined benefit liabilities	(2,465)	(1,324)	(2,862)	(1,635)	(1,172)
Cash generated from operations	90,963	118,981	211,225	48,916	27,163
Profits tax paid	(11,068)	(10,156)	(12,438)	(3,675)	(4,617)
NET CASH FROM OPERATING ACTIVITIES	79,895	108,825	198,787	45,241	22,546

	NOTES	Year ended 31 December 2014	2015	2016	Six months ended 30 June 2016	2017
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(118,871)	(79,622)	(90,557)	(28,564)	(44,790)
Purchase of pledged certificates of deposit		(49,028)	—	—	—	—
Loan advance to an associate		(9,215)	(3,250)	—	—	—
Deposits paid for acquisition of property, plant and equipment		(5,646)	(716)	(4,573)	(14,595)	(15,860)
Purchase of prepaid lease payments		(4,589)	(4,740)	(12,397)	(3,411)	(1,869)
Loan receivables advanced		(4,137)	(1,386)	(300)	(300)	—
Placement of pledged bank deposits		(1,993)	(545)	—	—	—
Withdrawal of pledged certificates of deposit		82,001	49,028	—	—	—
Receipt (payment) on settlement of derivative financial instruments		5,242	(5,420)	(1,616)	(1,616)	—
Interest received		3,905	1,038	166	88	140
Dividend received from held-for-trading investments		3,333	3,016	—	—	—
Proceeds on disposals of property, plant and equipment		1,367	10,334	55,384	4,227	948
Loan receivables received		726	795	659	480	442
Proceeds on disposal of prepaid lease payments		511	—	—	—	—
Acquisition of subsidiaries	33	—	(5,686)	(79,795)	—	—
Disposal of subsidiaries	34	—	(1,128)	(19)	—	—
Repayment of investment cost of a joint venture		—	98	—	—	—
NET CASH USED IN INVESTING ACTIVITIES		(96,394)	(38,184)	(133,048)	(43,691)	(60,989)
FINANCING ACTIVITIES						
New bank borrowings raised		739,080	568,260	563,530	157,630	355,819
Advance from ultimate holding company		523	47,070	97,992	—	25,001
Repayment to ultimate holding company		—	—	—	(1,774)	(143,633)
Advance from (repayment to) related companies		156	(879)	(52)	(27)	(152)
Repayment of bank borrowings		(619,474)	(681,830)	(342,545)	(161,614)	(152,110)

	NOTES	Year ended 31 December 2014	2015	2016	Six months ended 30 June 2016	2017
		US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Dividend paid		(19,764)	(77,808)	(349,164)	—	(64,512)
Interest paid		(5,895)	(5,537)	(4,853)	(2,380)	(6,557)
Acquisition of non-controlling interests of subsidiaries		—	—	—	—	(7,100)
Dividend paid to non-controlling interests		—	—	—	—	(921)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		94,626	(150,724)	(35,092)	(8,165)	5,835
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		78,127	(80,083)	30,647	(6,615)	(32,608)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(5,169)	(1,656)	(1,269)	1,235	(2,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		123,504	196,462	114,723	114,723	144,101
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by		196,462	114,723	144,101	109,343	109,039
Bank balances and cash		201,662	120,693	149,523	109,946	111,487
Bank overdrafts		(5,200)	(5,970)	(5,422)	(603)	(2,448)
		196,462	114,723	144,101	109,343	109,039

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was previously incorporated in Bermuda as an exempted company with limited liability under the name "Crystal International Limited". Pursuant to a special resolution passed on 5 December 2016, the Company discontinued in Bermuda and registered by way of continuation in the Cayman Islands as an exempted company with limited liability. Its parent and ultimate holding company is Crystal Group Limited (previously incorporated in Bermuda and redomiciled in the Cayman Islands). The address of the registered office of the Company is Ugland House, P.O. Box 309, Grand Cayman KY1-1104, Cayman Islands and the principal place of business of the Company is Crystal Industrial Building, 71 How Ming Street, Kwun Tong, Hong Kong.

Pursuant to a special resolution passed on 15 March 2017 and the approval from the Registrar of Companies in the Cayman Islands on 16 March 2017, the Company changed its name to Crystal International Group Limited (formerly known as Crystal International Limited).

The Historical Financial Information is presented in United States dollars ("US$"), which is also the functional currency of the Company.

The Company is an investment holding company and the activities of its subsidiaries, associate and joint ventures are set out in notes 40, 17 and 18 respectively.

In preparing the Historical Financial Information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets at 30 June 2017. The directors of the Company are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future. Hence, the Historical Financial Information has been prepared on a going concern basis.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the amendments to IFRSs, which are effective for the accounting periods beginning on 1 January 2017 throughout the Track Record Period.

At the date of this report, the following new and amendments to IFRSs and interpretations that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty Over Income Tax Treatments[2]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle except for amendments to IFRS 12[1]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2021

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of IFRS 9 which is relevant to the Group is in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies at 30 June 2017, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 may result in earlier recognition of credit losses on the Group's financial assets measured at amortised cost taking into account the estimated credit risk of the customers the Group has business with and the actual impairment of receivables experienced.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use while other operating lease payments are presented as operating cash flows. Under IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows except for the short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability within operating cash flows.

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

At 30 June 2017, the Group has non-cancellable operating lease commitments of approximately US$28,346,000 as disclosed in note 38 in which US$27,901,000 had original lease term over 1 year. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases at its present value upon the application of IFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of these new and amendments to IFRSs and interpretations issued but not yet effective will have no material impact on the Group's Historical Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, as the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units ("CGUs") or groups of CGU that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU or groups of CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU or groups of CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or groups of CGU.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of an associate and joint ventures used for equity accounting purposes are prepared using accounting policies that are uniform with those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate or a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposal of the interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate and joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and sales related tax.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

Revenue from subcontracting work is recognised when service is rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statements of financial position at cost or revalued amount less subsequent accumulated depreciation and accumulated impairment losses, if any.

Any revaluation increase arising on the revaluation of land and buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised to write off the cost or revalued amount of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease terms on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred when there is no internally-generated intangible asset arising from development activities.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful life are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Leasing

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation of which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes financial assets), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or joint arrangements that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in an associate and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to have the contributions made.

For the defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liabilities/assets), is reflected immediately in the consolidated statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

The retirement benefit obligation recognised in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plan. Any such surplus is limited to the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plans.

Termination benefits result from either the Group's decision to terminate the employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group recognises a liability for benefits at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to profit or loss on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (capital reserve).

For grants of shares that vest immediately at the date of grant, the fair value of the awarded shares is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is (i) held for trading or (ii) designated at FTVPL or (iii) contingent consideration that may be received by an acquirer as part of a business combination to which IFRS 3 "Business Combinations" applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedge instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 36c.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade, bills and other receivables, amounts due from related companies, loan receivables, pledged certificates of deposit, pledged bank deposits and bank balances and cash) are recorded at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's, carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and premiums paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 36c.

Financial liabilities at amortised cost

Other financial liabilities (including trade, bills and other payables, amounts due to the ultimate holding company/an associate/related companies and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is credited or charged to profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following twelve months.

Depreciation

The Group depreciates property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the property, plant and equipment. The residual reflects the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal.

Details of depreciation policies are set out in note 12.

Inventory valuation method

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all the estimated costs of completion and costs necessary to make the sale. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise. Where the Group has identified items of inventory that have net realisable values lower than their carrying amounts, the Group recognises the difference as impairment of inventories.

The carrying amounts of inventories are approximately US$186,574,000, US$197,987,000, US$217,114,000 and US$241,257,000, respectively at 31 December 2014, 2015 and 2016 and 30 June 2017 (see note 20).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of properties and certain types of financial instruments. Notes 12 and 36c provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of various assets.

Estimated impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. The directors of the Company review their carrying amounts whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable at the end of each reporting period. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or there are any indicators that may affect the asset value; (2) whether, in case there is an impairment indicator, the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

After considering the events and circumstances mentioned in note 12 which indicate the carrying amounts of certain property, plant and equipment may not be recovered and an impairment loss of approximately US$12,143,000 was recognised in profit or loss during the year ended 31 December 2015, in the opinion of the directors of the Company, there was no other indicator of impairment (including obsolescence or physical damages, low utilisation rate of property, plant and equipment etc.) identified for the remaining property, plant and equipment at the end of each reporting period.

The carrying amounts of property, plant and equipment at 31 December 2014, 2015 and 2016 and 30 June 2017 are approximately US$392,260,000, US$450,514,000, US$462,807,000 and US$492,112,000 respectively (see note 12).

Estimated impairment of goodwill and intangible assets

Customer relationships with finite useful lives are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable at the end of each reporting period. In the opinion of directors of the Company, there is no indicators of impairment (including adverse changes on financial performance such as profit margin, adverse changes on continuing customer portfolios etc.) identified for customer relationships at 31 December 2016 and 30 June 2017. Goodwill and brand name with an indefinite useful life are reviewed for impairment annually, irrespective of whether there is any indication that they may be impaired.

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the CGU to which goodwill and intangible assets have been allocated. The recoverable amount of the CGU at the end of each reporting period is based on the higher of the fair value less costs of disposal and value in use. The value in use calculation requires the management of the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The Group has not recognised an impairment loss during the year ended 31 December 2016 and the six months ended 30 June 2017 since the recoverable amount of the CGU of Vista Corp Holdings Limited ("Vista") which include goodwill and brand name exceeds its carrying amount.

The carrying amounts of goodwill and intangible assets are approximately US$74,941,000 and US$105,527,000, respectively, at 31 December 2016 and US$74,941,000 and US$103,068,000, respectively, at 30 June 2017 (see notes 15 and 16).

Assessment of the useful lives of intangible assets

Intangible asset with finite useful lives

The intangible asset with finite useful lives of the Group represents the customer relationship arising from acquisition of Vista which is amortised on a straight line basis over the estimated useful lives of the asset, after taking into account the estimated residual value, if any. The Group determines the estimated useful lives of customer relationship on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful life of the customer relationship was determined with reference to a number of factors, including the useful lives of similar intangible assets in certain comparable transactions, historical customer data, and management's experience and industry knowledge. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. The carrying amount of customer relationship is US$73,750,000 and US$71,291,000, respectively, at 31 December 2016 and 30 June 2017 (see note 16).

Intangible asset with indefinite useful lives

The intangible asset with indefinite useful lives of the Group represents the brand name arising from the acquisition of Vista. Management estimates the useful lives of the brand name based on the expected lifespan of the brand name. The brand name are considered by the management of the Group as having an indefinite useful lives because they are expected to contribute to net cash inflows to the Group indefinitely taking into account the long history of Vista's operation.

The useful lives of the brand name could change significantly as a result of regulatory and commercial environment. When the actual useful lives of brand name due to the change of regulatory and commercial environment are different from their estimated useful lives, such difference will impact the amortisation charges and the amounts of asset written down for future periods. The carrying amount of the brand name is US$31,777,000 and US$31,777,000, respectively, at 31 December 2016 and 30 June 2017 (see note 16).

6. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of garments.

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products.

(i) Lifestyle wear

(ii) Denim

(iii) Intimate

(iv) Sweater

(v) Sportswear and Outdoor Apparel (new segment during the six months ended 30 June 2017)

(vi) Others

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 31 December 2014

	Lifestyle wear	Denim	Intimate	Sweater	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE						
External sales	785,436	331,725	244,690	332,606	6,257	1,700,714
Segment profit	151,501	46,541	43,274	39,609	6,088	287,013
Other income						23,581
Selling and distribution expenses						(42,009)
Administrative and other expenses						(160,946)
Finance costs						(5,895)
Loss on fair value changes and disposals of held-for-trading investments						(4,555)
Share of results of an associate						(218)
Share of results of joint ventures						(2)
Profit before tax						96,969

Year ended 31 December 2015

	Lifestyle wear	Denim	Intimate	Sweater	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE						
External sales	736,650	427,068	240,247	272,008	12,485	1,688,458
Segment profit	146,291	61,484	50,079	24,106	9,720	291,680
Other income						5,127
Selling and distribution expenses						(33,416)
Administrative and other expenses						(182,530)
Finance costs						(5,537)
Loss on fair value changes and disposals of held-for-trading investments						(1,357)
Share of results of an associate						(431)
Gain on derecognition of joint ventures						6,323
Profit before tax						79,859

Year ended 31 December 2016

	Lifestyle wear	Denim	Intimate	Sweater	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE						
External sales	748,488	484,152	294,209	223,131	13,412	1,763,392
Segment profit	147,466	85,585	59,889	53,182	9,540	355,662
Other income						20,844
Selling and distribution expenses						(32,076)
Administrative and other expenses						(196,101)
Finance costs						(4,853)
Share of results of an associate						1,304
Profit before tax						144,780

Six months ended 30 June 2016 (unaudited)

	Lifestyle wear	Denim	Intimate	Sweater	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE						
External sales	391,917	217,993	128,071	85,779	6,287	830,047
Segment profit	71,229	36,105	21,998	17,656	4,411	151,399
Other income						11,652
Selling and distribution expenses						(14,907)
Administrative and other expenses						(84,567)
Finance costs						(2,380)
Share of results of an associate						145
Profit before tax						61,342

Six months ended 30 June 2017

	Lifestyle wear	Denim	Intimate	Sweater	Sportswear and Outdoor Apparel	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE							
External sales	404,492	261,334	187,549	68,990	98,439	6,659	1,027,463
Segment profit	78,375	50,045	40,178	13,665	17,693	4,979	204,935
Other income							3,287
Selling and distribution expenses							(16,579)
Administrative and other expenses							(101,087)
Finance costs							(7,765)
Share of results of an associate							(677)
Profit before tax							82,114

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of other income, selling and distribution expenses, administrative and other expenses, finance costs, loss on fair value changes and disposals of held-for-trading investments, share of results of an associate, share of results of joint ventures and gain on derecognition of joint ventures. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No further analysis is presented for certain items included or excluded in the measure of segment result as such information is not regularly provided to the CODM.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM of the Group.

Revenue from major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the Group's revenue is as follows:

		Year ended 31 December			Six months ended 30 June	
	Segment	**2014**	**2015**	**2016**	**2016**	**2017**
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(unaudited)	
Customer A	Lifestyle wear, Denim, Intimate and Sweater	561,080	575,381	639,149	297,348	338,719
Customer B	Lifestyle wear, Intimate, Sweater, others	294,029	199,337	N/A (note)	N/A (note)	N/A (note)
Customer C	Lifestyle wear, Denim and Sweater	N/A (note)	184,067	192,530	N/A (note)	N/A (note)

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year/period.

Geographical information

Information about the Group's revenue is presented below by geographical location based on port of discharge.

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Asia Pacific (note i)	609,133	614,898	695,184	322,297	380,955
United States	530,429	586,064	614,072	276,843	382,395
Europe (note ii)	520,477	439,802	392,431	201,341	226,897
Other countries/regions	40,675	47,694	61,705	29,566	37,216
	1,700,714	1,688,458	1,763,392	830,047	1,027,463

Notes:

(i) Asia Pacific primarily includes Japan, the People's Republic of China (the "PRC"), Hong Kong and South Korea.

(ii) Europe primarily includes the United Kingdom (the "U.K."), Belgium and Germany.

Information about the Group's non-current assets other than loan receivables is presented below by the geographical location of the assets.

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Asia Pacific (note i)	422,206	482,256	691,906	729,713
Europe (note ii)	8,325	7,184	7,067	8,350
	430,531	489,440	698,973	738,063

Notes:

(i) Asia Pacific primarily includes Bangladesh, Cambodia, Hong Kong, the PRC, Singapore, Sri Lanka and Vietnam.

(ii) Europe primarily includes the U.K..

7. PROFIT BEFORE TAX

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Profit before tax has been arrived at after charging (crediting):					
Directors' emoluments (note 8)	4,729	4,230	14,389	1,563	1,746
Other staff costs	376,819	404,076	410,956	193,336	226,628
Retirement benefit schemes contributions for other staff	26,336	26,802	29,699	13,992	19,530
Total staff costs	407,884	435,108	455,044	208,891	247,904
Amortisation of prepaid lease payments	155	470	709	277	466
Auditors' remuneration (audit services):					
- current year/period	736	759	860	404	617
- overprovision in previous year	(11)	(9)	(12)	(12)	(47)
Depreciation of property, plant and equipment	38,765	42,897	45,763	22,158	26,884
Impairment loss recognised (reversal) in respect of property, plant and equipment	—	12,143	(2,280)	(2,407)	736
Amortisation of intangible assets	—	—	—	—	2,459
Write-down of inventories	10,777	18,822	17,059	6,430	5,335
Loss (gain) on disposals of property, plant and equipment	788	2,294	(112)	(626)	295
Impairment loss (reversal) for other receivables	326	441	(208)	30	(1,523)
Allowance (reversal) for trade receivables, net	59	102	(77)	—	37
(Gain) loss arising from changes in fair value/derecognition of derivative financial instruments	(5,572)	11,574	(1,878)	(1,878)	1,648
Interest income	(3,905)	(1,038)	(166)	(88)	(140)
Net foreign exchange (gain) loss	(2,445)	(4,650)	(4,880)	(1,568)	870
Dividend income from held-for-trading investments	(3,333)	(3,016)	—	—	—
Gain on disposal of prepaid lease payments	(242)	—	—	—	—
Loss on disposal of subsidiaries	—	—	6	—	—
Research and development expenses	24,413	29,037	29,279	13,859	19,945
Listing expenses	—	—	748	—	2,169
Imputed interest of consideration payable on acquisition of subsidiaries	—	—	—	—	1,208
Interest on bank borrowings	5,895	5,537	4,853	2,380	6,557
Total finance costs	5,895	5,537	4,853	2,380	7,765

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period are as follows:

	Fees	Salaries and allowances	Performance-based bonuses	Share-based payment expense	Retirement benefit schemes contributions	Total
	US$'000	*US$'000*	*US$'000* *(note iii)*	*US$'000* *(note v)*	*US$'000*	*US$'000*
For the year ended 31 December 2014						
Executive directors (note i):						
Mr. LO Lok Fung Kenneth . .	—	644	—	—	—	644
Mrs. LO CHOY Yuk Ching Yvonne	—	368	—	—	—	368
Mr. LO Ching Leung Andrew (note iv)	—	851	463	—	21	1,335
Mr. WONG Chi Fai	—	510	598	—	30	1,138
Mr. WONG Sing Wah	—	521	579	—	22	1,122
Non-executive directors (note ii):						
Mr. GRIFFITHS Anthony Nigel Clifton.	50	—	—	—	—	50
Mr. TSE Man Bun Benny . . .	24	—	—	—	—	24
Mr. CHANG George Ka Ki . .	24	—	—	—	—	24
Mr. MAK Wing Sum.	24	—	—	—	—	24
	122	2,894	1,640	—	73	4,729
For the year ended 31 December 2015						
Executive directors (note i):						
Mr. LO Lok Fung Kenneth . .	—	644	—	—	—	644
Mrs. LO CHOY Yuk Ching Yvonne	—	368	—	—	—	368
Mr. LO Ching Leung Andrew (note iv)	—	942	183	—	22	1,147
Mr. WONG Chi Fai	—	533	413	—	28	974
Mr. WONG Sing Wah	—	552	398	—	22	972

	Fees	Salaries and allowances	Performance-based bonuses	Share-based payment expense	Retirement benefit schemes contributions	Total
	US$'000	*US$'000*	*US$'000* *(note iii)*	*US$'000* *(note v)*	*US$'000*	*US$'000*
For the year ended 31 December 2015 - (continued)						
Non-executive directors (note ii):						
Mr. GRIFFITHS Anthony Nigel Clifton	50	—	—	—	—	50
Mr. TSE Man Bun Benny	25	—	—	—	—	25
Mr. CHANG George Ka Ki	25	—	—	—	—	25
Mr. MAK Wing Sum	25	—	—	—	—	25
	125	3,039	994	—	72	4,230
For the year ended 31 December 2016						
Executive directors (note i):						
Mr. LO Lok Fung Kenneth	—	643	—	—	—	643
Mrs. LO CHOY Yuk Ching Yvonne	—	368	—	—	—	368
Mr. LO Ching Leung Andrew (note iv)	—	961	866	3,249	23	5,099
Mr. WONG Chi Fai	—	530	1,018	1,934	30	3,512
Mr. WONG Sing Wah	—	573	1,009	3,017	23	4,622
Non-executive directors (note ii):						
Mr. GRIFFITHS Anthony Nigel Clifton	55	—	—	—	—	55
Mr. TSE Man Bun Benny	30	—	—	—	—	30
Mr. CHANG George Ka Ki	30	—	—	—	—	30
Mr. MAK Wing Sum	30	—	—	—	—	30
	145	3,075	2,893	8,200	76	14,389
For the six months ended 30 June 2016 (unaudited)						
Executive directors (note i):						
Mr. LO Lok Fung Kenneth	—	310	—	—	—	310
Mrs. LO CHOY Yuk Ching Yvonne	—	170	—	—	—	170
Mr. LO Ching Leung Andrew (note iv)	—	462	—	—	11	473

	Fees	Salaries and allowances	Performance-based bonuses	Share-based payment expense	Retirement benefit schemes contributions	Total
	US$'000	*US$'000*	*US$'000* *(note iii)*	*US$'000* *(note v)*	*US$'000*	*US$'000*
For the six months ended 30 June 2016 (unaudited) - (continued)						
Mr. WONG Chi Fai	—	250	—	—	14	264
Mr. WONG Sing Wah	—	262	—	—	11	273
Non-executive directors (note ii):						
Mr. GRIFFITHS Anthony Nigel Clifton.	28	—	—	—	—	28
Mr. TSE Man Bun Benny . . .	15	—	—	—	—	15
Mr. CHANG George Ka Ki . .	15	—	—	—	—	15
Mr. MAK Wing Sum.	15	—	—	—	—	15
	73	1,454	—	—	36	1,563
For the six months ended 30 June 2017						
Executive directors (note i):						
Mr. LO Lok Fung Kenneth . .	—	402	—	—	—	402
Mrs. LO CHOY Yuk Ching Yvonne	—	170	—	—	—	170
Mr. LO Ching Leung Andrew (note iv)	—	466	—	—	12	478
Mr. WONG Chi Fai	—	272	—	—	16	288
Mr. WONG Sing Wah	—	317	—	—	18	335
Non-executive directors (note ii):						
Mr. GRIFFITHS Anthony Nigel Clifton.	28	—	—	—	—	28
Mr. TSE Man Bun Benny . . .	15	—	—	—	—	15
Mr. CHANG George Ka Ki . .	15	—	—	—	—	15
Mr. MAK Wing Sum.	15	—	—	—	—	15
	73	1,627	—	—	46	1,746

Notes:

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) The non-executive directors' emoluments shown above were for their services as directors of the Company.

