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**ZALL** Development

**Zall Development Group Ltd.**

**卓爾發展集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2098)**

**MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITION OF INTEREST IN, AND WARRANT  
ISSUED BY, LIGHTINTHEBOX HOLDING CO., LTD.**

**THE ACQUISITION**

The Board is pleased to announce that, on 17 March 2016, the Investor, an indirect wholly-owned subsidiary of the Company (as subscriber) and the Target Company (as issuer) entered into the Subscription Agreement, pursuant to which the Target Company conditionally agreed to issue and the Investor conditionally agreed to subscribe for the Subscription Securities which comprise, in aggregate, (i) the Subscription Shares and (ii) the Subscription Warrant, at an aggregate Consideration of US\$76.5 million (equivalent to approximately HK\$592.9 million) payable in cash.

**IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the transactions contemplated under the Subscription Agreement will constitute a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Subscription Agreement and the transactions contemplated under it. As such, the Subscription Agreement and the transactions contemplated under it may be approved by way of written approval in accordance with Rule 14.44 of the Listing Rules.

The Company has on 17 March 2016 obtained written approval from Zall Development Investment Company Limited, which is wholly-owned by Mr. Yan Zhi, an executive Director, and which is interested in 8,058,333,000 Shares, representing approximately 74.99% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting of the Company will be convened for the propose of approving the Subscription Agreement and the transactions contemplated under it.

## **GENERAL**

The Circular containing, among others, further details of the Acquisition, will be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement in accordance with the Listing Rules for their information only.

**Completion of the Acquisition is subject to satisfaction or waiver of the Conditions, which may or may not be fulfilled. The Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.**

## **THE ACQUISITION**

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## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out below:

### **Date**

17 March 2016

### **Parties**

Issuer: the Target Company

Subscriber: the Investor

## **Assets to be acquired**

The Subscription Securities, which comprise, in aggregate, (i) the Subscription Shares and (ii) the Subscription Warrant.

Assuming the Subscription Warrant has not been exercised, the Subscription Shares represent a 30.0% equity interest in the Target Company on a fully-diluted basis.

The Subscription Shares will rank *pari passu* in all respects with the existing Target Company Shares in issue as at the close of business of the date of issuance of the Subscription Shares, provided that any Target Company Shares beneficially owned by the Key Target Company Individuals are entitled to three votes per Target Company Share with respect to a “change of control” of the Target Company, as such term is defined under the memorandum and articles of association of the Target Company in effect from time to time.

The Subscription Warrant allows the Investor to further subscribe for up to 7,455,000 Target Company Shares pursuant to the terms of the Subscription Warrant. The Subscription Warrant Shares represent an additional 5% equity interest in the Target Company on a fully diluted basis (taking into consideration the Subscription Shares, the Subscription Warrant Shares, the Target Company Shares falling to be issued upon exercise of the options of the Target Company outstanding and other Target Company Shares in issue as at the date of this announcement).

Further details of the Subscription Warrant are set out in the section headed “THE SUBSCRIPTION WARRANT” below.

## **Consideration**

The Consideration is US\$76.5 million (equivalent to approximately HK\$592.9 million), which is payable in cash by the Investor at Completion.

The Consideration was determined upon arm’s length negotiations between the Investor and the Target Company with reference to among others, the prospects of the Target Company’s businesses, opportunities for business cooperation between the Group and the Target Company, and the potential synergies between the businesses of the Group and that of the Target Company. The Directors consider that the Consideration was fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

The Consideration will be funded by the Group by its internal resources taking into account the sufficiency of its working capital.

## **Conditions to Completion**

The respective obligations of the Target Company and the Investor for Completion are subject to the following Conditions:

- (a) no provision of any applicable law nor any judgment entered by or with any governmental authority of competent jurisdiction shall be in effect that enjoins, suspends, prohibits or materially alters the terms of the transactions contemplated by the Subscription Agreement or any other transaction documents, nor any proceeding challenging the Subscription Agreement or any other transaction documents or the transactions contemplated therein, or seeking to suspend, prohibit, alter, prevent or delay Completion, shall have been instituted or be pending before any governmental authority; and
- (b) the Shareholders shall have passed a resolution at a general meeting of the Company, or valid written approval by the controlling Shareholder (in lieu of holding a general meeting of the Company), if applicable, to approve the terms of, and the transactions contemplated by, the Subscription Agreement and the other transaction documents in accordance with the Listing Rules.

