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As filed with the Securities and Exchange Commission on April 17, 2013

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form F-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

LightInTheBox Holding Co., Ltd.

(Exact name of Registrant as Specified in its Charter)

Cayman Islands	**5961**	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**Building 2, Area D, Floor 1-2, Diantong Times Square
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Chaoyang District, Beijing 100020
People's Republic of China
Telephone: +86-10-5692-0099**
(Address and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)(2)	**Proposed Maximum Aggregate Offering Price(3)**	**Amount of Registration Fee**
Ordinary shares, par value $0.000067 per share	$86,250,000	$11,764.50

(1) American depositary shares, or ADSs, issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6. Each ADS represents ordinary shares.

(2) Includes (a) ordinary shares represented by ADSs that may be purchased by the underwriters pursuant to their option to purchase additional ADSs and (b) all ordinary shares represented by ADSs initially offered and sold outside the United States that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated , 2013

American Depositary Shares

Representing Ordinary Shares

LightInTheBox Holding Co., Ltd.

This is the initial public offering of LightInTheBox Holding Co., Ltd., or LightInTheBox. We are offering American Depositary Shares, or ADSs, and the selling shareholders identified in this prospectus are offering an aggregate of ADSs. Each ADS represents ordinary shares, par value $0.000067 per share. We will not receive any proceeds from the ADSs sold by the selling shareholders. We expect that the initial public offering price of the ADSs will be between $ and $ per ADS.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. We have applied for listing of the ADSs on the New York Stock Exchange under the symbol "LITB."

Investing in the ADSs involves risk. See "Risk Factors" beginning on page 14.

	Price to Public	Underwriting Discounts and Commission	Proceeds, before Expenses, to Us	Proceeds, before Expenses to the Selling Shareholders
Per ADS	$	$	$	$
Total	$	$	$	$

We and the selling shareholders have granted the underwriters the right to purchase up to an aggregate of additional ADSs.

Immediately after the completion of this offering, we will have one class of ordinary shares. Each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, certain founding shareholders will be entitled to three votes per share.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, and Section 3(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

The Securities and Exchange Commission and state securities commissions have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on or about , 2013.

Credit Suisse **Stifel**

Pacific Crest Securities **Oppenheimer & Co.**

The date of this prospectus is , 2013.

Apparel

Made-to-Measure Dress,
Handbag, Satin Heel Pumps
& Pure Silver Arabesquitic Bracelets

Home and Garden

Crystal Chandelier
& Faucet with Color-changing Light

Small Accessories and Gadgets

Noise Isolating Earphone, LED Flashlight
& Wireless Controller for Game Console

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide information different from that contained in this prospectus. We are offering to sell and seeking offers to buy ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distributions of this prospectus outside the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in the ADSs. You should carefully read the entire prospectus, including "Risk Factors" and the financial statements, before making an investment decision.

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com*, *www.miniinthebox.com* and our other websites, which are available in 17 major languages and cover more than 80.0% of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2012, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

We target lifestyle product categories where consumers value choice or customization. We believe that by offering more variety and personalization we will be able to create and capture new consumer demand. We offer products in the three core categories of apparel, small accessories and gadgets and home and garden, representing categories with the fastest net revenue growth in terms of absolute amount in 2012. The products of our core categories generally require design specificity, thus giving us more pricing flexibility and allowing us to capture higher margin potentials. At any time, a customer shopping for a special occasion dress on our site can have her dress made-to-measure, choosing from more than 4,300 distinctive designs. As of December 31, 2012, we had more than 205,000 product listings. In 2012, we added an average of more than 17,000 new product listings each month.

We serve consumers globally without incurring the costs and complexities associated with establishing a traditional multinational retail infrastructure. Our major markets are Europe and North America. We use global online marketing platforms such as Google and Facebook to reach our consumers, we accept payments through all major credit cards and electronic payment platforms such as PayPal and we deliver our goods through major international couriers, including UPS, DHL and FedEx.

We believe that being a China-based company provides important advantages in supply chain management. We strive to source high quality products directly from some of the most competitive manufacturers in the strongest supply ecosystems. By locating our sourcing offices near some of the most competitive factories, we realize cost advantages and just-in-time inventory management as we create effective supplier competition while maximizing the quality of our products. Our suppliers benefit from working closely with our in-house manufacturing experts to re-engineer their manufacturing processes to achieve faster time-to-market for our products and enable large scale production of individually customized products.

To acquire and retain customers across diverse geographic markets, we have developed proprietary technologies to manage and optimize our large-scale technical and marketing operations. In addition, we have established a specialized social marketing team that uses creative interactive activities to engage online users. We provide a user-friendly online shopping experience and intelligent product recommendation algorithms to facilitate purchasing decisions.

We have developed a proprietary technology platform that integrates every aspect of our business operations, including global marketing, online shopping platforms, supply chain management, fulfillment, logistics and customer service. Our founders have extensive experience and expertise in software development. We have made significant investments in software research and development to improve operational efficiency and enable business innovation.

We have grown significantly since we commenced our operations. Our net revenues grew from $6.3 million in 2008 to $200.0 million in 2012. The number of our customers increased from approximately 36,000 in 2008 to approximately 2.5 million in 2012. We experienced a net loss of $3.0 million, $4.8 million, $21.9 million, $24.5 million and $4.2 million in 2008, 2009, 2010, 2011 and 2012, respectively. We also used cash in operating activities of $2.1 million, $2.3 million, $19.9 million and $14.1 million in 2008, 2009, 2010 and 2011, respectively. We generated $7.4 million in cash from operating activities in 2012.