(iii) The amounts represent performance-based bonuses paid to the directors to reward their contribution to the Group.

(iv) Mr. LO Ching Leung Andrew is also the Chief Executive Officer of the Company during the Track Record Period.

(v) The amounts represent the share-based payment expense during the year ended 31 December 2016 for Share Award Scheme A, details of which are set out in note 32.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

Five highest paid individuals' emoluments

The five individuals with the highest emoluments in the Group include 4, 4, 3, 5 (unaudited) and 4 directors of the Company for each of the three years ended 31 December 2016 and the six months ended 30 June 2016 and 2017, respectively. The emoluments of the five highest paid individuals for the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (*unaudited*)	*US$'000*
Salaries and allowances . .	2,799	2,990	2,748	1,454	1,619
Performance-based bonuses (note)	1,992	1,363	3,699	—	—
Retirement benefit schemes contributions	85	85	102	36	56
Share-based payment expense	—	—	9,051	—	—
	4,876	4,438	15,600	1,490	1,675

Note: The amounts represent performance-based bonuses paid to the five highest paid individuals to reward their contribution to the Group.

Their emoluments were within the following bands (presented in Hong Kong dollars ("HKD")):

	Number of directors					Number of employees				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017	2014	2015	2016	2016	2017
				(unaudited)					*(unaudited)*	
HKD1,000,001 to HKD1,500,000	—	—	—	1	—	—	—	—	—	1
HKD2,000,001 to HKD2,500,000	—	—	—	3	1	—	—	—	—	—
HKD2,500,001 to HKD3,000,000	—	—	—	—	1	—	—	—	—	—
HKD3,000,001 to HKD3,500,000	—	—	—	—	1	—	—	—	—	—
HKD3,500,001 to HKD4,000,000	—	—	—	1	1	—	—	—	—	—
HKD4,500,001 to HKD5,000,000	1	1	—	—	—	1	—	—	—	—
HKD5,000,001 to HKD5,500,000	—	—	—	—	—	—	1	—	—	—
HKD7,500,001 to HKD8,000,000	—	2	—	—	—	—	—	—	—	—
HKD8,500,001 to HKD9,000,000	2	1	—	—	—	—	—	1	—	—
HKD9,500,001 to HKD10,000,000	—	—	—	—	—	—	—	1	—	—
HKD10,000,001 to HKD10,500,000	1	—	—	—	—	—	—	—	—	—
HKD27,000,001 to HKD27,500,000	—	—	1	—	—	—	—	—	—	—
HKD35,500,001 to HKD36,000,000	—	—	1	—	—	—	—	—	—	—
HKD39,500,001 to HKD40,000,000	—	—	1	—	—	—	—	—	—	—
	4	4	3	5	4	1	1	2	—	1

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Track Record Period.

9. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
The income tax expense comprises:					
Hong Kong Profits Tax					
- current year/period	5,413	5,723	14,440	6,298	7,849
- (over)underprovision in prior years	(1,936)	55	(12)	—	—
Overseas taxation					
- current year/period	10,853	5,705	7,552	3,087	4,962
- under(over)provision in prior years	182	(24)	(822)	(914)	(13)
	14,512	11,459	21,158	8,471	12,798
Deferred taxation (note 27). . . .	654	115	(30)	204	86
	15,166	11,574	21,128	8,675	12,884

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

All of the Group's subsidiaries incorporated in Macau are registered and regulated by the Decree Law No. 58/99/M applicable to Macao offshore commercial activities and are exempted from Macao Complementary Tax.

The income tax expense for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Profit before tax	96,969	79,859	144,780	61,342	82,114
Tax at the Hong Kong Profits Tax rate of 16.5%	16,000	13,177	23,889	10,121	13,549
Tax effect of expenses not deductible for tax purpose	8,346	9,160	5,158	3,227	2,255
Tax effect of income not taxable for tax purpose	(3,347)	(4,090)	(4,596)	(1,630)	(1,471)
Tax effect of tax losses not recognised	1,075	2,087	1,994	557	251
Utilisation of tax losses not previously recognised	(229)	(272)	(515)	(298)	(347)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,404	374	2,672	1,303	1,250
Effect of tax exemptions granted to subsidiaries operating in Macau	(6,329)	(8,893)	(6,640)	(3,691)	(2,590)
(Over)underprovision in prior years	(1,754)	31	(834)	(914)	(13)
Income tax expense for the year/period	15,166	11,574	21,128	8,675	12,884

Details of deferred taxation are set out in note 27.

10. DIVIDENDS

During the year ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Company has paid an interim dividend of US$1,647, US$6,484, US$29,097, nil (unaudited) and US$5,376 per share with an aggregate amount of US$19,764,000, US$77,808,000, US$349,164,000, nil (unaudited) and US$64,512,000 respectively.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the Track Record Period is based on the following data:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Earnings:					
Profit for the year/period attributable to owners of the Company for the purpose of calculating basic earnings per share .	81,803	68,285	123,652	52,667	69,142
	'000	*'000*	*'000*	*'000*	*'000*
Number of shares:					
Number of ordinary shares for the purpose of calculating basic earnings per share.	2,306,880	2,306,880	2,306,880	2,306,880	2,306,880

The number of ordinary shares for the purpose of basic earnings per share has been adjusted retrospectively for all years/periods presented after taking into account the effect on Re-denomination Issue as described in Appendix IV to the Prospectus and note 44(i).

No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during the Track Record Period.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Computer equipment and software	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
COST OR VALUATION								
At 1 January 2014	166,257	24,661	195,986	63,939	5,287	22,110	12,646	490,886
Exchange realignment	(1,037)	(70)	(918)	(921)	(29)	(40)	(18)	(3,033)
Additions	29,479	6,357	34,067	9,526	1,090	2,769	37,868	121,156
Transfers	5,666	379	2,925	412	28	497	(9,907)	—
Disposals	(3,336)	(563)	(11,585)	(5,251)	(172)	(39)	—	(20,946)
Surplus on revaluation	5,161	—	—	—	—	—	—	5,161
At 31 December 2014	202,190	30,764	220,475	67,705	6,204	25,297	40,589	593,224
Exchange realignment	(8,654)	(1,624)	(10,232)	(3,771)	(242)	(825)	(519)	(25,867)
Additions	14,078	10,088	53,189	10,788	1,009	2,862	9,545	101,559
Acquisition of subsidiaries (note 33)	11,525	—	19	1	—	—	—	11,545
Transfers	29,855	3,163	8,494	844	4	112	(42,472)	—
Disposals	(1,575)	(955)	(22,749)	(1,166)	(672)	(1,014)	—	(28,131)
Surplus on revaluation	21,691	—	—	—	—	—	—	21,691
At 31 December 2015	269,110	41,436	249,196	74,401	6,303	26,432	7,143	674,021
Exchange realignment	(9,791)	(1,942)	(10,769)	(5,576)	(244)	(923)	(409)	(29,654)
Additions	19,492	7,319	29,432	8,311	827	3,187	19,365	87,933
Acquisition of subsidiaries (note 33)	16,408	1,125	7,470	853	519	878	275	27,528
Transfers	10,315	1,976	1,672	7,479	55	719	(22,216)	—
Disposals	(54,921)	(3,630)	(15,142)	(3,228)	(1,274)	(1,676)	—	(79,871)
Disposal of subsidiaries (note 34)	(3,661)	—	—	—	—	—	—	(3,661)
Surplus on revaluation	7,498	—	—	—	—	—	—	7,498
At 31 December 2016	254,450	46,284	261,859	82,240	6,186	28,617	4,158	683,794
Exchange realignment	2,476	634	2,586	1,662	56	225	(461)	7,178
Additions	217	2,259	17,203	2,829	589	5,353	21,390	49,840
Transfers	6	634	1,457	133	—	65	(2,295)	—
Disposals	(309)	(900)	(1,450)	(287)	(156)	(696)	(56)	(3,854)
Deficit on revaluation	(629)	—	—	—	—	—	—	(629)
At 30 June 2017	256,211	48,911	281,655	86,577	6,675	33,564	22,736	736,329
Comprising:								
At cost	46,572	30,764	220,475	67,705	6,204	25,297	40,589	437,606
At valuation	155,618	—	—	—	—	—	—	155,618
At 31 December 2014	202,190	30,764	220,475	67,705	6,204	25,297	40,589	593,224
At cost	14,983	41,436	249,196	74,401	6,303	26,432	7,143	419,894
At valuation	254,127	—	—	—	—	—	—	254,127
At 31 December 2015	269,110	41,436	249,196	74,401	6,303	26,432	7,143	674,021
At cost	10,721	46,284	261,859	82,240	6,186	28,617	4,158	440,065
At valuation	243,729	—	—	—	—	—	—	243,729
At 31 December 2016	254,450	46,284	261,859	82,240	6,186	28,617	4,158	683,794
At cost	10,142	48,911	281,655	86,577	6,675	33,564	22,736	490,260
At valuation	246,069	—	—	—	—	—	—	246,069
At 30 June 2017	256,211	48,911	281,655	86,577	6,675	33,564	22,736	736,329

	Freehold land, leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Computer equipment and software	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
DEPRECIATION AND IMPAIRMENT								
At 1 January 2014	3,932	14,247	99,777	43,661	2,881	18,375	—	182,873
Exchange realignment	(47)	(32)	(401)	(735)	(4)	(32)	—	(1,251)
Provided for the year	5,084	3,064	19,861	7,778	824	2,154	—	38,765
Eliminated on disposals	(2,994)	(463)	(10,241)	(4,907)	(172)	(14)	—	(18,791)
Eliminated on revaluation	(632)	—	—	—	—	—	—	(632)
At 31 December 2014	5,343	16,816	108,996	45,797	3,529	20,483	—	200,964
Exchange realignment	(142)	(814)	(4,966)	(2,513)	(179)	(585)	—	(9,199)
Impairment loss recognised (note i)	16	2,534	8,707	471	130	285	—	12,143
Provided for the year	8,768	4,221	19,317	7,172	970	2,449	—	42,897
Eliminated on disposals	(1,475)	(483)	(11,498)	(612)	(525)	(910)	—	(15,503)
Eliminated on revaluation	(7,795)	—	—	—	—	—	—	(7,795)
At 31 December 2015	4,715	22,274	120,556	50,315	3,925	21,722	—	223,507
Exchange realignment	(192)	(375)	(5,650)	(4,034)	(132)	(659)	—	(11,042)
Reversal of impairment loss recognised (note ii)	—	—	(2,280)	—	—	—	—	(2,280)
Provided for the year	9,327	4,581	16,666	11,470	882	2,837	—	45,763
Eliminated on disposals	(1,826)	(3,189)	(13,773)	(3,026)	(1,180)	(1,605)	—	(24,599)
Eliminated on disposal of subsidiaries (note 34)	(936)	—	—	—	—	—	—	(936)
Eliminated on revaluation	(9,426)	—	—	—	—	—	—	(9,426)
At 31 December 2016	1,662	23,291	115,519	54,725	3,495	22,295	—	220,987
Exchange realignment	(8)	318	1,237	1,214	53	246	—	3,060
Impairment loss recognised	—	150	586	—	—	—	—	736
Provided for the period	4,515	2,871	11,880	4,884	517	2,217	—	26,884
Eliminated on disposals	(18)	(457)	(1,099)	(223)	(124)	(690)	—	(2,611)
Eliminated on revaluation	(4,839)	—	—	—	—	—	—	(4,839)
At 30 June 2017	1,312	26,173	128,123	60,600	3,941	24,068	—	244,217
CARRYING VALUES								
At 31 December 2014	196,847	13,948	111,479	21,908	2,675	4,814	40,589	392,260
At 31 December 2015	264,395	19,162	128,640	24,086	2,378	4,710	7,143	450,514
At 31 December 2016	252,788	22,993	146,340	27,515	2,691	6,322	4,158	462,807
At 30 June 2017	254,899	22,738	153,532	25,977	2,734	9,496	22,736	492,112

Notes:

(i) For the year ended 31 December 2015, as a result of the restructuring of business operations, the Group carried out a review of the recoverable amount of the related property, plant and equipment being fair value less costs of disposal measured by using the depreciated replacement cost approach. The directors considered that the recoverable amount of the relevant assets was minimal and an impairment loss of approximately US$12,143,000 was recognised in profit or loss.

(ii) For the year ended 31 December 2016, as a result of the assessment of the usage of each item of machinery, the directors considered that some of the machinery could be used in overseas factories. The assessment led to the reversal of an impairment loss of US$2,280,000. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

(iii) At 31 December 2016 and 30 June 2017, for buildings with carrying values of US$8,793,000 and US$8,857,000, respectively, no real estate title certificate has been issued. The Group is in the process of applying for the building ownership certificates.

The above items of property, plant and equipment, except for freehold land and construction in progress, are depreciated on a straight line basis at the following rates per annum:

Leasehold land	Over the terms of the relevant lease
Buildings	1 - 5% or over the term of the relevant lease, if shorter
Leasehold improvements	5 - 20% or over the term of the relevant lease, if shorter
Plant and machinery	10 - 50%
Furniture, fixtures and office equipment	12½ - 50%
Motor vehicles	20 - 25%
Computer equipment and software	20 - 33⅓%

Fair value measurement of the Group's land and buildings

Certain of the Group's land and buildings were valued on 31 December 2014, 2015 and 2016 and 30 June 2017 by independent firms of professional property valuers not related to the Group. The fair values of the land and buildings in Bangladesh, Cambodia, Hong Kong, Singapore and the U.K. were determined based on the market comparable approach reflecting recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the land and buildings under review. The fair values of buildings in the PRC and Vietnam were determined based on the depreciated replacement cost approach by estimating the current gross replacement costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. Details of the valuers are as follows:

Country	Independent valuer	Address
Bangladesh	Geodetic Survey Corporation Limited	House No. 2 (4th & 6th Floor), Road No. 11, Block H, Mirpur-02, Dhaka-1216
Cambodia.	CPL Cambodia Properties Ltd	#63, Street 205/348, Sangkat Toul Svayprey II, Khan Chamkarmorn, Phnom Penh, Cambodia
	Bonna Reality Group	126, Norodom Bvld, Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh
Hong Kong	Jointgoal Surveyors	Unit F, 12/F, Eastern Commercial Centre, 399 Hennessy Road, Wan Chai, Hong Kong
Singapore.	Asian Appraisal Company PTE Limited	151, Chin Swee Road, #07-11/13 Manhattan House, Singapore
The U.K.	Musson Liggins	30 Clarendon Street, Nottingham, NG1 5HQ
The PRC	DTZ Cushman & Wakefield	16/F, 1063 King's Road, Quarry Bay, Hong Kong
Vietnam	Hanoi Profession Company of Auditing and Accounting	No. 3, Alley 1295, Giai Phong Street, Hoang Mai, Ha Noi

There were no changes of valuers during the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key unobservable inputs used in valuing the land was the price per square metre, which ranged from US$57 to US$39,081, US$18 to US$42,143, US$20 to US$78 and US$22 to US$78 at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively. A slight increase in the price per square metre used would result in a significant increase in the fair value measurement of the land, and vice versa.

One of the key unobservable inputs used in valuing the buildings was the price per square metre, which ranged from US$50 to US$306, US$50 to US$336, US$119 to US$1,480 and US$113 to US$1,463 at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively. A slight increase in the price per square metre used would result in a significant increase in the fair value measurement of the buildings, and vice versa.

During the year ended 31 December 2016, the Group disposed of its land and building in Hong Kong resulting in a significant drop in the price per square meter of land in 2016 as stated above.

Details of the Group's land and buildings and information about the fair value hierarchy at 31 December 2014, 2015 and 2016 and 30 June 2017 are as follows:

	Level 3	**Fair value at 31.12.2014**	**Level 3**	**Fair value at 31.12.2015**	**Level 3**	**Fair value at 31.12.2016**	**Level 3**	**Fair value at 30.06.2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Land and building in Hong Kong	50,279	50,279	54,187	54,187	—	—	—	—
Land and buildings outside Hong Kong.	105,339	105,339	199,940	199,940	243,729	243,729	246,069	246,069

There were no transfers into or out of Level 3 during the Track Record Period.

Had land and buildings at valuation been carried at cost less accumulated depreciation, the aggregate carrying values of land and buildings would have been approximately US$114,519,000, US$153,822,000, US$181,987,000 and US$180,327,000 at 31 December 2014, 2015 and 2016 and 30 June 2017 respectively.

At 31 December 2014, 2015 and 2016 and 30 June 2017, land and buildings with carrying values of approximately US$11,233,000, US$11,171,000, US$10,484,000 and US$11,617,000, respectively, have been pledged to banks to secure general banking facilities granted to the Group.

13. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits were paid by the Group in connection with the acquisition of property, plant and equipment and the related capital commitments are disclosed in note 37.

14. PREPAID LEASE PAYMENTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Analysed for reporting purposes as:				
Non-current assets	18,243	21,617	33,324	34,925
Current assets	390	504	843	850
	18,633	22,121	34,167	35,775

15. GOODWILL

	US$'000
COST	
At 1 January 2014, 31 December 2014 and 2015	—
Arising on acquisition of subsidiaries (note 33)	74,941
At 31 December 2016 and 30 June 2017	74,941

For the purpose of impairment testing, goodwill and brand name (note 16) of approximately US$74,941,000 and US$31,777,000, respectively have been allocated to the CGU representing Vista.

The recoverable amount of CGU of Vista at 31 December 2016 and 30 June 2017 has been calculated based on its value in use. That calculation uses cash flow projections based on financial projections approved by management of the Group covering a three-year period with a pre-tax discount rate of 15.5% and 15.5%, respectively, a yearly growth rate of 10% and 10%, respectively, and a gross margins of ranging from 16.8% to 18.0% and 17.8%, respectively. Cash flows beyond the three-year period with extrapolated using a steady 3% growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include projected sales. The estimation of the key assumptions is based on past performance of Vista and management's expectations for market development. The Group has not recognised an impairment loss during the year ended 31 December 2016 and the six months ended 30 June 2017 based on the impairment assessment performed.

The recoverable amount of CGU of Vista exceeds its carrying amount by nil and US$22,178,000, respectively, at 31 December 2016 and 30 June 2017.

The effect of the reasonably possible change in key assumptions on the calculation of value in use of CGU of Vista which would cause the carrying amount exceed its recoverable amount is disclosed as below.

If the yearly growth rate during the three-year period decreased by 1% or 3% and all other variables were held constant, the carrying amount of the CGU of Vista would exceed its recoverable amount by approximately US$6,709,000 or US$19,786,000 and nil or nil, respectively, at 31 December 2016 and 30 June 2017.

If the gross margins decreased by 0.5% or 1% and all other variables were held constant, the carrying amount of the CGU of Vista would exceed its recoverable amount by approximately US$10,826,000 or US$21,652,000 and nil or nil, respectively, at 31 December 2016 and 30 June 2017.

If the pre-tax discount rate increased by 0.5% or 1% and all other variables were held constant, the carrying amount of the CGU of Vista would exceed its recoverable amount by approximately US$7,707,000 or US$14,846,000 and nil or nil, respectively, at 31 December 2016 and 30 June 2017.

If the long-term growth rate decreased by 0.5% or 1% and all other variables were held constant, the carrying amount of the CGU of Vista would exceed its recoverable amount by approximately US$4,062,000 or US$7,824,000 and nil or nil, respectively, at 31 December 2016 and 30 June 2017.

16. INTANGIBLE ASSETS

	Customer relationship	Brand name	Total
	US$'000	*US$'000*	*US$'000*
COST			
At 1 January 2014 and 31 December 2014 and 2015 . . .	—	—	—
Acquisition of subsidiaries (note 33)	73,750	31,777	105,527
At 31 December 2016 and 30 June 2017	73,750	31,777	105,527
AMORTISATION			
At 1 January 2014 and 31 December 2014, 2015 and 2016.	—	—	—
Provided for the period	2,459	—	2,459
At 30 June 2017	2,459	—	2,459
CARRYING VALUE			
At 31 December 2014	—	—	—
At 31 December 2015	—	—	—
At 31 December 2016	73,750	31,777	105,527
At 30 June 2017	71,291	31,777	103,068

For the purpose of impairment testing, brand name has been allocated to the CGU representing Vista (note 15).