On 17 March 2016, the Company obtained the written Shareholders' approval from Zall Development Investment Company Limited, which is wholly owned by Mr. Yan Zhi, an executive Director, and which is interested in 8,058,333,000 Shares, representing approximately 74.99% of the issued share capital of the Company as at the date of this announcement. Accordingly, Condition (b) above has been satisfied as at the date of this announcement.

In addition, the obligation of the Investor for Completion is further subject to trading in the ADS not having been suspended by the U.S. Securities and Exchange Commission or the New York Stock Exchange (except for any suspensions of trading of not more than one trading day solely to permit dissemination of material information regarding the Target Company) at any time since the date of execution of the Subscription Agreement, and the ADS shall have been at all times since such date listed for trading on the New York Stock Exchange.

## **Completion**

Completion shall take place on a date as agreed among the parties to the Subscription Agreement and in no event later than the Long Stop Date, subject to the satisfaction, or, to the extent permissible, waiver by the Target Company and/or the Investor entitled to the benefit of each Conditions set out above (other than the Conditions that by their nature are to be satisfied at Completion, but subject to the satisfaction, or, to the extent permissible, waiver by the Target Company and/or the Investor entitled to the benefit of those Conditions at Completion), or at such other time or place as the Target Company and the Investor may mutually agree in writing.

## **Appointment of Investor Directors**

Upon or prior to Completion, the Target Company shall, subject to applicable law and the memorandum and articles of the Target Company, take any and all necessary or desirable actions as may be required under applicable law and the memorandum and articles of the Target Company (other than a shareholders' resolution) to (i) acknowledge the resignation of two (2) existing directors from the Target Company Board, (ii) cause two (2) Investor Directors to be appointed to the Target Company Board; and (iii) cause at least one (1) Investor Director to be appointed to as a member of each of the Compensation Committee and Corporate Governance and Nominating Committee of the Target Company Board.

## **Cooperation and opportunities**

From and after Completion, each of the Investor and the Target Company shall, and shall cause its respective affiliates to, use commercially reasonable best efforts to identify potential areas (including B2B business) for business cooperation and expansion with the other party (including their affiliates).

## **Termination**

The Subscription Agreement may be terminated at any time prior to Completion:

- (a) upon mutual agreement by the Investor and the Target Company;
- (b) by written notice from the Target Company or the Investor to the other party, if there shall be any applicable law that makes consummation of the transactions contemplated under the Subscription Agreement illegal or otherwise prohibited.

If the Subscription Agreement is terminated in accordance with the above, the Subscription Agreement shall cease to have any further effect except for certain customary surviving provisions, without liability of either party to the Subscription Agreement (or any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other party.

## THE SUBSCRIPTION WARRANT

The following is a summary of the principal terms of the Subscription Warrant:

Number of Target  
Company Shares  
issuable upon exercise  
of the Subscription  
Warrant: 7,455,000

Exercise period: The Subscription Warrant shall be exercisable, in whole or in part, on or after the six (6) month anniversary of the Completion Date, and shall expire at 5.00 p.m., Beijing time, on the Expiration Date.

Exercise Price: US\$2.75

Transferability: The Subscription Warrant and the purchase right represented by the Subscription Warrant may not be transferred or assigned without the Target Company's prior written consent (which consent shall not be unreasonably withheld or delayed), unless the transfer or assignment is (i) a transfer to a parent, subsidiary or other affiliate of a Warrant Holder, or (ii) if (x) at the time such transfer is made, the number of Warrant Class Securities held by the Warrant Holder is less than or equal to 5% of the Warrant Class Securities outstanding at such time, and (y) the Warrant Holder transfers all Target Company Shares held by it in the same transaction to the same transferee, in which case the transfer or assignment of the Subscription Warrant shall not require the prior written consent of the Target Company, and shall in any event be subject to applicable U.S. federal and state securities laws.