Industry Background

Global online retail sales continue to experience robust growth. According to Euromonitor International, or Euromonitor, global online retail sales are expected to grow at a compound annual growth rate, or CAGR, of 17.7% from $521 billion in 2012 to $849 billion in 2015. Online retail penetration remains low in major markets around the world, but has and is expected to continue to increase over time. For example, according to Euromonitor, online retail sales as a percentage of total retail sales in the United States increased from 4.2% in 2008 to 6.5% in 2012, and is expected to increase further to 8.9% by 2015.

In addition, there are significant differences in online retail penetration across different product categories. For example, in the United States, online retail penetration in 2012 is 28.3% for consumer electronics products but only 6.9% for apparel and 3.9% for home and garden, according to Euromonitor. We believe that these underpenetrated categories present significant future growth opportunities for online retailing.

China has become a major manufacturing hub for consumer goods for global brands and smaller China-based exporters. According to iResearch, the Chinese consumer goods export market is expected to grow from $1,270 billion in 2012 to $1,983 billion in 2015, representing a CAGR of 16.0%. Historically, major product categories for Chinese consumer goods exports have included apparel and electronics, where China has a strong competitive advantage in manufacturing due to its unique ability to provide high levels of skill, customization and attention to detail, all at affordable prices.

We believe that there are increasing opportunities for China-based companies to participate in global online retailing. They enjoy access to a large, low-cost export-oriented manufacturing base, global payment and logistics solutions and globally scalable online marketing. In addition, declining trade barriers have contributed significantly to the expansion of world trade. According to iResearch, the global online retail market for direct-to-consumer China-made goods is expected to grow from $1.7 billion in 2012 to $9.0 billion in 2015, representing a CAGR of 75.8%.

However, the market remains heavily fragmented with many smaller companies. We believe these companies are faced with significant challenges associated with achieving scale; they must customize shopping experiences, manage online marketing across multiple languages, understand consumer needs across diverse geographic markets and maintain scalable and integrated technology, fulfillment and logistics infrastructures. As a result, we believe there is an attractive opportunity for large scale, well-capitalized companies to capture market share, achieve economies of scale, build brand equity and establish best practices.

Our Strengths

We believe we are a first mover in offering consumers around the world an attractive online shopping experience by fully capitalizing on direct sourcing from China-based suppliers. We believe the following strengths contribute to our success and differentiate us from our competitors:

- scalable business model designed for global reach;
- supply chain optimization for faster time-to-market and product variety;
- distinctive products optimized for online merchandising;
- sophisticated online marketing capabilities;
- advanced technology platform that enables business innovation; and
- global operations with cost advantages from our base operations in China.

Our Strategies

Our goal is to become a leading global online retail company that revolutionizes the way people shop and manufacturers produce their merchandise. We have built an organization with unique competitive advantages that can provide us with long-term sustainable growth. We plan to execute the following key strategies in order to increase customer base and loyalty, improve marketing and sourcing efficiency, reduce operational costs and establish brand preference:

- enhance our customer experience to grow our customer base;
- expand and strengthen our product offerings;
- strengthen our supply chain management and efficiency;
- optimize our logistics network and infrastructure;
- deepen our market penetration globally and build stronger brand awareness; and
- invest in our technology platform.

Our Challenges

Our ability to achieve our goal and execute our strategies is subject to risks and uncertainties, including the following:

- our limited operating history and historical losses may make our growth and future prospects uncertain and difficult to evaluate;
- the online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations;
- our failure to quickly identify and adapt to changing industry conditions may have a material and adverse effect on our business, financial condition and results of operations;
- we have incurred net losses since our inception and prior to 2012 experienced negative cash flow from operating activities, and we may continue to incur net losses and experience negative cash flow from operating activities and, as a result, we may need to obtain additional capital in the future;
- any failure to manage our growth or execute our strategies effectively may materially and adversely affect our business and prospects;

- products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business and our reputation; and
- we may have difficulties managing our marketing efforts and may face increased competition in our marketing efforts, which could materially and adversely affect our business and growth prospects.

We also face other risks and uncertainties that may materially affect our business, financial conditions, results of operations and prospects. You should consider the risks discussed in "Risk Factors" and elsewhere in this prospectus before investing in the ADSs.