Customer relationship and brand name acquired in the business combination are identified and recognised as intangible assets. The aggregate amount of customer relationship is amortised over the period of the useful lives of the various relationships, which is assessed as being 15 years.

Brand name is treated as having an indefinite useful life because it is expected to contribute to net cash inflows to the Group indefinitely. Therefore, it is not amortised until its useful life is determined to be finite.

Particulars regarding impairment testing of goodwill and other intangible assets at 31 December 2016 and 30 June 2017 are set out in note 15.

17. INTEREST IN AN ASSOCIATE

	At 31 December			At 30 June
	2014	**2015**	**2016**	**2017**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost of unlisted investment in an associate	125	125	125	125
Share of post-acquisition loss and other comprehensive expense	(1,216)	(2,157)	(949)	(1,593)
Deemed contribution to an associate (note)	15,375	18,625	18,625	18,625
	14,284	16,593	17,801	17,157

Note: Deemed contribution to an associate represents a loan advanced to an associate which is unsecured, interest-free and without fixed repayment terms. In the opinion of the directors of the Company, the loan in substance formed part of the investment in an associate.

At 31 December 2014, 2015 and 2016 and 30 June 2017, the Group has interest in the following associate:

Name of entity	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activity
PCGT Limited	Hong Kong	Ordinary	25%	25%	Trading of textile products

The above associate is accounted for using the equity method in the Historical Financial Information.

Information of an associate that is not material

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* (*unaudited*)	*US$'000*
The Group's share of (loss) profit for the year/period	(218)	(431)	1,304	145	(677)
The Group's share of other comprehensive (expense) income for the year/period	(68)	(510)	(96)	184	33
The Group's share of total comprehensive (expense) income for the year/period	(286)	(941)	1,208	329	(644)
The Group's share of net liabilities of an associate	(1,091)	(2,032)	(824)	(1,703)	(1,468)

18. INTERESTS IN JOINT VENTURES

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost of unlisted investments in joint ventures	7,450	—	—	—
Share of post-acquisition loss and other comprehensive expense	(5,601)	—	—	—
Deemed contribution to joint ventures (note i)	3,060	—	—	—
Impairment loss (note ii)	(4,811)	—	—	—
	98	—	—	—

Notes:

(i) Deemed contribution to joint ventures represents a loan advanced to joint ventures which is unsecured, interest-free and without fixed repayment terms. In the opinion of the directors of the Company, the loan in substance formed part of investments in joint ventures.

(ii) Impairment loss of US$4,811,000 was made in respect of the Group's interests in joint ventures for the year ended 31 December 2013. The recoverable amounts of the joint ventures were estimated by reference to the share of present value of the estimated future cash flows expected to be generated by the investee and the ultimate disposal of the investment.

At 31 December 2014, 2015 and 2016 and 30 June 2017, the Group has interests in the following joint ventures:

Name of entity	Country of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held by the Group				Proportion of voting power held				Principal activity
			At 31 December			At 30 June	At 31 December			At 30 June	
			2014	2015	2016	2017	2014	2015	2016	2017	
King Jumbo Investment Limited ("King Jumbo") (note i) . . .	British Virgin Islands	Ordinary	49%	—	—	—	50%	—	—	—	Investment holding
Fortune Joy Investment Limited ("Fortune Joy") (note i)	British Virgin Islands	Ordinary	49%	—	—	—	50%	—	—	—	Investment holding
Honor Top Enterprises Limited ("Honor Top") (note ii)	Hong Kong	Ordinary	50%	—	—	—	50%	—	—	—	Investment holding

Notes:

(i) On 30 March 2015, the Group acquired the remaining 51% interests in these joint ventures and they became wholly owned subsidiaries of the Company. The Group's previously held 49% interests were derecognised resulting in a gain of approximately US$6,323,000 recognised in profit or loss.

(ii) On 28 October 2015, Honor Top Enterprises Limited was deregistered and has had no material impact on the Group's cash flows and operating results for the year ended 31 December 2015.

Information of Honor Top

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
The Group's share of loss for the year/period	(2)	—	—	—	—
The Group's share of other comprehensive expense for the year/period	—	—	—	—	—
The Group's share of total comprehensive expense for the year/period	(2)	—	—	—	—
The Group's share of the net assets of joint venture.	98	—	—	—	—

19. LOAN RECEIVABLES

At 31 December 2014, 2015 and 2016 and 30 June 2017 except for the amounts of approximately US$144,000, US$1,211,000, US$1,335,000 and US$1,185,000 which carry interest rates ranging from 2.7%, 2.7% to 2.9%, 2.9%, and 2.9% per annum, respectively, the amounts are unsecured, interest-free and repayable by instalments.

20. INVENTORIES

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	50,705	55,637	58,045	80,701
Work in progress	105,765	119,147	140,935	136,450
Finished goods	30,104	23,203	18,134	24,106
	186,574	197,987	217,114	241,257

At 31 December 2014, 2015 and 2016 and 30 June 2017 approximately US$25,514,000, US$11,340,000, US$7,646,000 and US$11,495,000, respectively, of the Group's inventories have been pledged to banks to secure general banking facilities granted to the Group.

21. TRADE, BILLS AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	230,437	219,166	236,288	280,408
Less: allowance for doubtful debts	(922)	(957)	(880)	(917)
	229,515	218,209	235,408	279,491
Bills receivables	2,508	1,509	2,393	—
Temporary payments	13,315	12,390	6,630	5,965
Other deposits and prepayments	27,638	25,977	43,109	52,197
	272,976	258,085	287,540	337,653

At 31 December 2014, 2015 and 2016 and 30 June 2017 approximately US$62,938,000, US$52,249,000, US$30,395,000 and US$36,147,000, respectively, of the Group's trade receivables have been pledged to banks to secure general banking facilities granted to the Group.

The Group allows credit periods ranging from 15 to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice dates.

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 60 days	185,472	183,167	222,403	258,714
61 to 90 days	14,584	21,544	12,743	15,783
91 to 120 days	5,638	3,539	226	4,183
Over 120 days	23,821	9,959	36	811
	229,515	218,209	235,408	279,491

Before accepting any new customers, the Group uses an internal credit assessment process to assess the potential customers' credit quality and defines credit limits by customers. Limits attributed to customers are reviewed regularly.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately US$59,114,000, US$31,765,000, US$26,631,000 and US$22,840,000 which are past due at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, and the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 32, 33, 33 and 32 days at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

In the opinion of the directors, the trade receivables which are past due but not impaired are of good credit quality.

The following is an aged analysis of trade receivables which are past due but not impaired, presented based on the dates due.

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
1 - 60 days	55,984	30,498	26,460	22,057
61 - 90 days	3,056	281	171	783
91 - 120 days	42	706	—	—
Over 120 days	32	280	—	—
	59,114	31,765	26,631	22,840

Movement in the allowance for doubtful debts

	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
At beginning of the year/period	863	922	957	880
Allowance (reversal) for the year/period	59	102	(77)	37
Amounts written off as uncollectible	—	(67)	—	—
At end of the year/period	922	957	880	917

22. HELD-FOR-TRADING INVESTMENTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Listed equity securities	5,570	—	—	—
Listed debt securities (note i)	10,938	—	—	—
Unlisted equity securities (note ii)	53,772	—	—	—
Unlisted debt security (note iii)	2,007	—	—	—
	72,287	—	—	—
Reported as:				
Listed in:				
Hong Kong	9,684	—	—	—
Others	6,824	—	—	—
Unlisted	55,779	—	—	—
	72,287	—	—	—

All investments held for trading are stated at fair value at the end of the reporting period. Details of the fair value measurements are set out in note 36c.

Notes:

(i) At 31 December 2014, listed debt securities represent a non-interest bearing bond and interest bearing bonds with fixed interest rates ranging from 6.13% to 10.50% per annum. The maturity dates of the listed debt securities range from 27 April 2017 to 10 January 2023 or perpetual.

The majority of the debt securities are of good credit quality with good credit rating assigned by international credit agencies. Good credit quality is typically demonstrated by strong capacities to meet commitments, with negligible or low risks of default and/or low levels of expected loss. The Group's portfolio of these debt securities is diversified among geographic and industry sectors.

(ii) At 31 December 2014, unlisted equity securities represent investments primarily in investment funds denominated in US$, EURO and Renminbi ("RMB"). The funds may at their discretion pay dividends out of capital.

(iii) At 31 December 2014, unlisted debt security represents a fund investing in a US$ denominated debt security with yield to maturity of 2.12% per annum. The maturity of the unlisted debt security is 0.6 year.

At 31 December 2014, approximately US$65,984,000 of the Group's held-for-trading investments have been pledged to banks to secure bank borrowings for entering held-for-trading investment transactions.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Derivative financial assets				
- Foreign currency exchange contracts (note i)	7,536	—	—	—
- Call and put options on investment in a subsidiary (note ii)	—	—	1,648	—
Derivative financial liabilities				
- Foreign currency exchange contracts (note i)	(4,750)	(3,494)	—	—

Notes:

(i) **Foreign currency exchange contracts**

Major items of the foreign currency exchange contracts at 31 December 2014 are as follows:

Notional amount	Currency conversion
11 contracts to sell US$453,000,000 in total	US$1:RMB6.109 to 6.2712
13 contracts to buy US$110,000,000 in total	Great British Pound ("GBP")1: US$1.6262 to 1.7121

The above contracts matured during the year ended 31 December 2015.

Major items of the foreign currency exchange contracts at 31 December 2015 are as follows:

Notional amount	Currency conversion
8 contracts to sell US$108,000,000 in total	US$1:RMB6.4020 to 6.4415

The above contracts matured during the year ended 31 December 2016.

(ii) **Call and put options on investment in a subsidiary**

Pursuant to a joint venture agreement dated 3 March 2010 made between SL Global Pte. Ltd. ("SLG"), a wholly owned subsidiary of Vista, and other non-controlling shareholders of Texwell Global Pte Ltd ("TWG"), a non-wholly owned subsidiary of SLG, SLG was granted a call option at nil consideration, being the right for SLG to acquire the remaining 49% equity interest in TWG at a pre-determined consideration at any time on and from 30 June 2011.

Other non-controlling shareholders of TWG were granted a put option at nil consideration to dispose of their equity interests in TWG to SLG at a pre-determined consideration on and from 30 June 2015.

The fair value of the call and put options were determined on the basis of valuations carried out at 31 December 2016 by independent valuers having an appropriate recognised professional qualification. The valuation was carried out using the Binomial Option Pricing Model for option valuation and with the following assumptions:

	At 31 December 2016
Volatility	65.7%
Weighted average cost of capital	16.1%
Long-term growth	1.0%
Risk free rate	2.5%
Marketability discount	33.0%
Discount rate	5.4%

At 31 December 2016, the fair values of call and put options were determined to be approximately US$1,648,000.

On 2 March 2017, SLG entered into a share purchase agreement to acquire the remaining 49% equity interest in TWG. Pursuant to the share purchase agreement, SLG and non-controlling shareholders of TWG agreed to terminate the joint venture agreement, including the call and put options. The derivative financial asset of US$1,648,000 was derecognised and charged to profit or loss during the six months ended 30 June 2017.

24. PLEDGED CERTIFICATES OF DEPOSIT

At 31 December 2014, certificates of deposit amounting to RMB300,000,000 (equivalent to approximately US$49,028,000) have been pledged to banks to secure bank borrowings. The certificates of deposit carried a fixed interest rate at 2.75% per annum and with a maturity date of 15 January 2015.

25. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At 31 December 2014, bank deposits of approximately US$1,993,000 have been pledged to secure bank borrowings for entering held-for-trading investment transactions.

Bank balances carried interest at market rates ranging from 0.001% to 0.68%, 0.001% to 0.68%, 0.001% to 0.3% and 0.001% to 0.3%, per annum at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

26. TRADE, BILLS AND OTHER PAYABLES

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	130,293	117,969	136,646	149,408
Bills payables	1,017	2,901	1,216	1,975
Accrued staff cost	42,985	48,926	65,123	55,926
Other payables	49,364	49,722	50,451	41,777
Other accruals	69,474	46,981	62,414	48,657
Consideration payable on acquisition of subsidiaries (note 33)	—	—	88,903	90,111
Total trade, bills and other payables	293,133	266,499	404,753	387,854

The credit period of trade payables is from 14 to 60 days.

The following is an aged analysis of trade payables based on invoices dates.

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 60 days	106,140	113,335	129,989	143,686
61 to 90 days	19,506	1,971	4,648	2,909
91 to 120 days	1,004	1,006	616	882
Over 120 days	3,643	1,657	1,393	1,931
	130,293	117,969	136,646	149,408

Total analysed for reporting purposes as:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current	288,840	255,123	393,773	376,397
Non-current	4,293	11,376	10,980	11,457
	293,133	266,499	404,753	387,854

At 31 December 2014, 2015 and 2016 and 30 June 2017, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable in 2016, repayable from 2017 to 2020, repayable from 2018 to 2020 and repayable from 2018 to 2021, respectively.

27. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and their movements during the Track Record Period:

	Fair value adjustment on business combination	Accelerated tax depreciation	Revaluation of properties	Defined benefit liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014	—	(116)	13,907	(1,482)	12,309
Exchange realignment	—	59	(108)	95	46
Charge (credit) to other comprehensive income	—	—	738	(711)	27
Charge to profit or loss	—	161	—	493	654
At 31 December 2014	—	104	14,537	(1,605)	13,036
Exchange realignment	—	5	(746)	61	(680)
Charge to other comprehensive income	—	—	6,501	336	6,837
(Credit) charge to profit or loss	—	(40)	—	155	115
At 31 December 2015	—	69	20,292	(1,053)	19,308
Exchange realignment	—	1	(904)	194	(709)
Credit to other comprehensive income	—	—	(3,581)	(106)	(3,687)
Acquisition of subsidiaries (note 33)	12,537	221	1,358	—	14,116
Credit to profit or loss	—	—	—	(30)	(30)
At 31 December 2016	12,537	291	17,165	(995)	28,998
Exchange realignment	—	—	279	(41)	238
Charge to other comprehensive income	—	—	827	552	1,379
(Credit) charge to profit or loss	(418)	531	(14)	(13)	86
At 30 June 2017	12,119	822	18,257	(497)	30,701

At 31 December 2014, 2015 and 2016 and 30 June 2017, the Group had unused tax losses of approximately US$11,067,000, US$21,683,000, US$36,464,000 and US$35,747,000, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profit streams. Except for unrecognised tax losses of approximately US$8,433,000, US$10,315,000, US$13,217,000 and US$12,989,000 at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively, that can be used to continuously offset against taxable profits up to 5 years from the year in which the loss is incurred, other losses may be carried forward indefinitely.

28. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in the PRC and other jurisdictions where the Group operates. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expense recognised in profit or loss of approximately US$26,409,000, US$26,874,000, US$29,775,000, US$14,028,000 (unaudited) and US$19,576,000 for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 30 June 2017, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans. All contributions due in respect of the years ended have been paid to the plans.

Defined benefit plan

The Group operates a funded defined benefit scheme for qualifying employees of its subsidiaries in the U.K. that has been closed to new members since 1999. Under the scheme, the employees are entitled to retirement benefits as a percentage of final salary on attainment of the retirement age. No other post-retirement benefits are provided.

The plan in the U.K. exposes the Group to actuarially calculated risk such as investment risk, interest rate risk, inflation risk and longevity risk.

Investment risk

The present value of the defined benefit plan liability is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced portfolio in equities, debt instruments, liability driven investment funds and a property fund. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equities, debt instruments, liability driven investment funds, and a property fund to leverage the return generated by the fund.

Interest rate risk

A decrease in the interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's corporate bonds and liability driven investment funds.

Inflation risk

The plan allows for rates of inflation experienced in the U.K. to apply to prospective benefits. The amounts of inflation adjustments are calculated in accordance with indices set out in the plan deed.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

The most recent actuarial valuation of plan assets and the assessment of the present value of the defined benefit obligations were carried out on 31 December 2016 by Jardine Lloyd Thompson Group PLC located at The St Botolph Building, 138 Houndsditch, London and updated on an approximate basis to 30 June 2017. The present value of plan liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	At 31 December			At 30 June
	2014	**2015**	**2016**	**2017**
Discount rate	3.4%	3.6%	2.6%	2.6%
Expected return on plan assets:				
- equities and property fund	8.4%	7.2%	7.4%	6.7%
- bonds and cash	4.2%	3.7%	3.9%	3.2%
Future pension increases	2.8%	2.8%	3.2%	3.1%
Inflation rate	2.9%	2.9%	3.3%	3.2%
Revaluation rate for deferred pensioners	2.1%	2.1%	2.5%	2.4%

Amounts recognised in profit or loss and other comprehensive income in respect of this defined benefit plan are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net interest expense recognised in profit or loss	(266)	(253)	(178)	(95)	(74)
Remeasurement of the net defined benefit liabilities:					
Return on plan assets (excluding amounts included in net interest expense)	3,152	(657)	5,986	3,176	689
Actuarial (losses) gains arising from changes in financial assumptions	(6,405)	1,596	(8,549)	(4,536)	431
Actuarial (losses) gains arising from experience adjustments	(302)	239	806	427	389
Actuarial gains arising from changes in demographic assumptions	—	—	—	—	1,359
Components of defined benefit costs recognised in other comprehensive income	(3,555)	1,178	(1,757)	(933)	2,868
Total	(3,821)	925	(1,935)	(1,028)	2,794

The net interest expense for the Track Record Period is included in the employee benefits expense in profit or loss.

The adjustment arising from the remeasurement of the net defined benefit liabilities is included in other comprehensive income.

The amount included in the consolidated statements of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Present value of funded defined benefit obligations	56,936	50,943	47,012	46,354
Fair value of plan assets	(48,911)	(45,091)	(41,153)	(43,424)
Net liability arising from defined benefit obligations	8,025	5,852	5,859	2,930

Movements in the present value of the defined benefit obligations in the Track Record Period were as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
At beginning of the year/period	53,453	56,936	50,943	47,012
Exchange realignment	(3,338)	(2,649)	(9,242)	2,743
Interest cost	2,310	1,847	1,612	605
Benefits paid	(2,196)	(3,356)	(4,044)	(1,827)
Actuarial losses (gains)	6,707	(1,835)	7,743	(2,179)
At end of the year/period	56,936	50,943	47,012	46,354

Movements in the fair value of the plan assets in the Track Record Period were as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
At beginning of the year/period	46,047	48,911	45,091	41,153
Exchange realignment	(2,868)	(2,320)	(8,131)	2,501
Interest income	2,044	1,594	1,434	531
Return on plan assets	3,152	(657)	5,986	689
Benefits paid	(2,196)	(3,356)	(4,044)	(1,827)
Contributions from employer	2,732	919	817	377
At end of the year/period	48,911	45,091	41,153	43,424

The fair values of the plan assets at the end of the Track Record Period for each category are as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and cash equivalents	2,221	119	72	142
Equity investments	11,030	10,050	10,485	11,805
Diversified growth funds	17,661	18,609	15,237	16,018
Debt investments	14,884	13,136	12,759	12,630
Property fund	3,115	3,177	2,600	2,829
Total	48,911	45,091	41,153	43,424

The fair values of the above equity and debt instruments and property fund are determined based on quoted market prices in active markets.

The actual return on plan assets for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 was approximately US$5,196,000, US$937,000, US$7,420,000 and US$1,220,000, respectively.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, inflation and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at 31 December 2014, 2015 and 2016 and 30 June 2017, while holding all other assumptions constant.

- If the discount rate decreases by 0.25%, the defined benefit obligation would increase by 4.0%, 3.8%, 4.0% and 3.9%, respectively.

- If the inflation rate increases by 0.25%, the defined benefit obligation would increase by 2.3%, 2.1%, 2.5% and 2.3%, respectively.

- If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by 3.2%, 3.2%, 3.8% and 3.6%, respectively.

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation from one another as some of the assumptions may be correlated.

In presenting the above sensitivity analyses, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is also applied in calculating the defined benefit obligation liability recognised in the consolidated statements of financial position.

The average duration of the benefit obligation at 31 December 2014, 2015 and 2016 and 30 June 2017 is 16, 15, 16 and 16 years, respectively.

The contributions expected to be made by the Group to the defined benefit plan during the following 12 months at 31 December 2014, 2015 and 2016 and 30 June 2017 were US$934,000, US$889,000, US$737,000 and US$782,000, respectively.

29. BANK BORROWINGS

	THE GROUP				THE COMPANY
	At 31 December			At 30 June	At 30 June
	2014	2015	2016	2017	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Bank borrowings comprise:					
Bank loans	226,990	118,444	365,393	470,362	128,118
Bank import and export loans	113,673	93,592	106,743	203,653	—
Bank overdrafts	5,200	5,970	5,422	2,448	—
	345,863	218,006	477,558	676,463	128,118
Analysed as:					
Secured	76,168	4,928	5,060	130,134	128,118
Unsecured	269,695	213,078	472,498	546,329	—
	345,863	218,006	477,558	676,463	128,118
The carrying amounts of loans are repayable:					
Within one year	—	—	7,047	7,849	—
More than one year but not more than two years	—	—	9,000	9,000	—
More than two years but not more than five years	—	—	23,000	18,500	—
	—	—	39,047	35,349	—
The carrying amount of loans that contain a repayable on demand clause are repayable:					
Within one year	239,110	150,789	177,192	419,245	128,118
More than one year but not more than two years	50,261	36,781	96,482	95,121	—
More than two years but not more than five years	56,492	30,436	164,837	126,748	—
	345,863	218,006	438,511	641,114	128,118
Less: Amounts due within one year shown under current liabilities	(345,863)	(218,006)	(445,558)	(648,963)	(128,118)
Amount shown under non-current liabilities	—	—	32,000	27,500	—

Some of the banking facilities are subject to the fulfilment of covenants relating to the Group's financial position.