Ranking of the  
Subscription Warrant  
Shares: The Subscription Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Target Company Shares in issue as at the close of business of the date of issuance of the Subscription Warrant Shares, provided that any Target Company Shares beneficially owned by the Key Target Company Individuals are entitled to three votes per Target Company Share with respect to a "change of control" of the Target Company, as such term is defined under the memorandum and articles of association of the Target Company in effect from time to time.

Adjustments:

Subject to the terms of the Subscription Warrant:

**(i) Merger or Reorganization**

If at any time there shall be any reorganization, recapitalization, merger or consolidation (“**Reorganization**”) involving the Target Company in which Target Company Shares are converted into or exchanged for securities, cash or other property, then, as a part of such Reorganization, lawful provision shall be made so that the Warrant Holder shall thereafter be entitled to receive upon exercise of the Subscription Warrant, the kind and amount of securities, cash or other property of the successor entity resulting from such Reorganization, equivalent in value to that which a holder of the Subscription Warrant Shares would have been entitled in such Reorganization if the right to purchase the Subscription Warrant Shares had been exercised immediately prior to such Reorganization.

**(ii) Reclassification of Shares**

If any Warrant Class Securities are changed into the same or a different number of securities of any other class or classes by reclassification, capital reorganization, conversion of all Warrant Class Securities (“**Reclassification**”), the Warrant Holder shall have the right thereafter to exercise the Subscription Warrant for a number of shares of such other class or classes of equity interests that a holder of the number of Warrant Class Securities immediately before that change would have been entitled to receive in such Reclassification.

**(iii) Sub-divisions and Combinations**

In the event that the Warrant Class Securities are subdivided into a greater number of shares of such securities, the number of Subscription Warrant Shares immediately prior to such subdivision shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Warrant Class Securities are combined into a lesser number of shares of such securities, the number of Subscription Warrant Shares immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased.

#### **(iv) Acquisition of Target Company Shares by the Investor**

In the event that a Warrant Holder, at a price per Target Company Share that is less than the Exercise Price, acquires any Warrant Class Securities between the date of the Subscription Warrant and the Expiration Date in open market transactions (off-set in all cases, however, by any of the foregoing sold by the Warrant Holder in any transaction), the number of Target Company Shares under the Subscription Warrant shall be reduced, concurrently with such acquisition, by the number of Target Company Shares acquired by the Warrant Holder.

#### **THE INVESTOR'S RIGHTS AGREEMENT**

The Target Company, Mr. Guo, Wincore Holdings and the Investor will, at Completion, enter into the Investor's Rights Agreement to regulate certain matters in respect of the Target Company. The principal terms of the Investor's Rights Agreement are set out below:

##### **Parties**

- (1) Target Company
- (2) Mr. Guo
- (3) Wincore Holdings
- (4) Investor

##### **Size and Composition of the Target Company Board**

For so long as the Investor (together with any affiliates and permitted transferees) is beneficially interested in 10% or more of the total number of Target Company Shares then outstanding, the Investor shall be entitled to nominate one Investor Director (who shall be reasonably acceptable to the Target Company Board and shall meet all qualifications required by the Target Company's written policies that apply to all directors of the Target Company) for appointment or election to the Target Company Board.

For so long as the Investor (together with any affiliates and permitted transferees) is beneficially interested in 15% or more of the total number of Target Company Shares then outstanding, the Investor shall be entitled to nominate the second Investor Director (who shall be reasonably acceptable to the Target Company Board and shall meet all qualifications required by the Target Company's written policies that apply to all directors of the Target Company) for appointment or election to the Target Company Board.

For so long as the Investor has the right to nominate an Investor Director, upon the election of the Investor Director to the Target Company Board, the Investor shall be entitled to nominate one such Investor Director to serve on the Compensation Committee, the Corporate Governance and Nominating Committee of the Target Company Board, and all such other committee(s) of the Target Company Board (other than the Audit Committee) from time to time established by the Target Company in each case subject to compliance with applicable laws.

### **Lock-up**

During the period commencing on the date of the Investor's Rights Agreement and ending on the date of the six (6)-month anniversary thereof, the Investor shall not, directly or indirectly, sell, transfer or assign any of the Subscription Shares and any Subscription Warrant Shares, without the prior written consent of the Target Company, other than any sale, transfer or assignment of Subscription Shares and any Subscription Warrant Shares to an affiliate of the Investor.