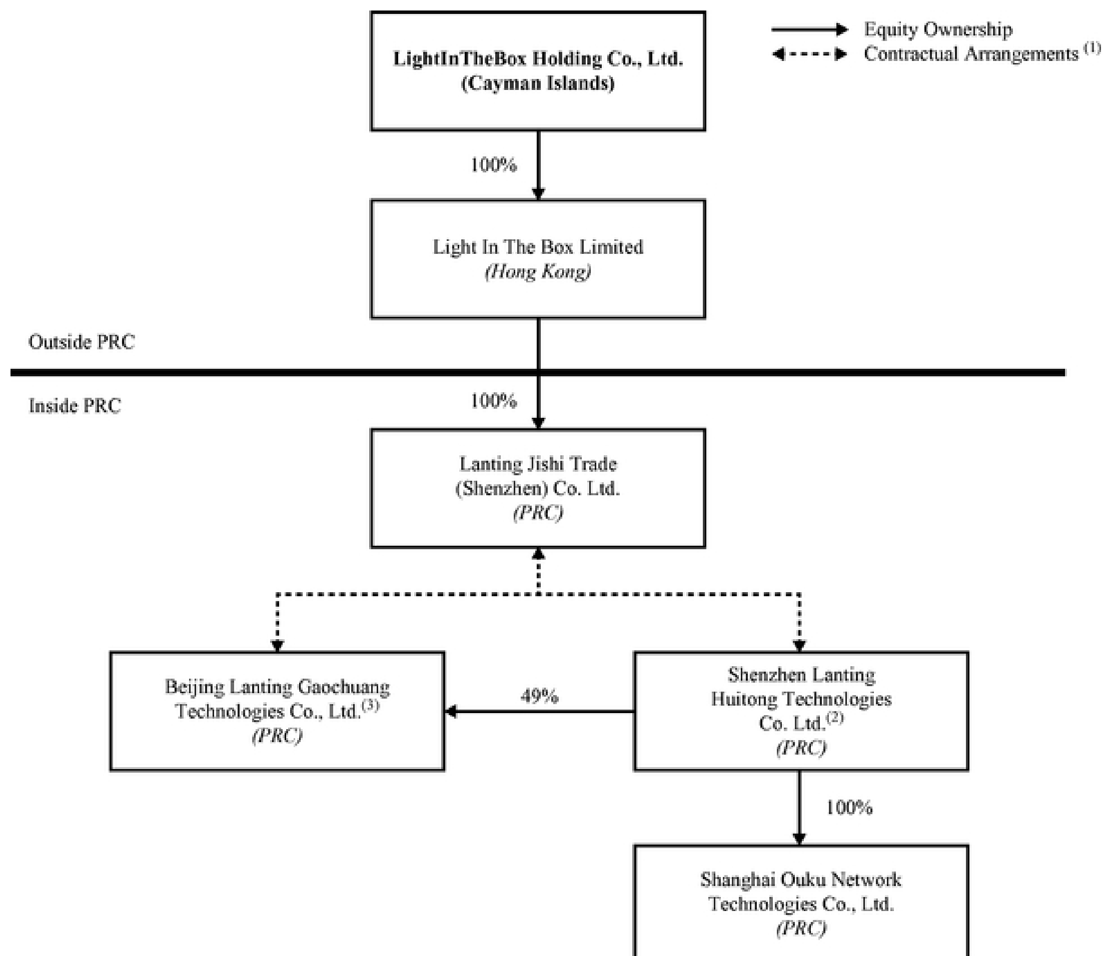
Our Corporate Structure

We were founded in June 2007 and operated our business and our *www.lightinthebox.com* and *www.miniinthebox.com* websites through Light In The Box Limited, our wholly owned subsidiary incorporated in Hong Kong.

In March 2008, we incorporated LightInTheBox Holding Co., Ltd. in the Cayman Islands, as our ultimate holding company. In June 2008, we established Shenzhen Lanting Huitong Technologies Co., Ltd., or Lanting Huitong, a variable interest entity, or VIE, in the PRC. In October 2008, we incorporated our wholly owned subsidiary in the PRC, Lanting Jishi Trade (Shenzhen) Co. Ltd., or Lanting Jishi. In December 2011, we established our new VIE, Beijing Lanting Gaochuang Technologies Co., Ltd., or Lanting Gaochuang, in the PRC.

We primarily conduct our operations through our Hong Kong subsidiary, Light In The Box Limited and our PRC subsidiary, Lanting Jishi. We generate most of our revenues from the operations of Light In The Box Limited. In 2010, 2011 and 2012, we derived 91.2%, 94.6% and 98.0%, respectively, of our consolidated net revenues from Light In The Box Limited. We derived 0.9%, 1.1% and 0.6% of our consolidated net revenues from Lanting Jishi for the same periods, respectively. Lanting Huitong operates our domestic PRC websites through its subsidiary, Shanghai Ouku Network Technologies Co., Ltd., or Shanghai Ouku. Lanting Gaochuang is responsible for certain research and development functions. We control both Lanting Huitong and Lanting Gaochuang through a series of contractual arrangements. We derived an aggregate of 7.9%, 4.3% and 1.4% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2010, 2011 and 2012, respectively. We have not derived any consolidated net revenues from Lanting Gaochuang since its inception in December 2011, and we do not expect to derive any significant contributions to our consolidated net revenues from Lanting Gaochuang going forward, if at all.

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) Such arrangements include exclusive technical and consulting service agreements, business operation agreements, equity disposal agreements, share pledge agreements, powers of attorney, spousal consent letters (applicable only to Lanting Huitong) and a loan agreement (applicable only to Lanting Gaochuang).

(2) The shareholders of Shenzhen Lanting Huitong Technologies Co. Ltd. are Mr. Quji (Alan) GUO, our chairman and chief executive officer, Mr. Xin (Kevin) WEN, our director and co-president, Mr. Liang ZHANG, our director and co-president, and Mr. Jun LIU, our director and senior vice-president of operations.

(3) Mr. Quji (Alan) GUO holds the other 51% of the equity interest in Beijing Lanting Gaochuang Technologies Co., Ltd.

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce in China through strict business licensing requirements and other government regulations.