At 31 December 2016, in respect of bank loans with an aggregate carrying amount of approximately US$164,680,000, the Group breached one of the financial covenants contained in the agreement relating to a bank facility. The Group subsequently obtained a waiver from the bank.

At 30 June 2017, in respect of bank loans with an aggregate carrying amount of approximately US$269,607,000, the Group breached one of the financial covenants from two banks. The Group subsequently obtained waivers from the banks.

All of the Group's bank borrowings are at variable rates. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings at 31 December 2014, 2015 and 2016 and 30 June 2017 are as follows:

	THE GROUP				THE COMPANY
	At 31 December			At 30 June	At 30 June
	2014	2015	2016	2017	2017
Effective interest rates:					
Variable-rate borrowings.	0.64%-5.25%	1.67%-5.25%	2.20%-5.25%	0.74%-5.25%	0.74%

30. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand. The amount due to the ultimate holding company was fully settled during the six months ended 30 June 2017.

31. SHARE CAPITAL

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Authorised, issued and fully paid				
12,000 ordinary shares of US$1 each . .	12	12	12	12

32. SHARE-BASED PAYMENT TRANSACTIONS

(1) Share Award Scheme A

The Company's share award scheme (the "Share Award Scheme A") was adopted pursuant to a resolution passed on 28 December 2016 for the primary purpose of providing incentives to eligible employees of the Group.

On 28 December 2016, 128 shares of the Company (the "Incentive Shares"), representing 1.067% of the then issued shares of the Company were transferred from Crystal Group Limited, the ultimate holding company, to eligible employees pursuant to the Share Award Scheme. No consideration was paid by the grantees for the grant of the Incentive Shares. All Incentive Shares are immediately vested as there was no vesting requirement under the Share Award Scheme.

The estimated fair value of the Incentive Shares granted on 28 December 2016 amounting to approximately US$9,903,000 has been recognised as share-based payment expense during the year ended 31 December 2016.

These fair value was calculated using the income approach by estimating the future economic benefits and discounts to present values using a discount rate of 12% per annum.

(2) Share Award Scheme B

The Company had adopted another share award scheme (the "Share Award Scheme B") pursuant to a written resolution passed in April 2017, the Company appointed an independent professional trustee (the "Trustee") to assist with the administration and vesting of the share award. The purpose of the Share Award Scheme B is to incentivise the Group's executives, consultants or officers for their contribution to the Group, to retain and motivate skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

The Share Award Scheme B will be valid and effective for a period of ten years, commencing from the date of the first grant of shares under the Share Award Scheme B. 13,062,000 shares have been granted to 93 persons who are eligible under the Share Award Scheme B subsequent to 30 June 2017, details of which are set out in note 44.

33. ACQUISITION OF SUBSIDIARIES

(i) Acquisition of King Jumbo and Fortune Joy

On 30 March 2015, the Group acquired the entire equity interests in King Jumbo and Fortune Joy (collectively referred to as the "Acquirees") at an aggregate consideration of approximately US$6,580,000. The directors of the Company are of the opinion that the acquisition of King Jumbo and Fortune Joy is in substance an asset acquisition.

	US$'000
Net assets acquired and liabilities assumed:	
Property, plant and equipment	11,545
Other receivables	14
Amount due from a fellow subsidiary	939
Bank balances and cash	894
Trade and other payables	(489)
	12,903
Total consideration satisfied by:	
Cash	6,580
Gain on derecognition of joint ventures	6,323
	12,903
Net cash outflow arising on acquisition:	
Cash consideration paid	6,580
Bank balances and cash acquired	(894)
	5,686

(ii) Acquisition of Vista

Pursuant to the sale and purchase agreement dated 14 November 2016 (as amended by supplemental agreement dated 21 December 2016) (the "Agreement") entered into between Starfar Limited ("Starfar"), a wholly owned subsidiary of the Company, and Grand Vista Corp Holdings Limited ("Grand Vista"), an independent third party, as the vendor for the acquisition of Vista, the Group acquired the entire share capital of Vista.

On 30 December 2016, the Group acquired 100% of the issued share capital of Vista for a consideration of US$190,080,000 which included US$101,177,000 paid in cash, a balance with a present value of US$83,003,000 to be settled no later than 15 December 2017 and US$5,900,000 upward adjustment on consideration. The consideration shall be adjusted upwards or downwards based on the difference in the certain benchmark (including net debt, net working capital and earnings before interest, taxation, depreciation and amortisation mentioned in the Agreement) between the estimated amounts mentioned in the Agreement and the audited amount which is subject to further negotiation between Starfar and Grand Vista. Any excess paid on acquisition shall be returned to Starfar and any shortfall shall be paid to Grand Vista. In the opinion of the directors of the Company, there is an upward adjustment of approximately US$5,900,000 payable to Grand Vista based on the current available information. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately US$74,941,000. Vista and its subsidiaries are engaged in manufacturing, trading, importing and exporting textiles and apparel. The acquisition is to continue the expansion of the Group's garments operations.

Acquisition-related costs amounting to approximately US$1,211,000 have been excluded from the consideration transferred and have been recognised as an expense in the year ended 31 December 2016 in the consolidated statements of profit or loss and other comprehensive income.

The fair value of assets acquired and liabilities assumed at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	27,528
Intangible assets - Customer relationship and brand name	105,527
Derivative financial assets	1,648
Prepaid lease payments	1,589
Inventories	16,406
Trade, bills and other receivables	13,673
Bank balances and cash	21,382
Trade and other payables	(14,170)
Bank borrowings	(39,047)
Tax liabilities	(2,610)
Deferred taxation	(14,116)
Non-controlling interests	(2,671)
	115,139

The fair value of trade, bills and other receivables at the date of acquisition amounted to approximately US$13,673,000. The gross contractual amounts of those trade, bills and other receivables acquired amounted to approximately US$15,065,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows expected not to be collected amounted to approximately US$1,392,000.

Goodwill arising on acquisition:

	US$'000
Consideration transferred	190,080
Less: net assets acquired	(115,139)
Goodwill arising on acquisition	74,941

Goodwill arose in the acquisition of Vista because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the workforce of Vista. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

	US$'000
Net cash outflow on acquisition of Vista	
Cash consideration paid	101,177
Less: cash and cash equivalent balances acquired	(21,382)
	79,795

The accounting for the acquisition of these subsidiaries involved identifying and determining the fair value to be assigned to the identifiable assets, liabilities and the cost of the business combination.

The fair values of the property, plant and equipment were determined based on the market comparable approach that reflects recent transaction prices for similar properties valued by independent firms of professional property valuers.

No revenue nor profit for the year ended 31 December 2016 is attributable to the additional business generated by Vista.

Had the acquisition been completed on 1 January 2016, the Group's total revenue for the year ended 31 December 2016 would have been approximately US$1,961,977,000, and profit for the year ended 31 December 2016 would have been approximately US$139,694,000. This pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and profits the Group would actually have achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

In determining the 'proforma' revenue and profit of the Group had Vista been acquired on 1 January 2016, the directors of the Company have calculated the amortisation of customer relationship, the depreciation of property, plant and equipment and prepaid lease payment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

34. DISPOSAL OF SUBSIDIARIES

(i) Disposal of Billion Plus Enterprises Limited ("Billion Plus")

During the year ended 31 December 2015, the Group entered into a deed of transfer with a fellow subsidiary to dispose of a wholly-owned subsidiary Billion Plus, at a consideration of approximately HKD218,000 (equivalent to approximately US$28,000). The transaction was completed on 7 December 2015.

	US$'000
Cash consideration received	(28)
Analysis of assets and liabilities over which control was lost:	
Other receivables	371
Held-for-trading investments	58,087
Pledged bank deposits	2,537
Bank balances	1,156
Other payables	(8)
Amount due to immediate holding company	(46,438)
Tax payable	(392)
Bank borrowings - secured	(15,285)
Net assets disposed of	28
Gain on disposal	—
Net cash outflow arising on disposal:	
Cash consideration	(28)
Less: bank balances disposed of	1,156
	1,128

The profit for the year ended 31 December 2015 of Billion Plus was approximately US$1,754,000. Billion Plus generated no revenue for the year ended 31 December 2015.

During the year ended 31 December 2015, Billion Plus contributed approximately US$12,400,000 to the Group's net operating cash flows, received approximately US$3,174,000 in respect of investing activities and paid approximately US$14,805,000 in respect of financing activities.

(ii) **Disposals of Sinotex Exports Limited ("SEL") and Sinotex (Mauritius) Limited ("SML")**

During the year ended 31 December 2016, the Group entered into a sale and purchase agreement with the ultimate holding company to dispose of certain wholly-owned subsidiaries, SEL and SML, at a consideration of US$12,000. The transaction was completed on 20 September 2016.

	US$'000
Cash consideration received	(12)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	2,725
Bank balances and cash	31
Amounts due to fellow subsidiaries	(2,738)
Net assets disposed of	18
Loss on disposal	6
Net cash outflow arising on disposal:	
Cash consideration	(12)
Less: bank balances disposed of	31
	19

The losses for the year ended 31 December 2016 from SEL and SML were not material to the Group. Neither SEL nor SML generated revenue for the year ended 31 December 2016.

The directors of the Company consider that disposal of these two subsidiaries is not material to the cash flows of the Group.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to the shareholders through the careful management of the debt to equity ratio. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 29, less pledged certificates of deposit, pledged bank deposits, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis.

36. FINANCIAL INSTRUMENTS

36a. Categories of financial instruments

THE GROUP

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
FVTPL				
- Derivative financial assets	7,536	—	1,648	—
- Held-for-trading investments	72,287	—	—	—
Loans and receivables (including cash and cash equivalents)	520,988	374,751	433,898	440,156
Financial liabilities				
Derivative financial liabilities	4,750	3,494	—	—
Financial liabilities at amortised cost	660,087	508,551	1,003,330	1,064,621

THE COMPANY

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	139,388	133,564	217,316	209,905
Financial liabilities				
Financial liabilities at amortised cost	34,475	20,668	172,085	166,910

36b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial assets, trade, bills and other receivables, amounts due from related companies, loan receivables, held-for-trading investments, pledged certificates of deposit, pledged bank deposits, bank balances and cash, derivative financial liabilities, trade, bills and other payables, amount due to the ultimate holding company/an associate/related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) *Currency risk*

Several entities in the Group have foreign currency sales and purchases, which expose the Group to significant foreign currency risk.

The carrying amounts of the Group's and the Company's significant foreign currency denominated monetary assets and monetary liabilities are as follows:

THE GROUP

	Liabilities				Assets			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
HKD	20,191	20,826	119,661	219,296	42,765	9,174	680	11,564
RMB	12,430	3,391	267	135	62,530	1,094	1,237	956

THE COMPANY

	Liabilities				Assets			
	At 31 December			At 30 June	At 31 December			At 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
HKD	34,475	20,648	171,635	165,900	119,378	104,179	187,932	180,520

Management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The Group had entered into foreign currency exchange contracts to mitigate the currency exposure for the years ended 31 December 2014 and 2015.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in the HKD and the RMB. The foreign currency risk of the HKD is not significant as the HKD is pegged to the US$.

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the US$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates. The sensitivity analysis includes bank balances, trade, bills and other receivables and trade and other payables in the RMB which is not the functional currency of the relevant group entities. A positive/negative number below indicates an increase/decrease in profit where the US$ weakens 5% against the RMB. For a 5% strengthening of the US$ against the RMB, there would be a comparable impact on the Group's post-tax profit and the balances below would be negative/positive.

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Post-tax profit	2,092	(96)	40	34

For the foreign currency exchange contracts, the sensitivity analysis was estimated based on the contracts outstanding at 31 December 2014 and 2015. If the forward exchange rate of the US$ against the RMB and GBP changed by 5%, the potential effect on the Group's post-tax profit for the years ended 31 December 2014 and 2015 would have been:

	Year ended 31 December	
	2014	2015
	US$'000	*US$'000*
US$ strengthens against RMB by 5%		
Decrease in the post-tax profit for the year	(17,823)	(4,155)
US$ weakens against RMB by 5%		
Increase in the post-tax profit for the year	19,699	4,593
US$ strengthens against GBP by 5%		
Decrease in the post-tax profit for the year	(4,264)	—
US$ weakens against GBP by 5%		
Increase in the post-tax profit for the year	4,293	—

In the year ended 31 December 2016 and the six months ended 30 June 2017, no foreign currency exchange contracts were entered into.

(ii) *Interest rate risk*

The Group's and the Company's cash flow interest rate risks relate primarily to variable-rate bank balances and bank borrowings (see notes 25 and 29 for details of these balances and borrowings). It is the Group's policy to keep its bank balances and borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group's and the Company's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate, London Interbank Offered Rate and Singapore Interbank Offered Rate arising from the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the respective reporting period were outstanding for the whole year/period. A 0.5% increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The exposure to the interest rate risk for variable-rate bank balances is insignificant and therefore sensitivity analysis is not presented.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 would decrease/increase by approximately US$1,444,000, US$910,000, US$1,994,000 and US$1,399,000, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

If the interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit for the six months ended 30 June 2017 would decrease/increase by approximately US$320,000. This is mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings.

(iii) *Other price risk*

The Group was exposed to other price risk through its investments in listed equity and debt securities. The Group's other price risk was mainly concentrated in the listed equity and debt securities of companies quoted on relevant stock exchanges. In addition, the Group has appointed a team to monitor the price risk and would have considered hedging the risk exposure had the need arisen.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to other price risk at 31 December 2014.

If the prices of the respective financial instrument had been 5% higher/lower at 31 December 2014, the Group's post-tax profit for the year ended 31 December 2014 would have increased/decreased by approximately US$689,000 as a result of the changes in fair value of listed equity and debt securities.

At 31 December 2015 and 2016 and 30 June 2017, no listed equity and debt securities were held-for-trading.

Credit risk

At 31 December 2014, 2015 and 2016 and 30 June 2017, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is the carrying amount of the respective financial assets as stated in the consolidated statements of financial position.

At 31 December 2014, 2015 and 2016 and 30 June 2017, trade receivables from the five largest customers represent approximately 73.6%, 64.4%, 60.6% and 66.6% of the Group's total trade receivables, respectively.

In order to minimise the credit risk, management of the Group has delegated a team responsible for credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are provided for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as significant sources of liquidity, details of which are set out in note 29.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks not choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is based on the scheduled repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity and interest risk tables

THE GROUP

	Weighted average effective interest rate	On demand or less than 1 month	2-3 months	4 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2014							
Non-derivative financial liabilities							
Trade, bills and other payables	—	233,234	45,173	10,433	4,293	293,133	293,133
Amount due to ultimate holding company	—	20,008	—	—	—	20,008	20,008
Amounts due to related companies	—	1,083	—	—	—	1,083	1,083
Bank borrowings - variable rate	2.0	345,863	—	—	—	345,863	345,863
		600,188	45,173	10,433	4,293	660,087	660,087
Derivatives - net settlement							
Foreign currency exchange contracts		—	811	3,939	—	4,750	4,750
At 31 December 2015							
Non-derivative financial liabilities							
Trade, bills and other payables	—	145,031	54,212	55,880	11,376	266,499	266,499
Amount due to ultimate holding company	—	20,640	—	—	—	20,640	20,640
Amount due to an associate	—	3,202	—	—	—	3,202	3,202
Amounts due to related companies	—	204	—	—	—	204	204
Bank borrowings - variable rate	2.2	218,006	—	—	—	218,006	218,006
		387,083	54,212	55,880	11,376	508,551	508,551
Derivatives - net settlement							
Foreign currency exchange contracts		792	1,763	939	—	3,494	3,494
At 31 December 2016							
Non-derivative financial liabilities							
Trade, bills and other payables	—	170,848	88,082	134,843	10,980	404,753	404,753
Amount due to ultimate holding company	—	118,632	—	—	—	118,632	118,632
Amount due to an associate	—	2,235	—	—	—	2,235	2,235
Amounts due to related companies	—	152	—	—	—	152	152
Bank borrowings - variable rate	2.7	445,557	—	—	34,635	480,192	477,558
		737,424	88,082	134,843	45,615	1,005,964	1,003,330
At 30 June 2017							
Non-derivative financial liabilities							
Trade, bills and other payables	—	151,440	74,452	150,505	11,457	387,854	387,854
Amount due to an associate	—	304	—	—	—	304	304
Bank borrowings - variable rate	2.1	648,963	—	—	28,366	677,329	676,463
		800,707	74,452	150,505	39,823	1,065,487	1,064,621

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank loans amounted to approximately US$345,863,000, US$218,006,000, US$438,511,000 and US$641,114,000 at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately US$352,465,000, US$223,155,000, US$501,520,000 and US$693,710,000, respectively, in relation to the balance at 31 December 2014, 2015 and 2016 and 30 June 2017.

The amounts included above for variable interest rate instruments within the non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

THE COMPANY

	Weighted average effective interest rate	On demand or less than 1 month	Total undiscounted cash flows	Carrying amount
	%	US$'000	US$'000	US$'000
At 31 December 2014				
Amount due to ultimate holding company	—	20,008	20,008	20,008
Amounts due to subsidiaries	—	14,467	14,467	14,467
		34,475	34,475	34,475
At 31 December 2015				
Other payables	—	28	28	28
Amount due to ultimate holding company	—	20,640	20,640	20,640
		20,668	20,668	20,668
At 31 December 2016				
Other payables	—	1,024	1,024	1,024
Amount due to ultimate holding company	—	118,632	118,632	118,632
Amounts due to subsidiaries	—	52,429	52,429	52,429
		172,085	172,085	172,085
At 30 June 2017				
Other payables	—	1,235	1,235	1,235
Amounts due to subsidiaries	—	37,557	37,557	37,557
Bank borrowings - variable rate	0.7	128,118	128,118	128,118
		166,910	166,910	166,910

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank loans amounted to approximately US$128,118,000 at 30 June 2017. Taking into account the Company's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately US$128,710,000 in relation to the balance at 30 June 2017.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

36c. **Fair value measurements of financial instruments**

This note provides information about how the Group determines fair values of financial assets and financial liabilities.

(i) Fair values of the Group's financial assets (liabilities) that are measured at fair value on a recurring basis.

Some of the Group's financial assets (liabilities) are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets (liabilities) are determined (in particular, the valuation techniques and inputs used).

	Fair value hierarchy at 31 December 2014			Fair value hierarchy at 31 December 2015			Fair value hierarchy at 31 December 2016			Fair value hierarchy at 30 June 2017			Valuation technique and key input
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	
Financial assets (liabilities) at FVTPL													
Listed equity securities. . . .	5,570	—	5,570	—	—	—	—	—	—	—	—	—	note (a)
Listed debt securities	10,938	—	10,938	—	—	—	—	—	—	—	—	—	note (a)
Unlisted equity securities. . .	—	53,772	53,772	—	—	—	—	—	—	—	—	—	note (b)
Unlisted debt security	—	2,007	2,007	—	—	—	—	—	—	—	—	—	note (c)
Call option in investment in a subsidiary													
- derivative financial assets.	—	—	—	—	—	—	—	1,648	1,648	—	—	—	note (d)

	Fair value hierarchy at 31 December 2014			Fair value hierarchy at 31 December 2015			Fair value hierarchy at 31 December 2016			Fair value hierarchy at 30 June 2017			Valuation technique and key input
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	
Foreign currency exchange contracts classified as													
- derivative financial assets.	—	7,536	7,536	—	—	—	—	—	—	—	—	—	note (e)
- derivative financial liabilities	—	(4,750)	(4,750)	—	(3,494)	(3,494)	—	—	—	—	—	—	note (e)
Total	16,508	58,565	75,073	—	(3,494)	(3,494)	—	1,648	1,648	—	—	—	

Notes:

(a) Quoted bid prices in an active market.

(b) Based on the net asset values of unlisted equity securities.

(c) Based on the quoted prices from financial institutions.

(d) Binomial Option Pricing Model, key inputs; refer to note 23.

(e) Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Levels 1 and 2 during the Track Record Period.

(ii) For the fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

37. CAPITAL COMMITMENTS

At the end of each reporting period, the Group had capital commitments as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted for but not provided for in the Historical Financial Information in relation to acquisition of property, plant and equipment	54,002	29,396	42,994	60,157

38. OPERATING LEASE COMMITMENTS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
The Group as lessee					
Lease payments paid under operating leases during the year/period in respect of:					
Land and buildings	9,965	10,851	9,864	4,539	5,826
Plant and machinery	1,333	2,134	1,773	803	910
	11,298	12,985	11,637	5,342	6,736

At the end of each reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which would fall due as follows:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Land and buildings				
- Within one year	6,433	5,997	5,553	10,578
- In the second to fifth year inclusive	11,199	7,570	6,407	16,752
- Over five years	169	275	1,212	499
	17,801	13,842	13,172	27,829
Plant and machinery				
- Within one year	915	63	467	116
- In the second to fifth year inclusive	1,500	117	190	401
	2,415	180	657	517
	20,216	14,022	13,829	28,346

Operating lease payments represent rentals payable by the Group for certain of its land and buildings, office properties and machinery. Leases are negotiated for a term of one to ten years and rentals are fixed for a term of one to ten years.

39. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks as securities for general banking facilities granted to, foreign currency exchange contracts and held-for-trading investments entered into by the Group:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Certificates of deposit (note 24)	49,028	—	—	—
Bank deposits (note 25)	1,993	—	—	—
Held-for-trading investments (note 22)	65,984	—	—	—
Property, plant and equipment (note 12)	11,233	11,171	10,484	11,617
Inventories (note 20)	25,514	11,340	7,646	11,495
Trade receivables (note 21)	62,938	52,249	30,395	36,147
	216,690	74,760	48,525	59,259

40. DETAILS OF SUBSIDIARIES

The Company has the following subsidiaries during the Track Record Period and at the date of the report:

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company: At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
Directly held									
Billion Plus Enterprises Limited	Hong Kong 08/07/2010	HKD1	100%	—	—	—	—	Investment holding	1
Crystal Crown Limited	Bermuda 25/07/2003	US$12,000	100%	100%	100%	100%	100%	Investment holding	2
Crystal Knitters Limited	Hong Kong 10/11/1970	HKD7,502,000	100%	100%	100%	100%	100%	Investment holding and provision of corporate services	3
Crystal Martins Limited	Bermuda 01/11/2000	US$12,000	100%	100%	100%	100%	100%	Investment holding	2

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company					Principal activities	Notes
			At 31 December			At 30 June	At date of this report		
			2014	2015	2016	2017			
			%	%	%	%	%		
Crystal Master Limited.	Bermuda 11/01/2011	US$12,000	100%	100%	100%	100%	100%	Investment holding	2
Crystal Peak International Limited.	British Virgin Islands 01/07/2010	US$100	100%	100%	100%	100%	100%	Investment holding	2
Crystal Textiles (Bermuda) Limited.	Bermuda 31/05/1984	US$12,000	100%	100%	100%	100%	100%	Investment holding	2
Crystal Trading Limited.	Bermuda 30/09/1986	US$12,000	100%	100%	100%	100%	100%	Investment holding	2
Justice Faith Holdings Limited.	British Virgin Islands 07/11/2008	US$100	100%	100%	100%	100%	100%	Investment holding	2
Indirectly held									
Amigo Bangladesh Ltd.#	Bangladesh 28/10/2009	Bangladesh Taka ("BDT") 390,000,000	49%#	100%	100%	100%	100%	Properties holding	4
CPAT (Singapore) Private Ltd.#. .	Singapore 25/11/2008	US$21,440,000	49%#	100%	100%	100%	100%	Investment holding	5
Crystal Apparel (Macao Commercial Offshore) Limited.	Macau 22/02/2006	Macau Pataca ("MOP") 100,000	100%	100%	100%	100%	100%	Trading of garments	6
Crystal Apparel Limited.	Hong Kong 27/04/1982	HKD2,000,000	100%	100%	100%	100%	100%	Trading of garments	3
Crystal Elegance (Taiwan) Limited	Taiwan 05/09/2017	New Taiwan Dollar 500,000	—	—	—	—	100%	Yarn and fabrics trading	32
Crystal Industrial Bangladesh Private Limited.	Bangladesh 24/09/2008	BDT350,000,000	100%	100%	100%	100%	100%	Manufacture of garments	7
Crystal Intimate (Vietnam) Limited	Vietnam 09/08/2017	US$1,000,000	—	—	—	—	100%	Manufacture of garments	31

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company — At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
Crystal Kingdom Limited.	Independent State of Samoa 19/07/2011	US$100	100%	100%	100%	100%	100%	Investment holding	2
Crystal Martin (Cambodia) Land Limited .	Cambodia 25/12/2013	US$1,000	100%	100%	100%	100%	100%	Properties holding	2
Crystal Martin (Cambodia) Limited.	Cambodia 01/12/2011	US$8,226,000	100%	100%	100%	100%	100%	Manufacture of garments	8
Crystal Martin (Hong Kong) Limited.	Hong Kong 16/11/1982	HKD1,970,497	100%	100%	100%	100%	100%	Trading of garments	3
Crystal Martin (Knitwear) Limited.	U.K. 27/06/1917	GBP184,075	100%	100%	100%	100%	100%	Trading of garments	9
Crystal Martin (Vietnam) Company Limited (formerly known as Crystal Apparel (Vietnam) Co Limited) . .	Vietnam 21/05/2010	US$2,000,000	100%	100%	100%	100%	100%	Manufacture of garments	10
Crystal Martin Apparel Bangladesh Limited (formerly known as SQ Loop Limited).	Bangladesh 10/12/2006	BDT267,950,127	100%	100%	100%	100%	100%	Manufacture of garments	11
Crystal Martin Central (Private) Limited.	Sri Lanka 03/02/2011	Sri Lanka Rupee ("LKR") 11,375,000	100%	100%	100%	100%	100%	Manufacture of garments	12
Crystal Martin Ceylon (Private) Limited.	Sri Lanka 02/04/1981	LKR 1,792,466,900	100%	100%	100%	100%	100%	Manufacture of garments	12
Crystal Martin Design (NY) Inc.	United States of America 02/08/2012	US$1,000	100%	100%	100%	100%	100%	Dormant	2

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company: At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
Crystal Martin Europe (Private) Limited.	Sri Lanka 07/09/2007	LKR5,734,710	100%	100%	—	—	—	Manufacture of garments	13
Crystal Martin Garments (Private) Limited.	Sri Lanka 23/11/2006	LKR5,389,900	100%	100%	—	—	—	Manufacture of garments	13
Crystal Martin Holdings Limited.	U.K. 28/12/1922	GBP14,805,644	100%	100%	100%	100%	100%	Trading of garments	9
Crystal Martin International Limited.	U.K. 28/05/1964	GBP100	100%	100%	100%	100%	100%	Investment holding	9
Crystal Martin Intimate (Macao Commercial Offshore) Limited.	Macau 22/02/2006	MOP100,000	100%	100%	100%	100%	100%	Trading of garments	6
Crystal Martin Knitwear Bangladesh Limited (formerly known as SQ Crystal Celsius Limited)	Bangladesh 25/02/2008	BDT350,000,000	100%	100%	100%	100%	100%	Manufacture of garments	7
Crystal Martin Progress (Private) Limited.	Sri Lanka 31/10/2013	LKR32,499,600	100%	100%	—	—	—	Manufacture of garments	13
Crystal Martin Textiles Limited.	U.K. 01/05/1914	GBP31,303	100%	100%	100%	100%	100%	Investment holding	9
Crystal Sweater Lanka (Private) Limited.	Sri Lanka 24/09/1997	LKR14,000,000	100%	100%	100%	100%	100%	Manufacture of garments	12
Crystal Sweater Limited.	Hong Kong 20/02/1981	HKD5,000,000	100%	100%	100%	100%	100%	Trading of garments	3

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company: At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
Crystal Sweater Vietnam Limited.	Vietnam 08/01/2013	US$11,000,000	100%	100%	100%	100%	100%	Manufacture of garments	10
Crystal Vision Textiles Limited.	Bangladesh 25/01/2010	BDT350,000	100%	100%	100%	100%	100%	Manufacture of garments	7
Crystal Martin (Far East) Limited.	Hong Kong 19/11/1971	GBP50,000	100%	100%	100%	100%	100%	Investment holding	3
Delight Gain Apparel (Cambodia) Ltd.	Cambodia 23/04/2013	US$10,000	100%	100%	100%	100%	100%	Property holding	8
Elegance (Macao Commercial Offshore) Limited.	Macau 12/02/2004	MOP100,000	100%	100%	100%	100%	100%	Trading of garments	6
Elegance Industrial Company Limited.	Hong Kong 30/03/1976	HKD1,500,020	100%	100%	100%	100%	100%	Trading of garments	3
Eternal King Limited.	Hong Kong 22/12/2000	HKD2	100%	100%	100%	100%	100%	Trading of garments	3
Ever Smart Bangladesh Ltd.	Bangladesh 16/04/2009	BDT331,282,000	100%	100%	100%	100%	100%	Manufacture of garments	14
Forever Way Limited.	Hong Kong 27/09/2000	HKD2	100%	100%	100%	100%	100%	Trading of garments	3
Fortune Joy Investment Limited#	British Virgin Islands 13/10/2008	US$100	49%#	100%	100%	100%	100%	Investment holding	15
Granding China Limited.	Hong Kong 10/10/2003	HKD2	100%	100%	100%	100%	100%	Investment holding	3
Hugh Crown Limited.	Hong Kong 03/11/2012	HKD1	100%	100%	—	—	—	Dormant	16
Hugh Crown Manufacturing (Cambodia) Ltd.	Cambodia 20/05/2013	US$1,000,000	100%	100%	100%	100%	100%	Manufacture of garments	8

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company: At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
King Jumbo Investment Limited#	British Virgin Islands 10/10/2007	US$15,000,000	49%#	100%	100%	100%	100%	Investment holding	15
Kingston Bangladesh Ltd.#	Bangladesh 16/04/2009	BDT390,000,000	49%#	100%	100%	100%	100%	Dormant	4
Malaysia Dyeing & Printing Factory (Private) Limited.	Singapore 28/08/1963	Singapore dollars ("SGD") 300,000	—	—	100%	100%	100%	Investment holding	17
Malaysia Dyeing (Cambodia) Co., Ltd. . . .	Cambodia 27/06/2012	US$1,000	—	—	100%	100%	100%	Properties holding	17
Mention Trading Limited.	Hong Kong 02/12/2006	US$100	100%	100%	100%	100%	100%	Investment holding	3
Perfect Growth Private Co., Ltd.	Cambodia 31/05/2013	US$1,000,000	100%	100%	100%	100%	100%	Manufacture of garments	8
Polysound Limited.	Hong Kong 08/01/2010	HKD10,000	100%	100%	100%	100%	100%	Trading of garments	3
Queenston Bangladesh Ltd.#	Bangladesh 24/11/2010	BDT100,000	49%#	100%	100%	100%	100%	Dormant	4
Regent Garment Factory Limited.	Vietnam 31/12/2003	US$26,000,000	100%	100%	100%	100%	100%	Manufacture of garments	10
Seiko Sweater (Macao Commercial Offshore) Limited.	Macau 22/02/2006	MOP100,000	100%	100%	100%	100%	100%	Trading of garments	6
Selagama Garments (Private) Limited.	Sri Lanka 01/03/2001	LKR10,000,000	100%	100%	100%	100%	100%	Manufacture of garments	12
SLH Pte. Ltd. (formerly known as Sing Lun Holdings Pte Ltd)	Singapore 30/12/1999	SGD17,746,640	—	—	100%	100%	100%	Investment holding	17

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company: At 31 December 2014	2015	2016	At 30 June 2017	At date of this report	Principal activities	Notes
			%	%	%	%	%		
Sinotex (Lanka) (Private) Limited.	Sri Lanka 24/02/1981	LKR18,000,000	100%	100%	100%	100%	100%	Manufacture of garments	12
Sinotex (Mauritius) Limited.	Mauritius 27/02/1984	Rupees 50,000,000	100%	100%	—	—	—	Property holding	18
Sinotex Exports Limited.	Bermuda 10/12/1986	US$12,000	100%	100%	—	—	—	Investment holding	19
SL Global Pte. Ltd.	Singapore 30/12/1999	SGD6,052,605	—	—	100%	100%	100%	Trading of garments	17
Stable Creation (Cambodia) Ltd.	Cambodia 25/09/2013	Cambodian Riel 40,000,000	100%	100%	100%	100%	100%	Investment holding and provision of corporate services	2
Stable Creation Limited.	Hong Kong 06/06/2013	HKD1	100%	100%	—	—	—	Dormant	20
Starfar Limited. .	Hong Kong 20/10/2016	HKD1	—	—	100%	100%	100%	Investment holding	21
SL Ponie Pte. Ltd	Singapore 12/06/2006	SGD100,000	—	—	51%	100%	100%	Trading of garments	22
Star Fashion Co., Ltd.	Vietnam 28/02/2007	US$ 1,500,000	—	—	100%	100%	100%	Manufacture of garments	17
Starlight Apparel Manufacturing Co., Ltd.	Cambodia 13/09/2012	US$3,756,520	—	—	100%	100%	100%	Manufacture of garments	17
Texwell Global Pte. Ltd.	Singapore 24/02/2010	US$400,000	—	—	51%	100%	100%	Trading of garments	22
Tim Ma Limited .	Hong Kong 01/04/2016	HKD1	—	—	100%	100%	100%	Investment holding	23
Vista Corp Holdings Limited.	Cayman Islands 05/08/2015	US$50,000,000	—	—	100%	100%	100%	Investment holding	17
Vision Plus Investments Ltd.	Independent State of Samoa 20/01/2011	US$1	100%	100%	100%	100%	100%	Investment holding	2
Yi Da Manufacturer Co., Ltd.	Cambodia 19/05/2014	US$1,000,000	100%	100%	100%	100%	100%	Manufacture of garments	8

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and paid capital/ registered capital	Proportion of nominal value of Issued share/registered capital held by the Company					Principal activities	Notes
			At 31 December			At 30 June	At date of this report		
			2014	2015	2016	2017			
			%	%	%	%	%		
Yi Da Vietnam Limited.	Vietnam 13/04/2016	US$4,000,000	—	—	100%	100%	100%	Manufacture of garments	24
中山利豐企業管理諮詢服務有限公司*	PRC 27/05/2016	HKD1,000,000	—	—	100%	100%	100%	Service rendering company	25
中山威馬紡織品有限公司* . . .	PRC 27/05/2016	HKD5,000,000	—	—	100%	100%	100%	Manufacture of garments	25
中山益達服裝有限公司* . . .	PRC 04/12/2003	HKD247,400,000	100%	100%	100%	100%	100%	Manufacture of garments	26
中山富豐企業管理諮詢服務有限公司*	PRC 02/11/2010	HKD350,000	100%	100%	100%	100%	100%	Service rendering company	26
東莞常豐企業管理諮詢服務有限公司*	PRC 20/12/2012	RMB2,800,000	100%	—	—	—	—	Service rendering company	27
東莞晶苑毛織製衣有限公司* . . .	PRC 16/07/1993	HKD436,320,000	100%	100%	100%	100%	100%	Manufacture of garments	28
東莞業基工業有限公司* . .	PRC 19/10/2004	US$20,100,000	100%	100%	100%	100%	100%	Manufacture of garments	28
東莞聯豐企業管理諮詢服務有限公司*	PRC 19/01/2008	HKD10,633,301	100%	100%	100%	100%	100%	Service rendering company	28
英商馬田紡織品(中國-中山) 有限公司*	PRC 06/07/1992	US$22,960,000	100%	100%	100%	100%	100%	Manufacture of garments	26
晶惠工業(惠州)有限公司* . . .	PRC 27/11/2001	US$21,868,000	100%	100%	100%	—	—	Manufacture of garments	29
晶勵 (常州) 服裝有限公司* (formerly known as 晶勵(金壇)服裝有限公司).	PRC 18/04/2000	US$17,500,000	100%	100%	100%	100%	100%	Manufacture of garments	30

\# At 31 December 2014, those companies were joint ventures of the Group and the Group acquired the remaining 51% equity interests in the year ended 31 December 2015.

* Companies are registered in the form of wholly foreign owned enterprises.

None of the subsidiaries had issued any debt securities at the end of the year/period or at any time during the Track Record Period.

The statutory financial statements for each of the subsidiaries were prepared in accordance with IFRSs or relevant accounting principles and financial regulations applicable to their local requirements.

Notes:

1 The statutory financial statements for each of the years ended 31 December 2014 and 2015 were audited by Deloitte Touche Tohmatsu. No audited financial statements were available for the year ended 31 December 2016 as it was disposed of on 17 December 2015.

2 No audited financial statements were available for each of the years ended 31 December 2014, 2015 and 2016 as there are no statutory audit requirements.

3 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Deloitte Touche Tohmatsu.

4 The statutory financial statements for each of the years ended 31 March 2015 and 2016 were audited by A. Qasem & Co. Chartered Accountants. This company changed its financial year end to 31 December and the statutory financial statements for the nine months ended 31 December 2016 were audited by A. Qasem & Co. Chartered Accountants.

5 The statutory financial statements for each of the years ended 31 March 2015 and 2016 were audited by Alliance Practice LLP. This company changed its financial year end to 31 December and the statutory financial statements for the nine months ended 31 December 2016 were audited by Alliance Practice LLP.

6 The statutory financial statements for each of the years ended 31 December 2014 and 2015 were audited by Keng Ou CPAs. The statutory financial statements for the year ended 31 December 2016 were audited by Deloitte Touche Tohmatsu — Sociedade de Auditores.

7 The statutory financial statements for each of the years ended 31 December 2014 and 2015 were audited by Howlader Yunus & Co. Chartered Accountants. The statutory financial statements for the year ended 31 December 2016 were audited by A. Qasem & Co. Chartered Accountants.

8 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by KPMG Cambodia Limited.

9 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Deloitte LLP.

10 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Deloitte Vietnam Company Limited.

11 The statutory financial statements for the year ended 31 December 2014 were audited by Howlader Yunus & Co. Chartered Accountants. The statutory financial statements for the years ended 31 December 2015 and 2016 were audited by A. Qasem & Co. Chartered Accountants.

12 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Ernst & Young Chartered Accountants.

13 The statutory financial statements for each of the years ended 31 December 2014 and 2015 were audited by Ernst & Young Chartered Accountants. No audited financial statements for the year ended 31 December 2016 were available as they were amalgamated into Crystal Martin Ceylon (Private) Limited on 5 December 2016.

14 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by A. Qasem & Co. Chartered Accountants.

15 No audited financial statements were available for each of the years ended 31 December 2015 and 2016 as there are no statutory audit requirements.

16 The statutory financial statements for the year ended 31 December 2014 were audited by Deloitte Touche Tohmatsu. No audited financial statements were available for each of the years ended 31 December 2015 and 2016 as it was deregistered on 4 February 2016.

17 No audited financial statements were available for each of the years ended 31 December 2014 and 2015 as they were acquired on 30 December 2016. The statutory financial statements for the year ended 31 December 2016 were audited by Ernst & Young LLP.

18 The statutory financial statements for each of the years ended 31 December 2014 and 2015 were audited by BDO & Co Chartered Accountants. No audited financial statements were available for the year ended 31 December 2016 as the company was disposed of on 20 September 2016.

19 No audited financial statements for the years ended 31 December 2014 and 2015 were available as there are no statutory audit requirements. No audited financial statements were available for the year ended 31 December 2016 as it was disposed of on 20 September 2016.

20 The statutory financial statements for the year ended 31 December 2014 were audited by Deloitte Touche Tohmatsu. No audited financial statements were available for each of the years ended 31 December 2015 and 2016 as it was deregistered on 24 June 2016.

21 No audited financial statements for each of the years ended 31 December 2014 and 2015 were available as it was incorporated on 20 October 2016. No audited financial statements were available for the year ended 31 December 2016 as these financial statements are not yet due to be issued.

22 No audited financial statements were available for each of the years ended 31 December 2014 and 2015 as the Group acquired 51% equity interests on 30 December 2016. The remaining 49% of equity interests were acquired on 2 March 2017. The statutory financial statements for the year ended 31 December 2016 were audited by Ernst & Young LLP.

23 No audited financial statements were available for each of the years ended 31 December 2014 and 2015 as it was incorporated on 1 April 2016. The statutory financial statements for the year ended 31 December 2016 were audited by Deloitte Touche Tohmatsu.

24 No audited financial statements were available for each of the years ended 31 December 2014 and 2015 as it was incorporated on 9 March 2016. The statutory financial statements for the year ended 31 December 2016 were audited by Deloitte Vietnam Company Limited.

25 No audited financial statements were available for each of the years ended 31 December 2014 and 2015 as they were incorporated on 27 May 2016. The statutory financial statements for the year ended 31 December 2016 were audited by Zhongshan Xiangshan Certified Public Accountants Co., Limited.

26 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Zhongshan Xiangshan Certified Public Accountants Co., Limited.

27 The statutory financial statements for the year ended 31 December 2014 were audited by Dongguan City Diligent Certified Public Accountants. No audited financial statements were available for the years ended 31 December 2015 and 2016 as it was deregistered on 11 October 2015.

28 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by Dongguan City Diligent Certified Public Accountants.

29 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by 惠州市恒正會計師事務所. This company was deregistered on 22 May 2017.

30 The statutory financial statements for each of the years ended 31 December 2014, 2015 and 2016 were audited by 金壇金信會計師事務所有限公司.

31 No audited financial statements were available for each of the years ended 31 December 2014, 2015 and 2016 as it was incorporated on 9 August 2017.

32 No audited financial statements were available for each of the years ended 31 December 2014, 2015 and 2016 as it was incorporated on 5 September 2017.