### **Registration Rights**

The Investor is entitled to customary U.S. registration rights under applicable U.S. securities laws with respect to the Target Company Shares.

### **Restrictions on Transfer**

Subject to the terms of the Investor's Rights Agreement:

- (a) if at any time, the Investor proposes to, directly or indirectly, sell, transfer or assign in a transaction pursuant to an exemption from the registration requirements under the applicable U.S. securities laws an amount of the Subscription Shares and the Subscription Warrant Shares representing 5% or more of the Target Company's outstanding share capital to any other shareholder of the Target Company who, prior to such transfer, holds 10% or more of the Target Company's outstanding share capital, prior to taking any such action, the Investor shall first provide written notice to the Target Company Board;
- (b) if at any time, the Investor proposes to, directly or indirectly, sell, transfer or assign in a transaction pursuant to an exemption from the registration requirements under the applicable U.S. securities laws an amount of the Subscription Shares and the Warrant Shares representing 10% or more of the Target Company's outstanding share capital (calculated on a fully-diluted basis) to any other shareholder who, prior to such transfer, holds 15% or more of the Target Company's outstanding share capital (calculated on a fully-diluted basis), then such proposed transaction shall be subject to the approval of the Target Company Board; and

- (c) if, at any time, (i) the Investor proposes to, directly or indirectly, sell, transfer or assign in a transaction pursuant to an exemption from the registration requirements under the applicable U.S. securities laws any of the Subscription Shares or the Subscription Warrant Shares to any competitor of the Company (or any affiliate of any such competitor), and (ii) at the time of such proposal the Investor (including its affiliates) holds Target Company Shares or ADS (including securities issuable upon exercise of the Subscription Warrant) representing in aggregate 5% or more of the total outstanding share capital of the Target Company, then such proposed transaction shall be subject to the approval of the Target Company Board.

### **Founder Restriction**

Subject to the terms of the Investor's Rights Agreement, and certain exceptions contained therein, for two (2) years from the date of the Investor's Rights Agreement, neither Mr. Guo nor Wincore Holdings shall directly or indirectly, sell, transfer or assign any equity securities of the Target Company held by them without the prior written consent of the Investor.

### **Pre-emptive Right**

In the event the Target Company proposes to undertake an allotment and issuance of new securities either (i) for a per Target Company Share issue price of less than US\$5.40, or (ii) in such circumstances as are otherwise approved by the Target Company Board, the Investor shall have a pre-emptive right to purchase up to the Investor's pro rata share of such new securities of the Target Company.

### **Stand-still Arrangement**

Unless otherwise permitted by the terms of the Investor's Rights Agreement, the Investor shall not, and the Investor shall procure that its controlled affiliates shall not, without the prior written approval of the Target Company Board, directly or indirectly (whether acting alone, as a part of a group or otherwise in concert with others): (i) acquire or enter into any agreement with any third party with respect to the acquisition of, additional voting securities of the Target Company by the Investor or its controlled affiliate that will result in the Investor and its controlled affiliates holding, in aggregate (including the Subscription Warrant Shares issuable upon exercise of the Subscription Warrant), more than 45% of the Target Company's outstanding share capital (calculated on a fully-diluted basis), (ii) advise, assist, act as a financing source for or otherwise invest in any other person for the purpose described in (i), or (iii) publicly disclose any intention, plan or arrangement with respect to any of the foregoing. If, at any time after the date of the Investor's Rights Agreement, the Investor and/or its controlled affiliates proposes to acquire any additional voting securities of the Target Company such that immediately after such acquisition the Investor and/or its controlled affiliates shall become holder(s) of 45% or more of the Target Company's outstanding share capital (calculated on a fully-diluted basis), then such proposed transaction shall be subject to the approval of the Target Company Board.

## **Term of the Investor's Rights Agreement**

The Investor's Rights Agreement shall terminate, and have no further force and effect, upon the earliest of: (a) a written agreement to that effect, signed by all parties to the Investor's Rights Agreement, (b) date following the Completion on which the Investor (together with its affiliates and permitted transferees) no longer hold 10% of the total number of Target Company Shares then outstanding, and (c) the termination of the Subscription Agreement in accordance with its terms.