We are a Cayman Islands company and our wholly owned PRC subsidiary, Lanting Jishi, is a wholly foreign owned enterprise. Cayman Islands companies and wholly foreign owned PRC enterprises are restricted from holding certain licenses related to the distribution of online information and the conduct of online commerce in China. Accordingly, we operate our domestic websites in China through Lanting Huitong, which we control through a series of contractual arrangements, and its subsidiary, Shanghai Ouku. We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements.

The registered shareholders of Lanting Huitong are our directors and executive officers who hold our shares, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU. The registered shareholders of Lanting Gaochuang are Mr. GUO and Lanting Huitong. We do not have equity interest in Lanting Huitong, Shanghai Ouku or Lanting Gaochuang. However, as a result of these contractual arrangements, we are considered the primary beneficiary of Lanting Huitong, Shanghai Ouku and Lanting Gaochuang, and we treat them as our consolidated affiliated entities under generally accepted accounting principles in the United States, or U.S. GAAP. We have consolidated the financial results of these companies in our consolidated financial statements in accordance with U.S. GAAP. We derived an aggregate of 7.9%, 4.3% and 1.4% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2010, 2011 and 2012, respectively.

We control Lanting Huitong and Lanting Gaochuang through a series of contractual arrangements, including:

- equity disposal agreements granting Lanting Jishi, or its designee, exclusive options to purchase all or part of the equity interests in our VIEs with the minimum amount of consideration permissible under PRC law;
- business operation agreements, pursuant to which our VIEs may not enter into any material transaction without prior written consent from Lanting Jishi, or its designee, and Lanting Jishi has the right to nominate directors, supervisors and senior managers of our VIEs;
- exclusive technical support and consulting service agreements, pursuant to which our VIEs pay Lanting Jishi a service fee equal to substantially all of their net income in exchange for technology support and consulting services;
- share pledge agreements, pursuant to which shareholders of our VIEs pledged all of their equity interest in our VIEs in favor of Lanting Jishi to secure our VIEs and their shareholders' obligations under these contractual arrangements and, if our VIEs or any of their shareholders breach any of their contractual obligations under these arrangements, Lanting Jishi will be entitled to sell the pledged equity interest;
- powers of attorney executed by shareholders of our VIEs appointing Lanting Jishi to be their attorney-in-fact, and to vote on their behalf on all the matters concerning our VIEs that may require shareholders' approval;
- spousal consent letters executed by spouses of certain shareholders of Lanting Huitong, acknowledging that a certain percentage of the equity interest in Lanting Huitong held by their spouses will be disposed of pursuant to the equity disposal agreement and share pledge agreement; and
- a loan agreement, pursuant to which Lanting Jishi extended a loan in the amount of RMB255,000 to Mr. GUO to fund his contribution of 51% of the registered capital of Lanting Gaochuang.

The powers of attorney will be valid as long as the registered shareholders remain as shareholders of our VIEs. The share pledge agreements will be valid until our VIEs and their shareholders fulfill all contractual obligations under the business operation agreements. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the contract expiration date. The technical support and consulting service agreements and the equity disposal agreements, and all other agreements will remain valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

For a description of these contractual arrangements, see "Our History and Corporate Structure." For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see "Regulations." For a detailed description of the risks associated with our corporate

structure and the contractual arrangements that support our corporate structure, including risks and uncertainties regarding the validity of these contracts, the control that these contracts grant us, our relationships with the shareholders of our VIEs, the consequences of our VIEs' bankruptcy and adverse tax consequences of these contracts, see "Risk Factors—Risks Related to Our Corporate Structure."

Voting Rights

Immediately after the completion of this offering, we will have one class of ordinary shares. Each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our fourth amended and restated memorandum and articles of association, which will become effective upon the completion of this offering, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, our chairman and chief executive officer, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, our director and co-president, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, our director and co-president, will be entitled to three votes per share, and each other holder is entitled to one vote per share. See "Description of Share Capital—Ordinary Shares—Voting Rights."

Our Corporate Information

Our principal executive offices are located at Building 2, Area D, Floor 1-2, Diantong Times Square, No. 7 Jiuxianqiao North Road, Chaoyang District, Beijing 100020, People's Republic of China. Our telephone number at this address is +86-10-5692-0099 and our fax number is +86-10-5908-0270. Our registered office in the Cayman Islands is located at the office of Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017. Our website is *http://www.lightinthebox.com*. Information on or from our website is not a part of this prospectus.

Conventions That Apply to This Prospectus

Unless where the context otherwise requires, references in this prospectus to:

- "ADRs" are to the American depositary receipts, which, if issued, evidence the ADSs;
- "ADSs" are to the American depositary shares, each of which represents   ordinary shares;
- "China" and the "PRC" are to the People's Republic of China, excluding, for the purposes of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;
- "shares" or "ordinary shares" are to our ordinary shares, par value $0.000067 per share;
- "North America" are to, for the purposes of this prospectus only, the United States and Canada;
- "repeat customers" are to customers who have purchased products from us more than once since our inception;
- "RMB" and "Renminbi" are to the legal currency of China;
- "we," "us," "our company" and "our" are to LightInTheBox Holding Co., Ltd., its consolidated subsidiaries and its VIEs, Lanting Huitong and Lanting Gaochuang, and Shanghai Ouku, the subsidiary of Lanting Huitong; and
- "$," "dollars" and "U.S. dollars" are to the legal currency of the United States.