41. RELATED PARTY DISCLOSURES

(a) Transactions with related companies

In addition to the transactions, balances and commitments disclosed elsewhere in the Historical Financial Information, the Group had entered into the following related party transactions:

Relationship	Nature of transactions	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2016	Six months ended 30 June 2017
		US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Ultimate holding company	Disposal of subsidiaries	—	—	12	—	—
Fellow subsidiaries .	Disposal of a subsidiary	—	28	—	—	—
	Disposal of land and building	—	—	52,826	—	—
	Rentals paid	—	—	—	—	923
An associate	Purchase of materials	—	3,202	19,903	3,340	5,825
Companies controlled by certain directors of the Company (note)	Rentals paid	847	921	921	460	555
	Management fee received	255	255	62	31	—
	Handling fee received	102	141	128	72	20
	Interest income received	969	—	—	—	—

Note: Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have beneficial interests in these companies.

(b) Key management compensation

The emoluments of directors who are also the key management personnel, are determined by the directors of the Company having regard to the performance of individuals and the market. Details of the emoluments are set out in note 8.

(c) **Balances with related companies**

At 31 December 2014, 2015 and 2016 and 30 June 2017, the Group had balances with the following related companies:

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Amounts due from related companies				
A fellow subsidiary	—	—	—	306
Companies controlled by certain directors of the Company (note ii)	—	—	—	217
Amounts due to related companies				
Companies controlled by certain directors of the Company (note ii)	1,083	204	152	—

Notes:

(i) The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

(ii) Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have beneficial interests in these companies.

The amounts due to related companies were fully settled during the six months ended 30 June 2017.

(d) **A trust arrangement with a related party for pledged bank deposit and bank borrowings**

At 31 December 2014, a subsidiary of the Company purchased certificates of deposit of RMB300,000,000 (equivalent to US$49,028,000) and they were pledged for a HKD bank loan equivalent to US$44,799,000. Both transactions were entered into by a related company, which is beneficially owned by certain directors of the Company, and under a trust arrangement on behalf of the subsidiary. The certificates of deposit carried fixed interest rate at 2.75% per annum with a maturity date of 15 January 2015. Interest on the bank loan was charged at 1.25% per annum over 1, 2, 3, 6 months Hong Kong Interbank Offered Rate. Details of the pledged certificates of deposit and bank borrowings are set out in the consolidated statements of financial position and notes 24 and 29 respectively.

(e) **Security provided by the ultimate holding company**

The ultimate holding company of the Company has pledged bank deposits of approximately US$128,118,000 to a bank in respect of the banking facility granted to the Group at 30 June 2017. As represented by the directors of the Company, the security provided by the ultimate holding company will be released before the listing of shares of the Company on the Stock Exchange.

(f) **Commitments with a fellow subsidiary and related parties**

Subsidiaries of the Company entered into several non-cancellable operating lease arrangements as lessees with a fellow subsidiary and companies controlled by certain directors of the Company with lease terms ranging from one to three years. The total amount of rental expenses for the period is included in note 41(a). At 30 June 2017, the Group expects the total rental expenses to the fellow subsidiary and related parties under these non-cancellable operating lease arrangements within one year and in the second to fifth year to be approximately US$3,137,000 and US$3,799,000, respectively.

(g) **License agreement entered into with the ultimate holding company**

The Group has entered into a license agreement on 20 March 2017 with the ultimate holding company (the "License Agreement"), pursuant to which the ultimate holding company has agreed to grant to the Group a license to use certain trademarks and domain names in connection with the business and operations in various territories and, where applicable, to use and/or to refer to the trademark used on the front and back covers of the Prospectus. The Group paid to the ultimate holding company the sum of HKD1.00 as consideration.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	At 1 January 2014	**Financing cash flows**	**Non-cash changes** *(note i)*	**Other changes** *(note ii)*	**At 31 December 2014**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Amount due to ultimate holding company	19,485	523	—	—	20,008
Amounts due to related companies.	927	156	—	—	1,083
Bank borrowings *(note iii)*.	222,719	113,711	—	4,233	340,663
	243,131	114,390	—	4,233	361,754

	At 1 January 2015	Financing cash flows	Non-cash changes *(note i)*	Other changes *(note ii)*	At 31 December 2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Amount due to ultimate holding company	20,008	47,070	(46,438)	—	20,640
Amounts due to related companies.	1,083	(879)	—	—	204
Bank borrowings *(note iii)*.	340,663	(119,107)	(15,285)	5,765	212,036
	361,754	(72,916)	(61,723)	5,765	232,880

	At 1 January 2016	Financing cash flows	Non-cash changes *(note i)*	Other changes *(note ii)*	At 31 December 2016
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Amount due to ultimate holding company	20,640	97,992	—	—	118,632
Amounts due to related companies.	204	(52)	—	—	152
Bank borrowings *(note iii)*.	212,036	216,132	39,047	4.921	472,136
	232,880	314,072	39,047	4.921	590,920

	At 1 January 2017	Financing cash flows	Non-cash changes *(note i)*	Other changes *(note ii)*	At 30 June 2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Amount due to ultimate holding company	118,632	(118,632)	—	—	—
Amounts due to related companies.	152	(152)	—	—	—
Bank borrowings *(note iii)*.	472,136	197,152	—	(4,727)	674,015
	590,920	78,368	—	(4,727)	674,015

	At 1 January 2016	Financing cash flows	Non-cash changes (*note i*)	Other changes (*note ii*)	At 30 June 2016
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
(unaudited)					
Amount due to ultimate holding company	20,640	(1,774)	—	—	18,866
Amounts due to related companies	204	(27)	—	—	177
Bank borrowings (*note iii*)	212,036	(6,364)	—	2,162	207,834
	232,880	(8,165)	—	2,162	226,877

Notes:

(i) Non-cash changes represent the effects of acquisition of the subsidiaries (note 33) and disposal of subsidiaries (note 34).

(ii) Other changes includes the effect of foreign exchange rate changes and finance cost recognised (note 7).

(iii) Bank borrowings include bank loans, bank import and export loans. The cash flows from bank borrowings comprise the net amount of new borrowing raised and repayment of bank borrowings.

43. FINANCIAL INFORMATION OF THE COMPANY

(a) Investments in subsidiaries of the Company

	At 31 December			At 30 June
	2014	2015	2016	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*
Unlisted equity investments	59,206	58,242	58,242	58,242

(b) Amounts due from (to) subsidiaries/ultimate holding company

The amounts are unsecured, interest-free and repayable on demand.

(c) **Reserves of the Company**

	Capital reserve	Retained profits	Total
	US$'000	*US$'000*	*US$'000*
At 1 January 2014	—	150,054	150,054
Profit and total comprehensive income for the year	—	33,817	33,817
Dividend paid (note 10)	—	(19,764)	(19,764)
At 31 December 2014	—	164,107	164,107
Profit and total comprehensive income for the year	—	84,827	84,827
Dividend paid (note 10)	—	(77,808)	(77,808)
At 31 December 2015	—	171,126	171,126
Profit and total comprehensive income for the year	—	271,596	271,596
Recognition of equity-settled share-based payment expense (note 32)	9,903	—	9,903
Dividend paid (note 10)	—	(349,164)	(349,164)
At 31 December 2016	9,903	93,558	103,461
Profit and total comprehensive income for the period	—	62,276	62,276
Dividend paid (note 10)	—	(64,512)	(64,512)
At 30 June 2017	9,903	91,322	101,225

44. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the report, subsequent to 30 June 2017, the following significant events took place:

(i) On 11 October 2017, the authorised share capital of the Company was increased by HK$35,000,000 divided into 3,500,000,000 shares of par value of HK$0.01 each. On the same day, the Company issued an aggregate of 2,306,880,000 shares at par, credited as fully paid, to the existing shareholders in proportion to their respective shareholdings and immediately following the issue of the shares, the 12,000 issued shares of a par value of US$1.00 each held by the then shareholders were repurchased at an aggregate consideration of HK$23,068,800 out of the proceeds of the issue of the shares and all 12,000 shares of a par value of US$1.00 each were cancelled immediately upon their repurchase. Immediately following the share repurchase, the authorised share capital of the Company was reduced by the cancelation of 12,000 shares of US$1.00 par value each (being shares which have not been taken or agreed to be taken by any person), and the amount of the authorised share capital was diminished by the amount of the shares so cancelled. As a result, the authorised share capital of our Company is HK$35,000,000 divided into 3,500,000,000 shares of a par value of HK$0.01 each.

(ii) On 11 October 2017, 13,062,000 award shares were issued to the Trustee and granted to 93 eligible persons who are existing or past executives, consultants or officers of the Group, credited as fully paid, for the purpose of the Share Award Scheme B. Except one eligible person whose award shares shall all be vested on the date of the initial listing of shares of the Company on the Main Board of the Stock Exchange (the "Listing Date") and subject to three-year lock-up upon vesting, the vesting schedule under the Share Award Scheme B is (i) one third of the award shares shall be vested on the Listing Date; (ii) one third of the award shares shall be vested on the date one year after the Listing Date; and (iii) the remaining one third of the award shares shall be vested on the date two years after the Listing Date. Unless the Company shall otherwise determine and so notify the holders of share awards in writing, the holders of share awards shall vest following their vesting schedule described above. Each one third of the share awards will be subject to three-year lock up upon respective vesting.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies comprising the Group have been prepared in respect of any period subsequent to 30 June 2017.

*The information set forth in this appendix does not form part of the accountants' report on the financial information for each of the three years ended 31 December 2016 and the six months ended 30 June 2017 of the Group (the "**Accountants' Report**") issued by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for information 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 to this Prospectus.*

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017, as if the Global Offering had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 as derived from the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share
	US$'000	US$'000	US$'000	US$
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on an Offer Price of HK$7.30 per share	135,762	454,332	590,094	0.21
Based on an Offer Price of HK$8.80 per share	135,762	548,774	684,536	0.24

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 is based on the consolidated net assets of the Group attributable to the owners of the Company amounted to US$313,771,000 with an adjustment for the intangible assets and goodwill as of 30 June 2017 of US$178,009,000, extracted from the Accountants' Report on Historical Financial Information set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 509,300,000 Offer Shares at Indicative Offer Price range of lower limit and upper limit of HK$7.30 and HK$8.80 per Offer Share, respectively, after deduction of the estimated underwriting fees and other related fees and expenses incurred or expected to be incurred and borne by the Group (excluding approximately US$2.9 million of listing expenses which have been charged to profit or loss up to 30 June 2017 by the Group) and do not take into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option and Award Shares granted or may be granted under the Share Award Scheme B. It does not take into account of any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates and the Repurchase Mandate. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into United States dollars at an exchange rate of HK$7.8053 to US$1.00. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted to United States dollars, or vice versa, at that rate or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share has been arrived at after making the adjustments referred to in note 2 above and on the basis of 2,816,180,000 Shares are in issue assuming that the Global Offering and the Re-denomination Issue have been completed on 30 June 2017. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and Award Shares granted or may be granted under the Share Award Scheme B (including 13,062,000 Award Shares held by the Trustee), or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates and the Repurchase Mandate.

4. If the 13,062,000 Award Shares have been granted under Share Award Scheme B by 30 June 2017 which 4,754,000 Award Shares are to be vested on the Listing Date, have been vested on 30 June 2017, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share will become US$0.21 and US$0.24, respectively, based on Offer Price of HK$7.30 and HK$8.80 per share and on the basis of 2,820,934,000 Shares are in issue assuming that the Global Offering and the Re-denomination Issue have been completed on 30 June 2017. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased by the Company pursuant to the Company's general mandates and the Repurchase Mandate, 8,308,000 Award Shares which were to be vested one year or two years after the Listing Date and other Award Shares which may be granted under the Share Award Scheme B.

5. No adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Crystal International Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Crystal International Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as 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 consolidated tangible assets as at 30 June 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 23 October 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the shares of the Company on The Stock Exchange of Hong Kong Limited by way of initial public offering (the "Public Offer") on the Group's financial position as at 30 June 2017 as if the Public Offer had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2016 and the six months ended 30 June 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited 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 unaudited 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 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 plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited 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 purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited 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 unaudited pro forma financial information.

The purpose of unaudited 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 the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 23 October 2017

This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this pros pectus, a copy of the Memorandum and Articles of Association is available for inspection.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on October 6, 2017 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on October 6, 2017 and include provisions to the following effect:

2.1 *Classes of Shares*

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is HK$35,000,000 divided into 3,500,000,000 shares of HK$0.01 each.

2.2 *Directors*

(a) *Power to allot and issue Shares*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment 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 first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such 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).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, 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 any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates 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.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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 a second or casting vote.

2.3 ***Alteration to constitutional documents***

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 ***Variation of rights of existing shares or classes of shares***

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 ***Alteration of capital***

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, 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.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 ***Special resolution — majority required***

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths 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 authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association 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 authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 ***Voting rights***

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 *Annual general meetings*

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 *Accounts and audit*

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 ***Notice of meetings and business to be conducted thereat***

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) 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 95% in nominal value of the shares giving that right.

2.11 ***Transfer of shares***

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, 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 of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time 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.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 ***Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 ***Power of any subsidiary of the Company to own shares***

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 ***Dividends and other methods of distribution***

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall 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 of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 ***Calls on shares and forfeiture of shares***

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, 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 Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 ***Inspection of register of members***

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 ***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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney 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.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 ***Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 ***Procedure on liquidation***

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company 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 in a winding up 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 amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 ***Untraceable members***

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange 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 for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANIES LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was registered in the Cayman Islands as an exempted company with limited liability by way of continuation on December 29, 2016 under the Companies Law. As such, its 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 size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(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) in 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;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any 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 of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised 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. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors 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 member of the company holding 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, 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 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) 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.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. 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.

10 Inspection of Books and Records

Members of a 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 of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand 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 and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

16 **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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 **Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 **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.

19 **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

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 that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising 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 section headed "Documents available for inspection" in Appendix V. 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/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were initially incorporated in Bermuda on January 4, 1993, under the Bermuda Companies Act, 1981 as an exempted company with limited liability. In anticipation of the Listing, we re-domiciled to the Cayman Islands under Cayman Companies Law as an exempted company registered by way of continuation on December 29, 2016. We have established a principal place of business in Hong Kong at 3/F, Crystal Industrial Building, 71 How Ming Street, Kwun Tong, Kowloon, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 30, 2017. Mr. Andrew Lo and Mr. Lee King Fai have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong.

As we are registered in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix III.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US$12,000 divided into 12,000 shares of US$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- On January 4, 1993, 11,998 Shares of a par value of US$1.00 each were allotted to CGL. On the same day, Mr. Lo and Mrs. Lo were each allotted 1 Share of a par value of US$1.00 each.

- On May 3, 2016, Mr. Lo and Mrs. Lo both transferred their Shares with a par value of US$1.00 each to CGL.

- On December 28, 2016, pursuant to the Share Award Scheme A, a total of 128 Shares each with a par value of US$1.00 were transferred from CGL to eight Grantees for nil consideration.

- On October 11, 2017, our authorized share capital was increased by HK$35,000,000 divided into 3,500,000,000 Shares of par value of HK$0.01 each. On the same day, our Company issued an aggregate of 2,306,880,000 Shares at par, credited as fully paid, to the existing Shareholders in proportion to their respective shareholdings and immediately following the issue of the Shares, the 12,000 issued shares of a par value of US$1.00 each held by the then Shareholders were repurchased at an aggregate consideration of HK$23,068,800 out of the proceeds of the issue of the Shares and all 12,000 shares of a par value of US$1.00 each were cancelled immediately upon their repurchase. Immediately following the share repurchase, the authorized share capital of the Company was reduced by the cancelation of 12,000 shares of US$1.00 par value each (being shares which have not been taken or agreed to be taken by any person), and the amount of the authorized share capital was diminished by the amount of the shares so cancelled. As a result, the authorized share capital of our Company is HK$35,000,000 divided into 3,500,000,000 Shares of a par value of HK$0.01 each.

- On October 11, 2017, 13,062,000 Shares were issued to the Trustee, credited as fully paid, for the purpose of the Share Award Scheme B.

Following the Re-denomination Issue and immediately upon the completion of the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$28,292,420, divided into 2,829,242,000 Shares of HK$0.01 each, all fully paid or credited as fully paid and 670,758,000 Shares of HK$0.01 each will remain unissued.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. **Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2017**

Pursuant to the written resolutions passed by the Shareholders on October 6, 2017:

(a) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the Listing Date;

(b) the authorized share capital of our Company was increased from US$12,000 divided into 12,000 shares with a par value of US$1.00 each to HK$35,000,000 divided into 3,500,000,000 Shares with a par value of HK$0.01 each through the following steps:

   (i) the increase of our authorized share capital by HK$35,000,000 divided into 3,500,000,000 Shares of a par value of HK$0.01 each;

   (ii) the issue of an aggregate of 2,306,880,000 Shares at par value each, credited as fully paid, to the holders of the shares of a par value of US$1.00 each on the register of members of our Company on October 11, 2017 in proportion to their respective shareholdings and immediately following the issue of the Shares, the 12,000 issued shares of a par value of US$1.00 each held by the then Shareholders were repurchased at an aggregate consideration of HK$23,068,800 out of the proceeds of the issue of the Shares and all 12,000 shares of a par value of US$1.00 each were cancelled immediately upon their repurchase;

(iii) immediately following the share repurchase, the authorized share capital of the Company was reduced by the cancelation of 12,000 shares of a par value of US$1.00 each (being shares which have not been taken or agreed to be taken by any person), and the amount of the authorized share capital was diminished by the amount of the shares so cancelled. As a result, the authorized share capital was increased to HK$35,000,000 divided into 3,500,000,000 Shares.

(c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;

(ii) the granting of the Over-allotment Option was approved;

(iii) the proposed Listing was approved and the Directors were authorized to implement the Listing;

(iv) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, or (c) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (d) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Re-denomination Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and (2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (v) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**");

(v) a general unconditional mandate was granted to the 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 Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Re-denomination Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Applicable Period; and

(vi) the general unconditional mandate mentioned in paragraph (iv) above be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the Company's share capital in issue immediately following completion of the Re-denomination Issue and the Global Offering.

4. Our Corporate Reorganization

The Company has not undergone any reorganization in preparation for the Listing.

5. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I. Save for the subsidiaries mentioned in the Accountants' Report, we do not have any other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

On December 15, 2016, CM Ceylon further issued 17,844,669 shares due to the amalgamation of Crystal Martin Garments (Private) Limited, Crystal Martin Europe (Private) Limited, and Crystal Martin Progress (Private) Limited. As a result, the share capital of CM Ceylon increased from LKR8,000,000 to LKR1,792,466,900.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. **Repurchases of Our Own Securities**

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Re-denomination Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iii) *Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(iv) *Suspension of Repurchase*

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) 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 a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(v) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vi) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) ***Reasons for Repurchases***

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) ***Funding of Repurchases***

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities 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. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) ***General***

The exercise in full of the repurchase mandate, on the basis of 2,829,242,000 Shares in issue immediately following the completion of the Re-denomination Issue and the Global Offering and assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 282,924,200 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

The 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 in the Cayman Islands.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company 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 our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the 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.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 18% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and is or may be material:

(a) the Deed of Non-Competition;

(b) the Deed of Undertaking;

(c) a cornerstone investment agreement dated October 16, 2017 entered into among our Company, Fast Retailing Co., Ltd., HSBC Corporate Finance (Hong Kong) Limited and the Joint Global Coordinators, details of which are included in the section headed "Cornerstone Investors" of this prospectus;

(d) a cornerstone investment agreement dated October 16, 2017 entered into among our Company, L (Overseas) Holdings LP, HSBC Corporate Finance (Hong Kong) Limited and the Joint Global Coordinators, details of which are included in the section headed "Cornerstone Investors" of this prospectus; and

(e) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) *Trademarks*

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1	BLUE COTTON	23	Zhongshan Yida	PRC	9195189	March 21, 2012	March 20, 2022
2	Yabine	25	Zhongshan Yida	PRC	9482071	June 07, 2012	June 06, 2022
3	Idality	25	Zhongshan Yida	PRC	9482092	June 14, 2012	June 13, 2022
4	艾丽蒂	25	Zhongshan Yida	PRC	9485849	June 14, 2012	June 13, 2022
5	Antybez	25	Zhongshan Yida	PRC	9485877	June 14, 2012	June 13, 2022
6	昂蒂布	25	Zhongshan Yida	PRC	9485962	June 14, 2012	June 13, 2022
7	Antybez	25	Zhongshan Yida	PRC	9737811	October 21, 2012	October 20, 2022

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
8	Idality	25	Zhongshan Yida	PRC	9737883	October 21, 2013	October 20, 2023
9	YABINE	25	Zhongshan Yida	PRC	10984210	September 21, 2013	September 20, 2023
10	COUNTRY RD 蓝之谷	25	Zhongshan Yida	PRC	8142794	February 14, 2013	February 13, 2023
11	苑馨蕾	25	CM Hong Kong	Hong Kong	302627622	June 03, 2013	June 02, 2023
12	苑馨蕾	25	CM Hong Kong	Macau	N/077254	February 13, 2014	February 13, 2021
13	苑馨蕾	25	CM Hong Kong	Japan	5642932	January 17, 2014	January 16, 2024
14	苑馨蕾	25	Martin Emprex	PRC	9958076	November 14, 2012	November 13, 2022
15	Crystal Intimate	25	CM Hong Kong	Macau	N/064334	January 15, 2013	January 15, 2020
16	Crystal Intimate	25	CM Hong Kong	Japan	5535478	November 16, 2012	November 15, 2022
17	Crystal Intimate	25	Martin Emprex	PRC	9958038	November 14, 2012	November 13, 2022
18	Crystal Intimate	25	CM Hong Kong	Vietnam	201034	February 28, 2013	January 17, 2022
19	瞳非是 Tünfische	25	Dongguan Crystal	PRC	9614067	July 21, 2012	July 20, 2022
20		25	Dongguan Crystal	PRC	9614068	July 21, 2012	July 20, 2022
21	旮旯达达 GALADADA	25	Dongguan Crystal	PRC	8582168	August 28, 2011	August 27, 2021
22	BLACK SOYA	25	Dongguan Crystal	PRC	11237989	December 21, 2013	December 20, 2023
23	BLACK SOYA	14	Dongguan Crystal	PRC	11237991	February 28, 2014	February 27, 2024