## **INFORMATION ON THE TARGET COMPANY, WINCORE HOLDINGS AND MR. GUO**

The Target Company is a company incorporated in Cayman Islands and its ADS are listed on the New York Stock Exchange under the symbol "LITB".

The Target Company is a global online retail company that delivers products directly to consumers around the world. It offers customers a convenient way to shop for a wide selection of products at attractive prices through its [www.lightinthebox.com](http://www.lightinthebox.com), [www.miniinthebox.com](http://www.miniinthebox.com) and other websites and mobile applications, which are available in 27 major languages and cover more than 80% of global Internet users.

Wincore Holdings is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and Mr. Guo is the Chairman and Chief Executive of the Target Company. As at the date of this announcement, Mr. Guo holds the entire issued shares outstanding in Wincore Holdings, which in turn holds 6,681,251 Target Company Shares and 233,277 ADS (representing 466,554 Target Company Shares), representing 7.2% of the existing issued and paid-up capital of the Target Company.

To the best knowledge of the Directors, the Target Company, Wincore Holdings, their respective ultimate beneficial owners and Mr. Guo are third parties independent of the Company and its connected persons as at the date of this announcement.

## **Financial information of the Target Company**

According to the unaudited consolidated financial statements of the Target Company for the years ended 30 September 2015 prepared in accordance with US GAAP, the net asset value and total asset value of the Target Company as at 30 September 2015 were approximately US\$877,000 (equivalent to approximately HK\$6.9 million) and approximately US\$58.6 million (equivalent to approximately HK\$454.3 million), respectively.

The profit/(loss) before and after tax of the Target Company for the two financial years ended 31 December 2013 and 2014 is as follows:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>
	audited	audited
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Target Company</b>		
loss before tax	4,750	29,917
net loss after tax	4,819	29,987

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Investor was incorporated in the British Virgin Islands with limited liability. It is an investment holding company and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

The Group is a leading developer and operator of large-scale, consumer product-focused wholesale shopping malls, as well as commercial space provider, in China, and primarily engages in the development and operation of integrated wholesale trading platforms supported with logistics and warehousing, e-commerce and finance services.

The Group is adjusting its principal business activities and will concentrate its resources on the core business segment, i.e. the development and operating of large-scale consumer product-focused wholesale shopping malls and the related value-added business, such as warehousing, logistics, e-commerce and financial services. The Acquisition serves to further the aforesaid goals of the Group through by allowing cooperation between the Group and the Target Company, which is expected to significantly promote the integration of both parties' domestic and international trading businesses, and realise the integration and link-up of the parties' online and offline resources. The cooperation between the Group and the Target Company is also expected to achieve synergistic effects. The Group will be able to leverage on the Target Company's strengths to develop the international trading business of Zallgo, the Group's online trading platform, and expand the sales channels for Zallgo's vendors. At the same time, the Target Company may also leverage on Zallgo's vendors and products resources as well as transaction data to optimise the purchasing and cost-control operations of its online retail business. By leveraging on the Group's extensive vendors resources, the Target Company's big data based supply chain and logistics management software platform will assist the Group's extensive vendor resources to further access markets and accelerate the process of accessing Internet by small and medium-sized logistics enterprises in China. Finally, the aforesaid cooperation marks the further online transformation of the Group's businesses. Going forward, the Group and the Target Company are expected to further explore opportunities for cooperation in areas such other cross-border trade, logistics and financial services.

The terms of the Subscription Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Subscription Agreement and transactions contemplated thereunder, including the Consideration which have been arrived at after arm's length negotiations, are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the transactions contemplated under the Subscription Agreement will constitute a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Subscription Agreement and the transactions contemplated under it. As such, the Subscription Agreement and the transactions contemplated under it may be approved by written approval in accordance with Rule 14.44 of the Listing Rules.

The Company has on 17 March 2016 obtained written approval from Zall Development Investment Company Limited, which is wholly owned by Mr. Yan Zhi, an executive Director, and which is interested in 8,058,333,000 Shares, representing approximately 74.99% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Subscription Agreement and the transactions contemplated under it.

## **GENERAL**

The Circular containing, among others, further details of the Acquisition, will be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement in accordance with the Listing Rules for their information only.