Our reporting and functional currency is the U.S. dollar. In addition, this prospectus also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader.

Unless otherwise stated, all translations of Renminbi into U.S. dollars were made at RMB6.2301 to $1.00, the noon buying rate on December 31, 2012 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. On April 12, 2013, the noon buying rate for Renminbi was RMB6.1914 to $1.00.

Unless the context indicates otherwise, all share and per share data in this prospectus give effect to a share split in 2009 in which each of the previously issued ordinary shares, share options, nonvested restricted ordinary shares issued to certain of our founders, or founders' nonvested shares, and preferred shares were split into 1.5 ordinary shares, share options, founders' nonvested shares and preferred shares, respectively.

THE OFFERING

ADSs Offered by Us	ADSs
ADSs Offered by the Selling Shareholders	ADSs
ADSs Outstanding Immediately After This Offering	ADSs (or ADSs if the underwriters exercise in full their option to purchase additional ADSs)
Ordinary Shares Outstanding Immediately After This Offering	ordinary shares
Option to Purchase Additional ADSs	We and the selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts and commissions.
The ADSs	Each ADS represents ordinary shares. The ADSs will initially be evidenced by ADRs.
	The depositary will be the holder of the ordinary shares underlying the ADSs and you will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time.
	You may surrender your ADSs to the depositary to withdraw the ordinary shares underlying your ADSs. The depositary will charge you a fee for such an exchange.
	We may amend or terminate the deposit agreement for any reason without your consent. Any amendment that imposes or increases fees or charges or which materially prejudices any substantial existing right you have as an ADS holder will not become effective as to outstanding ADSs until 30 days after notice of the amendment is given to ADS holders. If an amendment becomes effective, you will be bound by the deposit agreement as amended if you continue to hold your ADSs.
	To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled "Description of American Depositary Shares." We also encourage you to read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.

Use of Proceeds	We estimate that we will receive net proceeds of approximately $ million from this offering (or approximately $ million if the underwriters exercise their option to purchase additional ADSs in full), assuming an initial public offering price of $ per ADS, the mid-point of the estimated range of the initial public offering price, after deducting estimated underwriter discounts, commissions and estimated offering expenses payable by us. We plan to use net proceeds of this offering to finance our business operations, including the following: • approximately $ million for investment in fulfillment and technology infrastructure; • approximately $ million for the expansion of product offerings and categories; • approximately $ million for customer acquisition and brand building; • approximately $ million for payment of interest accrued for our convertible notes issued in March 2012; and • the balance for general corporate purposes. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.
Risk Factors	See "Risk Factors" and other information included in this prospectus for a discussion of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.
NYSE Trading Symbol	LITB
Lock-up	We, our officers, directors, the holders of our ordinary shares and all of our option holders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting." At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering to some of our directors, officers, employees, business associates and related persons through a directed share program.
Depositary	The Bank of New York Mellon

The number of ordinary shares that will be outstanding immediately after this offering is , which is based upon (i) ordinary shares outstanding as of the date of this prospectus, (ii) the automatic conversion of preferred shares into 42,174,290 ordinary shares immediately upon the completion of this offering, (iii) the automatic conversion of our convertible notes into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point

of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share, and (iv) ordinary shares issued in connection with this offering (assuming the underwriters do not exercise their option to purchase additional ADSs), but excludes:

- 1,778,250 and 992,733 ordinary shares issuable upon the exercise of share options outstanding and vesting of restricted shares issued to employees, respectively, as of the date of this prospectus; and

- 1,039,823 ordinary shares reserved for future award grants under our equity incentive plans.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for 2010, 2011 and 2012, and the summary consolidated balance sheet data as of December 31, 2011 and 2012 are derived from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP and have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm. The report of Deloitte Touche Tohmatsu Certified Public Accountants LLP on those consolidated financial statements is also included elsewhere in this prospectus. Our summary consolidated statements of operations data for 2008 and 2009 and the summary consolidated balance sheet data as of December 31, 2008, 2009 and 2010 has been derived from our audited consolidated financial statements not included in this prospectus.

The following summary consolidated financial data for the periods and as of the dates indicated are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," both of which are included elsewhere in this prospectus.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands, except per share data)				
Summary Consolidated Statements of Operations Data					
Net revenues	$ 6,256	$ 26,051	$ 58,694	$ 116,230	$ 200,010
Cost of goods sold	4,872	17,757	41,580	77,465	116,465
Gross profit	1,384	8,294	17,114	38,765	83,545
Operating expenses*					
Fulfillment	363	1,272	3,517	7,124	10,088
Selling and marketing	2,379	5,487	22,607	38,465	53,418
General and administrative	1,686	6,361	12,347	16,660	22,369
Impairment loss on goodwill and intangible assets	—	—	—	1,928	—
Loss from operations	(3,044)	(4,826)	(21,357)	(25,412)	(2,330)
Net loss	(3,044)	(4,821)	(21,923)	(24,531)	(4,230)
Accretion for Series C convertible redeemable preferred shares	—	—	700	2,800	2,971
Net loss attributable to ordinary shareholders	(3,044)	(4,821)	(22,623)	(27,331)	(7,201)
Net loss per ordinary share:					
Basic	(0.50)	(0.13)	(0.62)	(0.76)	(0.20)
Diluted	(0.50)	(0.13)	(0.62)	(0.76)	(0.20)

* Includes share-based compensation expenses as follows:

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Share-Based Compensation Data					
Fulfillment	$ —	$ 12	$ 12	$ 13	$ 10
Selling and marketing	3	92	31	90	117
General and administrative	374	1,411	1,418	1,990	2,568
Total share-based compensation expenses	377	1,515	1,461	2,093	2,695

	Year Ended December 31,				
	2008	2009	2010	2011	2012
Other Consolidated Financial Data					
Gross margin[(1)]	22.1%	31.8%	29.2%	33.4%	41.8%

(1) Gross margin represents gross profit as a percentage of net revenues.