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
24	BLACK SOYA	18	Dongguan Crystal	PRC	11237990	February 28, 2014	February 27, 2024
25	Duelle	25	Zhongshan Yida	PRC	9485856	June 14, 2012	June 13, 2022

(b) ***Domain Names***

As of the Latest Practicable Date, we have registered the following domain names which are material to our Group:

No.	Domain name	Registrant	Registration date	Expiry date
1	crystalapparel.com.hk	Crystal Apparel Limited	January 19, 2000	October 01, 2027
2	crystalsweater.com.hk	Crystal Sweater Limited	November 17, 2000	October 01, 2027
3	lp-hkf.com.cn	Dongguan Yeji	November 10, 2000	November 10, 2021
4	lp-hkf.cn	Dongguan Yeji	March 27, 2003	March 27, 2022
5	crystal-csc.cn	Dongguan Crystal	May 05, 2003	May 05, 2024
6	crystal-yida.cn	Zhongshan Yida	February 26, 2005	February 26, 2018
7	crystal-jingyi.cn	Dongguan Crystal	December 11, 2013	December 11, 2018
8	crystal-cima.com.cn	Dongguan Crystal	September 16, 2000	September 16, 2025
9	crystal-jingli.com.cn	Jingli Changzhou	August 18, 2001	August 18, 2019
10	crystal-csd.cn	Dongguan Lianfeng	November 20, 2012	November 20, 2025
11	crystal-csd.com.cn	Dongguan Lianfeng	November 20, 2012	November 20, 2020
12	crystaljh.cn	Dongguan Crystal	August 21, 2007	August 21, 2019
13	crystal-fufeng.cn	Zhongshan Fufeng	March 14, 2014	March 14, 2019
14	crystal-cmmco.com	Crystal Martin Intimate (Macao Commercial Offshore) Limited	November 30, 2015	November 30, 2025
15	crystalgroup.com.hk	Company	February 11, 1997	October 10, 2025
16	crystal-group.com.hk	Company	January 19, 2000	October 01, 2025
17	crystalgroup.hk	Company	June 03, 2004	June 19, 2025
18	晶苑集团.HK/.香港 晶苑集團.HK/.香港 晶苑集团.HK/.香港 晶苑集糰.HK/.香港	Company	December 05, 2006	June 19, 2025
19	晶苑集團.中國/ 晶苑集團.中国/ 晶苑集团.中國/ 晶苑集团.中国/	Company	December 11, 2006	December 11, 2026

No.	Domain name	Registrant	Registration date	Expiry date
20	晶苑集團.cn/ 晶苑集团.cn	Company	December 11, 2006	December 11, 2026
21	crystalgroup.co.uk	Company	January 21, 2000	January 21, 2018
22	crystalgroup.com	Company	March 09, 1996	March 10, 2027

(c) ***Patents***

As of the Latest Practicable Date, we have registered the following patents which are material to our business:

No.	Title of patent	Patent Type	Registered owner	Registration number	Place of registration	Filing date	Expiration date
1	一種雙頭縫紉機 (translated as "a double-headed sewing machine")	Utility model	Martin Emprex	ZL 2011 2 0045075.3	PRC	February 23, 2011	February 22, 2021
2	一種內褲 (translated as "a type of underwear")	Utility model	Martin Emprex	ZL 2011 2 0045073.4	PRC	February 23, 2011	February 22, 2021
3	一種內褲(translated as "a type of underwear")	Utility model	Martin Emprex	ZL 2011 2 0076868.1	PRC	March 22, 2011	March 21, 2021
4	一種RFID倉儲系統 (translated as "a type of RFID storage system")	Utility model	Martin Emprex	ZL 2014 2 0832541.6	PRC	December 24, 2014	December 23, 2024
5	一種切花邊鐳射機 (translated as "a type of cutting lace laser machine")	Utility model	Martin Emprex	ZL 2014 2 0843873.4	PRC	December 24, 2014	December 23, 2024
6	一種超聲波點嘜頭機 (translated as "a type of ultrasonic mark counting machine")	Utility model	Martin Emprex	ZL 2014 2 0837154.1	PRC	December 24, 2014	December 23, 2024
7	一種自動花邊檢測機 (translated as "a type of automatic lace detector")	Utility model	Martin Emprex	ZL 2014 2 0833694.2	PRC	December 24, 2014	December 23, 2024
8	一種半自動穿膠骨機器 (translated as "a type of semi- automatically bone wearing machine")	Utility model	Martin Emprex	ZL 2015 2 0526271.0	PRC	July 20, 2015	July 19, 2025
9	一種小燙壓機 (translated as "a type of small hot-pressing machine")	Utility model	Martin Emprex	ZL 2015 2 0528996.3	PRC	July 20, 2015	July 19, 2025

No.	Title of patent	Patent Type	Registered owner	Registration number	Place of registration	Filing date	Expiration date
10	一種文胸罩杯定型模機 (translated as "a type of bra cup shaping molder")	Utility model	Martin Emprex	ZL 2015 2 0528980.2	PRC	July 20, 2015	July 19, 2025
11	一種皮帶折邊機 (translated as "a type of belt flanging machine")	Utility model	Martin Emprex	ZL 2015 2 0526295.6	PRC	July 20, 2015	July 19, 2025
12	一種皮帶輪子機 (translated as "a type of belt pulley machine")	Utility model	Martin Emprex	ZL 2015 2 0528683.8	PRC	July 20, 2015	July 19, 2025
13	一種自動點模皮機 (translated as "a type of automatic point molding machine")	Utility model	Martin Emprex	ZL 2015 2 0526275.9	PRC	July 20, 2015	July 19, 2025
14	佈線框 (translated as "wiring frame")	Utility model	Zhongshan Yida	ZL 2009 2 0236786.1	PRC	September 30, 2009	September 29, 2019
15	可組裝的支架 (translated as "assembled bracket")	Utility model	Zhongshan Yida	ZL 2009 2 0236785.7	PRC	September 30, 2009	September 29, 2019
16	牛仔褲刷洗效果的模板 (translated as "template of jean brushing effect")	Utility model	Zhongshan Yida	ZL 2009 2 0236823.9	PRC	September 30, 2009	September 29, 2019
17	適用於牛仔褲袋生產的回轉裝置 (translated as "a rotary device suitable for the production of jeans pocket")	Utility model	Zhongshan Yida	ZL 2009 2 0236821.X	PRC	September 30, 2009	September 29, 2019
18	鏠邊機用收疊裝置 (translated as "a folding device suitable for sewing machines")	Utility model	Zhongshan Yida	ZL 2009 2 0236822.4	PRC	September 30, 2009	September 29, 2019
19	耳仔的生產和分揀系統 (translated as "a belt-loop production and sorting system")	Utility model	Zhongshan Yida	ZL 2009 2 0236784.2	PRC	September 30, 2009	September 29, 2019
20	縫紉機設備 (translated as "a sewing machine device")	Utility model	Zhongshan Yida	ZL 2009 2 0236824.3	PRC	September 30, 2009	September 29, 2019
21	噴塗流水生產線 (translated as "spray coating production line")	Utility model	Zhongshan Yida	ZL 2009 2 0236837.0	PRC	October 09, 2009	October 08, 2019

No.	Title of patent	Patent Type	Registered owner	Registration number	Place of registration	Filing date	Expiration date
22	牛仔褲鐳射自動加工設備 (translated as "a device for automatically processing jeans laser")	Utility model	Zhongshan Yida	ZL 2010 2 0100659.1	PRC	January 22, 2010	January 21, 2020
23	噴塗流水生產線 (translated as "a spray coating production line")	Invention	Zhongshan Yida	ZL 2010 1 0157023.5	PRC	April 21, 2010	April 20, 2030
24	一種牛仔褲效果刷洗模板 (translated as "a type of template of jean brushing effect")	Utility model	Zhongshan Yida	ZL 2010 2 0681484.8	PRC	December 27, 2010	December 26, 2020
25	一種耳仔燙壓機 (translated as "a type of belt-loop hot-processing machine")	Invention	Zhongshan Yida	ZL 2010 1 0181044.0	PRC	May 18, 2010	May 17, 2030
26	帶端自動卷折車縫機 (translated as "an automatic belt end folding machine")	Utility model	Zhongshan Yida	ZL 2012 2 0056016.0	PRC	February 21, 2012	February 20, 2022
27	一種防掉線的縫紉機構 (translated as "a sewing machine capable of preventing threads from dropping down")	Utility model	Zhongshan Yida	ZL 2014 2 0433115.5	PRC	August 04, 2014	August 03, 2024
28	一種成衣吹風機 (translated as "a type of garment dryer")	Utility model	Zhongshan Yida	ZL 2015 2 0985550.3	PRC	December 02, 2015	December 01, 2025
29	一種花樣機的夾持驅動機構 (translated as "a type of gripping drive mechanism for a pattern machine")	Utility model	Zhongshan Yida	ZL 2015 2 0985704.9	PRC	December 02, 2015	December 01, 2025
30	一種花樣機的導引機構 (translated as "a type of guiding mechanism of a pattern machine")	Utility model	Zhongshan Yida	ZL 2015 2 0985705.3	PRC	December 02, 2015	December 01, 2025
31	一種燙鑽機的壓力測試系統 (translated as "a type of pressure testing system for hot drilling rig")	Utility model	Zhongshan Yida	ZL 2015 2 0986397.6	PRC	December 02, 2015	December 01, 2025

No.	Title of patent	Patent Type	Registered owner	Registration number	Place of registration	Filing date	Expiration date
32	一種乾衣機的溫濕度控制系統 (translated as "a type of temperature and humidity control system for a clothes dryer")	Utility model	Zhongshan Yida	ZL 2015 2 0986399.5	PRC	December 02, 2015	December 01, 2025
33	一種繡花防護罩 (translated as "a type of embroidery shield")	Utility model	Dongguan Crystal	ZL 2012 2 0167661.X	PRC	April 19, 2012	April 18, 2022
34	一種應用於成衣印花機的托板 (translated as "a type of pallet applied to a garment printing machine")	Utility model	Dongguan Crystal	ZL 2012 2 0167688.9	PRC	April 19, 2012	April 18, 2022
35	一種預縮機 (translated as "a type of pre-shrinking machine")	Utility model	Dongguan Crystal	ZL 2012 2 0427168.7	PRC	August 27, 2012	August 26, 2022
36	一種縮摺縫紉裝置 (translated as "a type of retractable sewing device")	Utility model	Dongguan Crystal	ZL 2012 2 0427126.3	PRC	August 27, 2012	August 26, 2022
37	一種自動推杆機 (translated as "a type of automatic putter machine")	Utility model	Dongguan Crystal	ZL 2012 2 0626159.0	PRC	November 23, 2012	November 22, 2022
38	一種掛衣杆 (translated as "a type of clothesline")	Utility model	Dongguan Crystal	ZL 2012 2 0626089.9	PRC	November 23, 2012	November 22, 2022
39	一種服裝自動折疊包裝機及其處理工藝 (translated as "a type of garment automatic folding machine and its processing technology")	Invention	Dongguan Crystal	ZL 2012 1 0481486.6	PRC	November 23, 2012	November 22, 2032
40	一種服裝自動折疊包裝機 (translated as "a type of automatic folding packaging machine")	Utility model	Dongguan Crystal	ZL 2012 2 0626047.5	PRC	November 23, 2012	November 22, 2022
41	一種用於服裝的自動點數機 (translated as "a type of automatic counting machine for clothing")	Utility model	Dongguan Crystal	ZL 2012 2 0626404.8	PRC	November 23, 2012	November 22, 2022

No.	Title of patent	Patent Type	Registered owner	Registration number	Place of registration	Filing date	Expiration date
42	一種用於服裝後處理的吸線機及其處理工藝 (translated as "a type of suction line machine for garment after — treatment and its processing technology")	Invention	Dongguan Crystal	ZL 2012 1 0481311.5	PRC	November 23, 2012	November 22, 2032
43	一種縫盤機構 (translated as "a type of plate sewing mechanism")	Utility model	Dongguan Yeji	ZL 2016 2 0402012.1	PRC	May 6, 2016	May 5, 2026
44	發光縫盤 (translated as "flashing sewing plate")	Design	Dongguan Yeji	ZL 2016 3 0164121.X	PRC	May 06, 2016	May 5, 2026
45	一種自動掃粉機 (translated as "a type of automatic sweeping machine")	Invention	Dongguan Crystal	ZL 2012 1 0307470.3	PRC	August 27, 2012	August 26, 2032
46	一種製衣設備的報警裝置 (translated as "an alarm device for garment equipment")	Utility model	Dongguan Crystal	ZL 2014 2 0374416.5	PRC	July 8, 2014	July 7, 2024
47	一種衣物計算器 (translated as "a type of calculator for garments")	Utility Model	Dongguan Crystal	ZL 2014 2 0438721.6	PRC	August 6, 2014	August 5, 2024
48	一種自動點模皮機 (translated as "a type of automatic point molding machine")	Invention	Martin Emprex	ZL 2015 1 0428810.1	PRC	July 20, 2015	July 19, 2035

As of the Latest Practicable Date, we have applied for the registration of the following patents which are material to our Group:

No.	Title of patent	Patent type	Applicant	Application number	Place of application	Application date
1	一種超聲波點嘜頭機 (translated as "a type of ultrasonic mark counting machine")	Invention	Martin Emprex	201410826501.5	PRC	December 24, 2014
2	一種生產計劃制定方法及系統 — 多工藝 (translated as "a type of method and system for formulating a production — multi-process")	Invention	Dongguan Crystal	201610350909.9	PRC	May 25, 2016

No.	Title of patent	Patent type	Applicant	Application number	Place of application	Application date
3	一種生產計劃制定方法及系統 — 多用户 (translated as "a type of method and system for formulating a production plan — multi-users")	Invention	Dongguan Crystal	201610358724.2	PRC	May 27, 2016
4	一種自動化縫製的花樣機 (translated as "a type of automatic sewing machine")	Invention	Zhongshan Yida	201510871330.2	PRC	December 2, 2015
5	一種乾衣機的溫濕度控制方法及其系統 (translated as "a type of temperature and humidity control method and system for dryers")	Invention	Zhongshan Yida	201510872346.5	PRC	December 2, 2015

(d) ***Copyright***

No.	Title of copyright	Copyright Type	Registered owner	Registration number	Place of registration	First publication date	Expiration date
1	物件追蹤條碼管理系統V1.0 (translated as "object tracking barcode management system V1.0")	Computer software	Zhongshan Yida	2009SR038633	PRC	June 10, 2009	December 31, 2059
2	倉存物料管理系統V1.0 (translated as "warehouse material management system V1.0")	Computer software	Zhongshan Yida	2009SR038519	PRC	June 10, 2009	December 31, 2059
3	IPPS生產計劃排單系統[簡稱: IPPS] V2.1 (translated as "IPPS production system [for short: IPPS] V2.1")	Computer software	Zhongshan Yida	2011SR065664	PRC	July 20, 2010	December 31, 2060
4	Issue Log資訊管理系統V1.0 (translated as "Issue Log information, management system V1.0")	Computer software	Zhongshan Yida	2011SR065729	PRC	November 25, 2010	December 31, 2060

No.	Title of copyright	Copyright Type	Registered owner	Registration number	Place of registration	First publication date	Expiration date
5	衣車綜合管理系統V1.0 (translated as "integrated management system for sewing machines V1.0")	Computer software	Zhongshan Yida	2011SR065805	PRC	November 25, 2010	December 31, 2060
6	中山益達技能考核系統V1.0 (translated as "Zhongshan Yida skills assessment system V1.0")	Computer software	Zhongshan Yida	2011SR065612	PRC	November 26, 2010	December 31, 2060
7	晶苑實時數據採集系統[簡稱: CRDC]V1.0.0.1 (translated as "Crystal real-time data acquisition system [for short: CRDC] V1.0.0.1")	Computer software	Zhongshan Yida	2016SR350612	PRC	June 1, 2016	December 31, 2066
8	Crystal Production Planning and Control [for short: CPPC] V1.0	Computer software	Dongguan Crystal	2015SR000931	PRC	April 30, 2014	December 31, 2064

Intellectual Property Rights Applied or Licensed by Other Parties

As of the Latest Practicable Date, we had been licensed by CGL, our Controlling Shareholder, to use the following trademarks:

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1	CRYSTAL	25	CGL	Hong Kong	300652103	June 05, 2006	June 04, 2026
2	CRYSTAL	25	CGL	U.S.	3534179	November 18, 2008	November 18, 2018
3	CRYSTAL	25	CGL	EU	005122205	May 16, 2007	June 07, 2026
4	CRYSTALGROUP.COM crystalgroup.com CRYSTAL-GROUP.COM crystal-group.com	25 & 38	CGL	Hong Kong	200109803AA	January 10, 2000	January 10, 2027
5	crystalgroup.com	25	CGL	PRC	2020272	April 21, 2005	April 20, 2025

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
6	CRYSTALGROUP.COM	25	CGL	U.S.	2803902	January 13, 2004	January 13, 2024
7	CRYSTALGROUP.COM crystalgroup.com CRYSTAL-GROUP.COM crystal-group.com	25	CGL	U.K.	2219101	January 11, 2000	January 11, 2020
8	CRYSTALGROUP.NET CRYSTAL-GROUP.NET crystalgroup.net crystal-group.net	25 & 38	CGL	Hong Kong	200109802AA	January 10, 2000	January 10, 2027
9	crystalgroup.net	25	CGL	PRC	2020275	April 21, 2005	April 20, 2025
10	crystalgroup.net	38	CGL	PRC	1611768	July 28, 2001	July 27, 2021
11	CRYSTALGROUP.NET crystalgroup.net CRYSTAL-GROUP.NET crystal-group.net	25	CGL	U.K.	2219111	January 11, 2000	January 11, 2020
12		25	CGL	U.S.	3113405	July 11, 2006	July 11, 2026
13		25	CGL	U.K.	2157820	July 31, 1998	February 11, 2018
14		25 & 36	CGL	EU	004756748	March 20, 2007	December 01, 2025
15		25	CGL	PRC	793581	November 21, 1995	November 20, 2025
16		25 & 36	CGL	Hong Kong	199708722AA	November 18, 1993	November 18, 2024

As of the Latest Practicable Date, CGL, our Controlling Shareholder, has applied for the registration of the following trademarks:

No.	Trademark	Type and class	Applicant	Place of application	Application number	Application date
1		25	CGL	Bangladesh	201771	August 30, 2016
2	CRYSTAL GROUP	25	CGL	Bangladesh	201770	August 30, 2016
3		25	CGL	Cambodia	KH/70582/16	September 06, 2016
4	CRYSTAL	25	CGL	Cambodia	KH/70583/16	September 06, 2016
5		25	CGL	Vietnam	4-2016-27115	September 01, 2016
6	CRYSTAL GROUP	25	CGL	Vietnam	4-2016-27116	September 01, 2016

Save as aforesaid, as at the Latest Practicable Date, there are no other trade or service marks, patents, designs, intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and the Chief Executive of Our Company*

Immediately following the completion of the Re-denomination Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) *Interest in our Company*

Name of Director	Nature of interest[1]	Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised): Number of Shares held	Approximate percentage of shareholding interest[2] (%)
Mr. Lo[3]	Interest in controlled corporation Interest of spouse	2,282,273,280	80.67
Mrs. Lo[4]	Interest in controlled corporation Interest of spouse	2,282,273,280	80.67
Mr. Andrew Lo[5]	Beneficial owner	8,074,080	0.29
WONG Sing Wah[6]	Beneficial owner	7,497,360	0.27
WONG Chi Fai[7]	Beneficial owner	4,806,000	0.17

Notes:

(1) The calculation is based on the total number of Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

(2) All positions are long positions.

(3) Mr. Lo holds 50% shares of CGL, which in turn holds 2,282,273,280 Shares of our Company. Accordingly, Mr. Lo is deemed to be interested in the 2,282,273,280 Shares held by CGL. Under the SFO, Mr. Lo, as the spouse of Mrs. Lo, is deemed to be interested in the same number of Shares in which Mrs. Lo is interested.

(4) Mrs. Lo holds 50% shares of CGL, which in turn holds 2,282,273,280 Shares of our Company. Accordingly, Mrs. Lo is deemed to be interested in the 2,282,273,280 Shares held by CGL. Under the SFO, Mrs. Lo, as the spouse of Mr. Lo, is deemed to be interested in the same number of Shares in which Mr. Lo is interested.

(5) Mr. Andrew Lo is interested in 8,074,080 Shares pursuant to the Share Award Scheme A.

(6) Mr. Wong Sing Wah is interested in 7,497,360 Shares pursuant to the Share Award Scheme A.

(7) Mr. Wong Chi Fai is interested in 4,806,000 Shares pursuant to the Share Award Scheme A.