**Completion of the Acquisition is subject to satisfaction or waiver of the Conditions, which may or may not be fulfilled. The Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.**

## DEFINITION

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed issuance by the Target Company of, and subscription of the Subscription Securities by the Investor from the Target Company
“ADS”	American Depositary Shares, each of which represents two ordinary shares, of the Target Company
“Board”	the board of Directors
“Business Days”	means any day that is not a Saturday, a Sunday or other day on which commercial banks in New York, the PRC, the Cayman Islands, the British Virgin Islands or Hong Kong are required or authorized by law to be closed
“Circular”	the circular to be issued by the Company for the information of the Shareholders in accordance with the Listing Rules in respect of, among other things, the Acquisition and the Subscription Agreement
“Company”	Zall Development Group Ltd (卓爾發展集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms of the Subscription Agreement
“Completion Date”	the date of Completion
“Conditions”	the conditions which the respective obligations of the Target Company and/or the Investor for Completion are subject to under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	US\$76.5 million (equivalent to approximately HK\$592.9 million), being the aggregate amount of consideration payable for the Subscription Securities under the Subscription Agreement
“Director(s)”	the director(s) of the Company

“Exercise Price”	US\$2.75, subject to such adjustments in accordance with the terms of the Subscription Warrant
“Expiration Date”	the day that is 24 months following the Completion Date
“HK\$”	Hong Kong Dollar, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor”	Zall Cross-border E-commerce Investment Company Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Investor Directors”	means the two (2) individuals nominated by the Investor to be directors of the Target Company in accordance with the terms of the Subscription Agreement and the Investor’s Rights Agreement
“Investor’s Rights Agreement”	the investor rights agreement to be entered into between the Target Company, Mr. Guo, Wincore Holdings and the Investor at Completion in the form and substance agreed and set out in the Subscription Agreement
“Key Target Company Individuals”	Mr. Guo, Mr. Zhang Liang and Mr. Wen Xin, being individuals, collectively, beneficially hold 12,766,333 Target Company Shares and 247,539 ADS (representing 495,078 Target Company Shares) as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling seven (7) Business Days following the date of the Subscription Agreement
“Mr. Guo”	Mr. Quji (Alan) Guo
“PRC”	People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and the island of Taiwan
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement”	the subscription agreement dated 17 March 2016 and entered into between the Target Company and the Investor in relation to the Acquisition
“Subscription Securities”	the Subscription Shares and the Subscription Warrant
“Subscription Shares”	the 42,500,000 Target Company Shares to be issued by the Target Company pursuant to the Subscription Agreement
“Subscription Warrant”	the warrant to be issued by the Target Company pursuant to the Subscription Agreement entitling the holder thereof to subscribe up to 7,455,000 Target Company Shares in accordance with the terms thereof
“Subscription Warrant Shares”	the 7,455,000 Target Company Shares issuable upon exercise of the Subscription Warrant
“Target Company”	Lightinthebox Holding Co., Ltd., a company incorporated under the laws of the Cayman Islands with limited liability, whose ADS are listed on the New York Stock Exchange
“Target Company Board”	the board of directors of the Target Company
“Target Company Shares”	ordinary shares of the Target Company of par value US\$0.000067 per share
“U.S.”	United States of America
“US\$”	United State Dollar, the legal currency of U.S.
“US GAAP”	generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession that are in effect from time to time, as codified and described in FASB Statement No. 18, the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, and applied consistently throughout the periods involved

“Warrant Class Securities”	the outstanding securities of the same class as the Subscription Warrant Shares
“Warrant Holder”	the Investor or its transferees or assigns
“Wincore Holdings”	Wincore Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“%”	per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rates at US\$1.00 = HK\$7.7499 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.*

By order of the Board  
**Zall Development Group Ltd.**  
**Yan Zhi**  
*Co-chairman*

Hong Kong, 17 March 2016

*As at the date of this announcement, the Board comprises Mr. Yan Zhi, Dr. Gang Yu, Mr. Cui Jinfeng and Mr. Wang Chuang, as executive directors of the Company; Mr. Fu Gaochao, as non-executive director of the Company; Mr. Cheung Ka Fai, Mr. Peng Chi and Mr. Wu Ying, as independent non-executive directors of the Company.*