	As of December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Summary Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 2,798	$ 6,081	$ 23,439	$ 6,786	$ 19,972
Inventories	535	757	4,931	4,965	5,753
Total current assets	3,717	13,951	34,032	17,671	37,753
Total assets	4,137	14,567	37,184	19,640	39,838
Total current liabilities	1,827	4,209	11,979	17,202	36,847
Total liabilities	1,827	4,209	12,251	17,202	36,847
Series C convertible redeemable preferred shares	—	—	35,700	38,500	41,471
Total equity (deficit)	2,395	10,358	(10,767)	(36,062)	(38,480)

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(in thousands, unless otherwise stated)				
Operating Data					
Number of customers	36	166	461	948	2,479
Revenue attributed to repeat customers	n/a(1)	4,008	8,751	20,886	49,384
Revenue attributed to new customers	n/a(1)	22,043	49,943	95,344	150,626
Growth in revenue attributed to repeat customers[(2)] (percentage)	n/a(1)	n/a(1)	118.3	138.7	134.8

(1) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

(2) "Growth in revenue attributed to repeat customers" refers to, in percentage, the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

RISK FACTORS

You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of the ADSs could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Our limited operating history may make our growth and future prospects uncertain and difficult to evaluate.

We launched our website, *www.lightinthebox.com*, in 2007. Our limited operating history may not provide a meaningful basis to evaluate our business. It may be difficult for you to make accurate predictions of our future results of operations and our past results of operations should not be taken as indicative of our future growth. Additionally, we will continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including our potential inability to:

- implement our business model and strategy and adapt and modify them as needed;
- increase awareness of our brands, protect our reputation and develop customer loyalty;
- acquire customers cost-effectively;
- manage our expanding operations and offerings, including the integration of any future acquisitions;
- anticipate and adapt to changing conditions in online retail industry globally and in China;
- anticipate and adapt to changes in government regulations, industry consolidation, technological developments and other significant competitive and market dynamics;
- manage risks related to intellectual property rights;
- upgrade our technology or infrastructure to support increased user traffic and product offerings; and
- manage relationships with a growing number of suppliers and couriers.

The online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations.

The market for products sold on our websites is intensely competitive. Consumers have many choices online and offline, including global, regional and local retailers. For example, our current and potential competitors include global and regional online retailers such as other China-based global online retail companies, retail chains, specialty retailers, and sellers on online marketplaces. In the future, we may also face competition from new entrants, consolidations of existing competitors or companies spun off from our larger competitors.

We face a variety of competitive challenges, including sourcing products efficiently, pricing our products competitively, maintaining optimal inventory levels, selling our products effectively, maintaining the quality of our products, anticipating and responding quickly to changing consumer demands and preferences, building our customer base, conducting effective marketing activities and maintaining favorable recognition of our brands, websites and products. In addition, as we further develop our business, we will face increasing challenges to compete for and retain high quality suppliers. If we cannot properly address these challenges, our business and prospects would be materially and adversely affected.

Some of our current and potential competitors have significantly more established brands or greater financial, sourcing, marketing, operational or other resources than we do. In addition, other online retailers may be acquired by, receive investments from or enter into strategic relationships with well-established and well-financed companies or investors, which would help enhance their competitive positions. Certain of our competitors may be able to secure more favorable terms with suppliers, devote greater resources to marketing campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to infrastructure development. Increased competition may reduce our gross and operating margins, market share and brand recognition. We may not be able to compete successfully against current and future competitors, and competitive pressures may materially and adversely affect our business, financial condition and results of operations.

Our failure to quickly identify and adapt to changing industry conditions may have a material and adverse effect on our business, financial condition and results of operations.

The online and offline retail industries are subject to changing consumer preferences and industry conditions. This is particularly true with respect to our core product categories of apparel, small accessories and gadgets and home and garden products. Consequently, we must stay abreast of emerging fashion, lifestyle, design, technological and other industry and consumer trends. This requires timely collection of market feedback, accurate assessments of market trends, deep understanding of industry dynamics and flexible manufacturing capabilities.

We must also maintain relationships with suppliers who can adapt to fast-changing consumer preferences. If one or more of our existing suppliers cannot meet these requirements effectively, we will need to source from new suppliers, which may be costly and time-consuming. We or our suppliers may overestimate customer demand, face increased overhead expenditures without a corresponding increase in sales and incur inventory write-downs, which will adversely affect our results of operations.

If we cannot offer appealing products on our websites, our customers may purchase fewer products on our websites, stop purchasing products on our websites, visit our websites less often or stop visiting our websites. Our reputation may also be negatively impacted. If we do not anticipate, identify and respond effectively to consumer preferences or changes in consumer trends at an early stage, we may not be able to generate our desired level of sales. Failure to properly address these challenges may materially and adversely affect our business, financial condition and results of operations.