(ii) *Interest in associated corporations of our Company*

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of shareholding interest
Mr. Lo	CGL	Beneficial owner Interest of spouse	12,000	100%
Mrs. Lo	CGL	Beneficial owner Interest of spouse	12,000	100%
Mr. Lo	Crystal Group (Hong Kong) Limited	Interest in controlled corporation Interest of spouse	2	100%
Mrs. Lo	Crystal Group (Hong Kong) Limited	Interest in controlled corporation Interest of spouse	2	100%
Mr. Lo	Crystal Holdings Limited	Interest in controlled corporation Interest of spouse	2	100%
Mrs. Lo	Crystal Holdings Limited	Interest in controlled corporation Interest of spouse	2	100%
Mr. Lo	Sinotex (Mauritius) Limited	Interest in controlled corporation Interest of spouse	5,000,000	100%
Mrs. Lo	Sinotex (Mauritius) Limited	Interest in controlled corporation Interest of spouse	5,000,000	100%
Mr. Lo	Jumbo Win Investment Limited	Interest in controlled corporation Interest of spouse	1	100%
Mrs. Lo	Jumbo Win Investment Limited	Interest in controlled corporation Interest of spouse	1	100%
Mr. Lo	Billion Plus Enterprises Limited	Interest in controlled corporation Interest of spouse	1	100%
Mrs. Lo	Billion Plus Enterprises Limited	Interest in controlled corporation Interest of spouse	1	100%

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of shareholding interest
Mr. Lo	Sinotex Corporation Limited	Interest in controlled corporation Interest of spouse	1	100%
Mrs. Lo	Sinotex Corporation Limited	Interest in controlled corporation Interest of spouse	1	100%
Mr. Lo	Sinotex Exports Limited	Interest in controlled corporation Interest of spouse	12,000	100%
Mrs. Lo	Sinotex Exports Limited	Interest in controlled corporation Interest of spouse	12,000	100%
Mr. Lo	Fashion Fit Limited	Interest in controlled corporation Interest of spouse	1	100%
Mrs. Lo	Fashion Fit Limited	Interest in controlled corporation Interest of spouse	1	100%
Mr. Lo	Crystal International Holdings Limited	Interest in controlled corporation Interest of spouse	1	100%
Mrs. Lo	Crystal International Holdings Limited	Interest in controlled corporation Interest of spouse	1	100%
Mr. Lo	Masterknit Limited	Interest in controlled corporation Interest of spouse	1,200,000	60%
Mrs. Lo	Masterknit Limited	Interest in controlled corporation Interest of spouse	1,200,000	60%

(b) ***Interests of the Substantial Shareholders***

Save as disclosed in "Substantial Shareholders", immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall 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 are, 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 other member of the Company.

(c) ***Interests in Other Members of the Group***

So far as our Directors are aware, as at the Latest Practicable Date, no other persons (excluding us) are 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 other member of our Group.

2. Directors' Service Agreements

Each of our executive Directors has entered into a service agreement with our Company on October 6, 2017 and we have issued letters of appointment to each of our independent non-executive Directors. The service agreements with each of our executive Directors and the letters of appointment to each of our independent non-executive Directors are for an initial fixed term of one year commencing from October 6, 2017 which will be automatically renewed for another twelve months unless terminated otherwise. The service agreements and the letters of appointment are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service agreement with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration (including fees, salaries and allowances, performance-based bonuses, share-based payment expense and retirement benefit schemes contributions) paid to the Directors for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 were approximately US$4.7 million, US$4.2 million, US$14.4 million and US$1.7 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017, by any member of the Group to any of the Directors.

Pursuant to the service agreements entered into between our Company and each of our executive Directors and the appointment letters issued to each of the independent non-executive Directors, the remuneration (excluding performance-based bonuses and share-based payment expense) payable to each of our Directors are as follows:

Director	Remuneration (per annum)
	US$'000
Mr. Lo	922
Mrs. Lo	368
Mr. Andrew Lo	992
WONG Chi Fai	633
WONG Sing Wah	766
GRIFFITHS Anthony Nigel Clifton	75
TSE Man Bun Benny	50
CHANG George Ka Ki	53
MAK Wing Sum	57

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding performance-based bonuses and share-based payment expense, of the Directors for the year ending December 31, 2017 to be approximately US$3.9 million.

4. **Disclaimers**

Save as disclosed in this prospectus:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall 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 is, 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 other member of the Group;

(c) none of the Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors nor any of the persons listed in "— E. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed in "— E. Other Information — 5. Qualification of Experts" below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. SHARE AWARD SCHEME

1. Share Award Scheme B

The following is a summary of the principal terms of the Share Award Scheme B approved and adopted by our Board in April 2017. The Share Award Scheme B is not subject to the provisions of Chapter 17 of the Listing Rules as the Share Award Scheme B does not involve the grant of options by our Company to subscribe for new Shares.

(a) ***Purposes of the Share Award Scheme B***

The purpose of the Share Award Scheme B is to recognize the existing or past executives, consultants or officers of the Company or any of its subsidiaries for their past service and contribution to our Group, to motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company.

(b) ***Share Awards***

A share award under the Share Award Scheme B (the "**Share Award**") gives a participant in the Share Award Scheme B (the "**Share Award Participant**") a conditional right when the Share Award vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of such Share Award Selected Person giving relevant instructions, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each Share Award represents one underlying Share.

(c) ***Participants in the Share Award Scheme B***

Persons eligible to receive Share Awards under the Share Award Scheme B are existing or past executives, consultants or officers of our Company or any of our subsidiaries ("**Share Award Eligible Persons**"). Our Board or a designated management team led by the chief executive officer of the Company selects the Share Award Eligible Persons to receive Share Awards under the Share Award Scheme B at its discretion.

(d) ***Term of the Share Award Scheme B***

The Share Award Scheme B will be valid and effective for a period of ten years, commencing from the date of the first grant of the Share Awards (unless it is terminated earlier in accordance with its terms) (the "**Share Award Scheme B Period**").

(e) ***Grant and acceptance***

(i) *Making an offer*

An offer to grant a Share Award will be made to a Share Award Eligible Person selected by our Board or a designated management team led by the chief executive officer of the Company ("**Share Award Selected Person**") by a letter, in such form as our Board may determine ("**Share Award Grant Letter**"). The Share Award Grant Letter shall specify (i) the name of the Share Award Selected Person, (ii) the manner of acceptance of the Share Awards, (iii) the number of Share Awards granted, (iv) the vesting criteria, restrictive period, conditions and time schedule, (v) the price of the Share Awards, and (vi) such other details as our Board considers necessary. The Share Award Grant Letter should be the only proof for the grant of Share Awards.

(ii) *Acceptance of an offer*

A Share Award Selected Person may accept an offer of the grant of Share Awards in such manner as set out in the Share Award Grant Letter. Once accepted, the Share Awards are deemed granted from the date of the Share Award Grant Letter ("**Share Award Grant Date**").

(iii) *Restrictions on grants*

Our Board or a designated management team led by the chief executive officer of the Company may not grant any Share Awards to any Share Award Selected Persons in any of the following circumstances:

(a) the securities laws or regulations require that a prospectus or other offering document be issued in respect of the grant of the Share Awards or in respect of the Share Award Scheme B, unless our Board determines otherwise;

(b) where granting the Share Awards would result in a breach by our Company, our subsidiaries or any of their directors of any applicable securities laws, rules or regulations; or

(c) where such grant of any Share Awards would result in a breach of the limits of the Share Award Scheme B (as set out in paragraph (f) below).

(f) ***Maximum number of Shares pursuant to Share Awards***

The maximum number of Share Awards that may be granted under the Share Award Scheme B in aggregate (excluding Share Awards that have lapsed or been cancelled in accordance with the rules of the Share Award Scheme B) shall be such number of Shares held or to be held by the Trustee for the purpose of the Share Award Scheme B from time to time.

(g) ***Rights attached to Share Awards***

A Share Award Participant does not have any contingent interest in any Shares underlying the Share Awards unless and until such Shares are vested as evidenced by the Vesting Notice. Further, a Share Award Participant may not exercise voting rights in respect of the Shares underlying the Share Awards prior to their vesting and, unless otherwise specified by our Board or a designated management team led by the chief executive officer of the Company in its entire discretion in the Share Award Grant Letter to the Share Award Participant, nor do they have any rights to cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from the Shares underlying the Share Awards prior to their vesting. For the avoidance of doubt, a Share Award Participant may exercise voting rights, and is entitled to dividends, in respect of the Shares underlying the Share Awards upon vesting of relevant Share Awards.

(h) ***Rights attached to Shares***

Any Shares transferred to a Share Award Participant in respect of any Share Awards will be subject to all the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of the transfer or on the date of exercise of the Share Awards or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the holder or the beneficial owners to participate in all dividends or other distributions paid or made on or after the date of the transfer or on the date of exercise of the Share Awards or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members.

(i) ***Assignment of Share Awards***

The Share Awards granted pursuant to the Share Award Scheme B are personal to each Share Award Participant, and are not assignable unless approved by the Board. Share Award Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favor of any other person over or in relation to any property held by the Trustee on trust for the Share Award Participants, the Share Awards, or any interest or benefits therein.

(j) ***Vesting of Share Awards***

Our Board or a designated management team led by the chief executive officer of the Company may determine the vesting criteria, conditions and the time schedule when the Share Awards will vest and such criteria, conditions and time schedule shall be stated in the Share Award Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, our Board or a designated management team led by the chief executive officer of the Company, or the Trustee as instructed by the Board, shall send a vesting notice ("**Vesting Notice**") to each of the relevant Share Award Participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

(k) ***Appointment of trustee***

Our Company has appointed an independent professional trustee (the "**Trustee**") to assist with the administration and vesting of Share Awards granted pursuant to the Share Award Scheme B and to hold Shares underlying the Share Awards. Our Company may (i) allot and issue Shares to the Trustee to be held by the Trustee and which will be used to satisfy the Share Awards upon exercise and/or (ii) direct and procure the Trustee to receive existing Shares from any Shareholder. Our Company shall procure that sufficient funds are provided to the Trustee by whatever means as our Board or a designated management team led by the chief executive officer of the Company may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration of the Share Award Scheme B. All the Shares underlying the Share Awards granted and to be granted under the Share Award Scheme B were transferred, allotted and issued to the Trustee, which, as of the Latest Practicable Date, holds 13,062,000 Shares underlying the Share Awards granted under the Share Award Scheme B, for the benefit of Share Award Eligible Persons pursuant to the Share Award Scheme B.

(l) ***Notice of Instruction for Share Awards***

Share Awards held by a Share Award Participant that are vested as evidenced by the Vesting Notice may be obtained (in whole or in part) by the Share Award Participant, upon the expiry of relevant restrictive periods (where applicable and as specified in the Share Award Grant Letter), serving a notice of instruction in writing on the Trustee and copied to our Company. Any instruction in relation to the Share Awards must be in respect of a board lot or an integral multiple thereof (except where the number of Share Awards which remains unexercised is less than one board lot). Upon receipt of a notice of instruction, our Board or a designated management team led by the chief executive officer of the Company may decide at its absolute discretion to:

(i) direct and procure the Trustee to, within a reasonable time, transfer the Shares underlying the Share Awards exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Share Award Participant which our Company has allotted and issued to the Trustee as fully paid up Shares or which the Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any Shareholder, subject to the Share Award Participant paying the price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the Trustee or as the Trustee directs; or

(ii) pay, or direct and procure the Trustee to, within a reasonable time, pay, to the Share Award Participant in cash an amount which represents the value of the Shares underlying the Share Awards exercised on or about the date of exercise (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) after deduction or withholding of any tax, levies, stamp duty and other charges applicable to the entitlement of the Share Award Participant and the sale of any Shares to fund such payment and in relation thereto.

Share Award Participants shall be responsible for conducting all necessary filings, registration or other administrative proceedings as required by applicable laws, rules or regulations, including but not limited to foreign exchange registration, for their exercise of Share Awards.

(m) ***Rights on a compromise or arrangement***

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies and a notice is given by our Company to our Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such Shareholders' approval is obtained, the Board or a designated management team led by the chief executive officer of the Company shall decide the treatment of the outstanding Share Awards.

(n) ***Rights on voluntary winding-up***

If an effective resolution is passed during the Share Award Scheme B Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Board or a designated management team led by the chief executive officer of the Company shall decide the treatment of the outstanding Share Awards.

(o) ***Lapse of Share Awards***

(i) Any unvested Share Award will automatically lapse immediately and such Share Award Participant shall have no claim whatsoever in respect of the Share Awards or the underlying Shares where:

(a) the Share Award Participant's employment or service terminates for any reason except retirement (at the age of 65), resignation due to health problem with certificate issued by a doctor appointed by the Company certifying such Share Award Participant is no longer fit for employment, permanent disablement or partial permanent disablement with doctor certificate certifying such Share Award Participant is no longer fit for employment, death during employment, or death or permanent disablement after retirement (at the age of 65) with doctor certificate; or

(b) the Share Award Participant violates any terms and conditions as set out in the rules of the Share Award Scheme B or any terms, criteria, restrictions and time schedule as stated in the Share Award Grant Letter.

(ii) If at any time, a Share Award Participant:

(a) ceases to be an employee as a result of involuntary termination of his/her employment with our Group without Cause such as retirement (at the age of 65), resignation due to health problem with certificate issued by a doctor appointed by the Company certifying such Share Award Participant is no longer fit for employment, permanent disablement or partial permanent disablement with certificate issued by a doctor appointed by the Company certifying such Share Award Participant is no longer fit for employment, death during employment, or death or permanent disablement after retirement (at the age of 65) with doctor certificate, then such Share Award Participant has the right to keep all vested and unvested Share Awards;

(b) ceases to be an employee as a result of redundancy and voluntary termination of his employment with our Group without Cause, then all unvested Share Awards shall automatically lapse and such Share Award Participant shall have no claim whatsoever in respect of the unvested Share Awards or the underlying Shares. However, such Share Award Participant has the right to keep all the vested Share Awards.

For the purpose of this paragraph (ii), "Cause" means the Share Award Participant is in breach of any terms and conditions set out in the rules of the Share Award Scheme B and/or the Share Award Grant Letter.

(p) ***Cancelation of Share Awards***

Our Board or a designated management team led by the chief executive officer of the Company may at its absolute discretion cancel any Share Award that has not vested or lapsed.

(q) ***Reorganization of capital structure***

In the event of any capitalization issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, our Board or a designated management team led by the chief executive officer of the Company may, but is not obliged to, make such equitable adjustments, designed to protect the Share Award Participants' interests, to the number of Shares underlying the outstanding Share Awards or to the amount of the equivalent value, as it may deem appropriate at its absolute discretion.

(r) ***Amendment of the Share Award Scheme B***

Save as provided in the Share Award Scheme B, our Board or a designated management team led by the chief executive officer of the Company may alter any of the terms of the Share Award Scheme B at any time. Written notice of any amendment to the Share Award Scheme B shall be given to all Share Award Participants.

(s) ***Termination of the Share Award Scheme B***

Our Board or a designated management team led by the chief executive officer of the Company may terminate the Share Award Scheme B at any time before the expiry of the Share Award Scheme B Period. The provisions of the Share Award Scheme B shall remain in full force and effect in respect of Share Awards which are granted pursuant to the rules of the Share Award Scheme B prior to the termination of the operation of the Share Award Scheme B. Our Company or our relevant subsidiary shall notify the Trustee and all Share Award Participants of such termination and of how any property held by the Trustee on trust for the Share Award Participants (including, but not limited to, any Shares held) and the outstanding Share Awards shall be dealt with.

(t) ***Administration of the Share Award Scheme B***

Our Board or a designated management team led by the chief executive officer of the Company has the power to administer the Share Award Scheme B, including the power to construe and interpret the rules of the Share Award Scheme B and the terms of the Share Awards granted under it. Our Board may delegate the authority to administer the Share Award Scheme B to a designated management team led by the chief executive officer of the Company. Our Board or a designated management team led by the chief executive officer of the Company may also appoint one or more employees or independent third-party contractors (including the Trustee) or designate any Director to assist in the administration of the Share Award Scheme B and delegate such powers and/or functions relating to the administration of the Share Award Scheme B as our Board thinks fit.

The determinations of the Board or a designated management team led by the chief executive officer of the Company under the Share Award Scheme B need not be uniform and may be made by it selectively with respect to persons who are granted, or are eligible to be granted, Share Awards under it.

Each Share Award Participant waives any right to contest, amongst other things, the value and number of Share Awards or Shares or equivalent value of cash underlying the Share Awards or Shares and our Board's administration of the Share Award Scheme B.

(u) ***Outstanding Share Awards granted***

As of the Latest Practicable Date, Share Awards in respect of an aggregate of 13,062,000 Shares, representing approximately 0.46% of the total issued share capital of the Company immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option), had been granted to 93 Share Award Participants pursuant to the Share Award Scheme B, of which 9 of the Share Award Participants are directors of our subsidiaries. The grant and vesting of any Share Awards which may be granted pursuant to the Share Award Scheme B will be in compliance with Rule 10.08 of the Listing Rules.

Details of the Share Awards granted pursuant to the Share Award Scheme B to the directors of our subsidiaries are set out below:

Name of the director of our subsidiaries	Number of Shares underlying the Scheme B
CHAN Yuk Chuen Tennyson	64,500
CHUA Kay Liang	49,500
ELLIS Christopher	21,000
GREGORY Paul Ronald	70,500
LEE Kean Phi Mark	591,000
SHACKLOCK Darren James	180,000
STRICKLAND Peter Anthony	27,000
TING Chi Leung	406,500
VOSE Colin Norman	10,500
Total	**1,420,500**

Our Company will issue announcements according to applicable Listing Rules, disclosing particulars of any Share Awards granted under the Share Award Scheme B, including the date of grant, number of Shares involved, the vesting period, the appointment and arrangement with the Trustee and comply with Chapter 14A of the Listing Rules. Details of the Share Award Scheme B, including particulars and movements of the Share Awards granted during each fiscal year of our Company, and our employee costs arising from the grant of the Share Awards will be disclosed in our annual report.

Except one Share Award Participant whose Share Awards shall all be vested on the Listing Date and subject to three-year lock-up upon vesting, the vesting schedule under the Share Award Scheme B for other Share Award Participants is (i) one third of the Share Awards shall be vested on the Listing Date; (ii) one third of the Share Awards shall be vested on the date one year after the Listing Date; and (iii) the remaining one third of the Share Awards shall be vested on the date two years after the Listing Date. Unless the Company shall otherwise determine and so notify the Share Award Participants in writing, the Share Award Participants shall vest following their vesting schedule described above. Each one third of the Share Awards will be subject to three-year lock up upon respective vesting.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in "Our Business — Legal Proceedings", no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Morgan Stanley Asia Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules, whereas HSBC Corporate Finance (Hong Kong) Limited does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Please refer to the section headed "Underwriting — Independence of Joint Sponsors" for details regarding the independence of the Joint Sponsors.

The fees payable to the Joint Sponsors are US$750,000 and are payable by our Company.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2017 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Morgan Stanley Asia Limited.	License to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as defined under the SFO

Name	Qualification
HSBC Corporate Finance (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 6 (advising on corporate finance) of the regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Euromonitor International Limited .	Independent industry consultant
Jingtian & Gongcheng	Legal advisers as to PRC law
Maples and Calder (Hong Kong) LLP	Legal advisers as to Cayman Islands law
DTZ Cushman & Wakefield Limited	Property valuer

6. Consents of Experts

Each of the experts as referred to in "— E. Other Information — 5. Qualification of Experts" above in this prospectus has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter 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.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately US$32,506 and were payable by us.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. **Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. **Taxation of Holders of Shares**

(a) ***Hong Kong***

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) ***Cayman Islands***

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) ***Consultation with professional advisors***

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

12. **Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) 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;

(iii) 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 the Group;

(iv) no commission has been paid or is payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Save as disclosed in this prospectus, none of the persons named in the paragraph headed "— E. Other Information — 5. Qualification of Experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(c) Our Directors confirm that:

(i) since June 30, 2017 (being the date on which the latest audited consolidated financial statements of the Group were made up), there has been no material adverse change in our financial or trading position or prospects;

(ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and

(iii) our Company has no outstanding convertible debt securities or debentures.

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) The English version of this prospectus shall prevail over the Chinese version.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Simpson Thacher & Bartlett, 35/F, ICBC Tower, 3 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of our Company;

(b) the audited consolidated financial statements of our Group for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 and the statement of adjustments for the Group for the years ended December 31, 2014 and 2015;

(c) the Accountants' Report for the years ended December 31, 2014, 2015 and 2016 and the six months ended June 30, 2017 and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, the texts of which are set out in Appendices I and II to this prospectus;

(d) the legal opinion issued by Jingtian & Gongcheng, our PRC legal adviser in respect of certain aspects of the Group and the property interests of the Group;

(e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman legal adviser, summarizing certain aspects of the Cayman Islands Law referred to in Appendix III to this prospectus;

(f) the industry report issued by Euromonitor International Limited, our industry consultant;

(g) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(h) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 6. Consents of Experts" in Appendix IV to this prospectus;

(i) service agreements and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors' Service Agreements" in Appendix IV to this prospectus;

(j) the rules of the Share Award Scheme B; and

(k) the Cayman Companies Law.

晶苑國際集團有限公司*
Crystal International Group Limited

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