Any failure to manage our growth or execute our strategies effectively may materially and adversely affect our business and prospects.

We are still at a relatively early stage in our development and we anticipate spending significant resources on marketing, technology and other business expenditures to grow. We will need to continue to expand, train, manage and motivate our workforce and manage our relationships with customers, suppliers, wholesalers and third-party service providers. To accommodate our future growth, we plan to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems, although we have not yet entered into any commitments related to such plan. We have experienced a period of rapid growth and expansion that has placed, and will continue to place, a significant strain on our management and resources. If we are not successful in managing our growth or executing our strategies effectively, our business may be materially and adversely affected.

As part of our growth strategy, we intend to broaden the range of our product offerings, which will require us to introduce new product categories, work with different suppliers and address the needs of different kinds of consumers. We may incur significant costs in trying to expand our offerings into these new product categories, or fail to introduce new product categories that meet anticipated consumer demand. For example, we launched our own brand of fast fashion apparel for women, *Three*

Seasons / TS, and our own brand of faucets, *Sprinkle*, but it is currently uncertain whether these brands will be competitive in the marketplace, reach broad consumer acceptance and become profitable in the long run.

We have incurred net losses since our inception and prior to 2012 experienced negative cash flow from operating activities. We may continue to incur net losses and experience negative cash flow from operating activities and, as a result, we may need to obtain additional capital in the future.

We incurred net losses attributable to our ordinary shareholders of $22.6 million, $27.3 million and $7.2 million in 2010, 2011 and 2012, respectively, and we may incur losses in the future. In addition, we experienced negative cash flow from operating activities of $19.9 million and $14.1 million in 2010 and 2011, respectively, and although we generated positive cash flow from operating activities in the amount of $7.4 million in 2012, we may experience negative cash flows in the future. As of December 31, 2012, we had an accumulated deficit of $65.2 million.

We expect our costs and expenses, especially our selling and marketing expenses, to increase as we expand our operations. We anticipate that we may continue to incur net losses in the near future as we grow our business. Although we have generated positive cash flow from operating activities in 2012, we historically experienced negative cash flows for operating activities and may continue to do so in the near future. Our ability to achieve and maintain profitability and positive cash flow from operating activities depends on various factors, including but not limited to, the acceptance of our products by consumers, the growth and maintenance of our customer base, our ability to control our costs and expenses and grow our revenues and the effectiveness of our selling and marketing activities. We may not be able to achieve or sustain profitability or positive cash flow from operating activities, and if we achieve positive operating cash flow, it may not be sufficient to satisfy our anticipated capital expenditures and other cash needs. As such, we may not be able to fund our operating expenses and expenditures and may be unable to fulfill our financial obligations as they become due, which may result in voluntary or involuntary dissolution or liquidation proceeding of our Company and a total loss of your investment.

We have financed our operations to date primarily with proceeds from the sale of equity securities and convertible notes. As of December 31, 2012, we had approximately $20.0 million in cash and cash equivalents. We expect that our existing cash and cash equivalents will be sufficient to fund our capital requirements for at least the next 12 months. However, we may need to raise additional capital to fund our continued operations. We cannot be certain that additional funding will be available on acceptable terms, or at all. Our failure to obtain sufficient capital or sufficient capital on acceptable terms could significantly harm our business, financial condition and prospects. See also "—Risks Related to the ADSs and This Offering—We may need additional capital, and the sale of additional ADSs or other equity securities or incurrence of additional indebtedness could result in additional dilution to our shareholders or increase our debt service obligations."

Products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business and our reputation.

We source our products from over 2,000 selected active suppliers in China. Some of the products provided by our suppliers may be defective or of inferior quality. Such products may also infringe on the intellectual property rights of third parties. Defective, inferior or infringing products may adversely affect consumer perceptions of our company or the products we sell, which may lead to negative reviews that could harm our reputation. In the past, we have received notices claiming that our products have infringed on the intellectual property rights of others. If we determine that products sold on our websites are infringing on intellectual property rights, we will remove them from our websites. We were also previously involved in intellectual property rights claims related to certain sports apparel

products sold on our website. Although such claims were settled, we cannot assure you that future claims will not have a material impact on our business and financial condition.

Irrespective of the validity of such allegations or claims, we may experience lost sales or incur significant costs and efforts in defending against or settling such allegations or claims. If there is a successful claim against us, we may be required to refrain from further sale of the relevant products or pay substantial damages, and we may be unable to recoup our losses from our suppliers. In addition, since our products are sold to customers in many different countries and regions, we are subject to numerous different legal regimes governing mandatory product standards, intellectual property and tort. Such regimes may impose burdensome legal obligations, which may increase the costs and complexity of compliance. Regardless of whether we successfully defend against such claims, our reputation could be severely damaged. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We may have difficulties managing our marketing efforts and may face increased competition in our marketing efforts, which could materially and adversely affect our business and growth prospects.

We may have difficulty managing our marketing efforts as our business expands. Currently, we actively manage millions of keywords in 17 languages and display advertising on over 100,000 publisher sites. In addition, we actively engage with our users on social networking sites. However, given the rapid changes of Internet advertising, consumer preferences, the development of new forms of Internet marketing and the different forms of social media in each of our target countries and regions, we may have difficulties adapting our marketing techniques quickly and we may not sustain our customer acquisition rates, which may have a material and adverse effect on our business prospects.

In addition, we are highly dependent on our continuing relationships with our affiliate websites and major search engines around the world. Our advertising publishing partners for our affiliate marketing programs may cease, suspend or change the business terms in which we work with them. Search engines may introduce new products and features or modify their page ranking algorithms, which may make our marketing efforts more challenging and costly, or reduce our web traffic. They may also modify existing features or interfere with our ability to advertise on their platforms or to change the business terms on which we advertise. The occurrence of any such event could materially and adversely affect our ability to acquire new customers and thus negatively impact our business, growth prospects, financial condition and results of operations. Furthermore, as search engine marketing is based on a bidding system, other online advertisers may outbid us on our chosen advertising keywords, which may cause us to increase our marketing expenses and adversely affect our results of operations.

We currently derive our revenues from a limited number of product categories and any event that adversely affects the demand for our products in those product categories may harm our growth strategies and business prospects.

In 2012, we derived 40.2%, 21.0% and 20.3% of our net revenues from the sale of apparel, electronics and communication devices and small accessories and gadgets, respectively. A decrease in the demand for any of these product categories could have a material and adverse effect on our business prospects. While we have expanded and diversified our product category offerings and revenue sources, sales in new product categories may not reach a level that would reduce our dependence on our existing product categories. In addition, if we are unable to deliver consistently high quality products in our new product categories, the number of customers for our products may decline. Our failure to successfully introduce new product categories may have a material and adverse effect on our business prospects and limit our growth.

Our expansion may lower our profit margins and materially and adversely affect our business, financial condition and results of operations.

We have traditionally focused on the sale of apparel and electronics and communication devices and derived a large percentage of our net revenues from such product categories. We have since expanded our offerings by increasing the number of products in our core categories of small accessories and gadgets and home and garden, as well as introducing additional categories such as sports and outdoor. We have also introduced new websites which focus on certain specific products, such as our *www.miniinthebox.com* website for the sale of small accessories and gadgets. This has required improvements to our technology and logistics infrastructure and increased marketing spending.

These new businesses involve risks and challenges different from the sale of our traditional product categories. The introduction of other product categories imposes additional complications in logistics, supply chain management and marketing. For example, home and garden products introduced new complications due to shipping heavier and more fragile products. Furthermore, we may have to deal with customers in demographics that we have previously not targeted. We also face inventory risks and other challenges when addressing changing consumer demands and preferences. We may introduce new product categories, which may increase the risks of inventory write-downs and financing costs. As a result, we may not be able to compete successfully in these new markets, our costs may increase and our revenues and profit margins may decrease, all of which may materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully adopt new technologies or adapt our websites and systems to consumer requirements or emerging industry standards, which may materially and adversely affect our business, financial condition and results of operations.

The Internet and the online retail industry are characterized by rapid technological evolution. Changes in user and consumer preferences and the emergence of new industry standards and practices may render our existing proprietary technologies and systems obsolete. To remain competitive, we must enhance our technology infrastructure and adapt to the evolving online retail landscape. Not only do we need to constantly improve our user experience through personal computers, but we also need to enhance our user experience through mobile phones, handheld tablets or other devices. As new platforms and new devices are continually being released, it is difficult to predict the problems we may encounter to reach customers. If we are unable to adapt to changing market conditions or customer requirements in a cost-effective and timely manner, whether for technical, financial or other reasons, our business prospects, financial condition and results of operations may be materially adversely affected.

We use third-party couriers to deliver our products and their failure to provide high quality delivery services or our failure to effectively manage our relationships with them may materially and adversely affect our business, financial condition and results of operations.

We use a network of third-party courier companies to deliver parcels to consumers in over 200 countries and territories. Interruptions to or failures in these third parties' shipping services could prevent the timely or successful delivery of our products. These interruptions may be due to unforeseen events such as inclement weather, natural disasters, import or export restrictions, or labor unrest, which may be beyond our control or the control of these third-party couriers. For example, our distribution network is sensitive to fluctuation in oil prices, which may result in increased shipping costs from third-party courier companies, which may, in turn, increase the prices of our products and render our products less competitive.

If we do not deliver products in a timely manner or deliver damaged products, our customers may refuse to accept our products and become less confident in us. Many of our bestselling products, such

as apparel, may be especially sensitive to delivery delays given that they are often purchased in anticipation of a specific date. Other products, such as electronics and fast fashion apparel for women, have a limited shelf-life and become quickly outdated. Certain products may not be delivered through certain couriers or may not be delivered to certain countries or regions. As a result, certain products may not be deliverable to certain customers or they may not be deliverable at a sufficiently low cost. Our third-party couriers may also offer us less favorable terms, which may increase our shipping cost and materially and adversely affect our financial condition and results of operations. We may not be able to promptly and successfully deliver our products to consumers, which may result in the loss of their business and a material and adverse effect on our financial condition and reputation.

Our websites or product offerings may not be able to receive positive market recognition and wide acceptance, which may materially and adversely affect our business, financial condition and results of operations.

Maintaining and enhancing the level of customer visits to and volume of customer purchases on our websites is critical to our ability to compete effectively. We intend to enhance the recognition of our websites and product offerings by expending significant time and resources on marketing and customer relations. However, we may not be able to achieve our goals in a short period of time and our marketing efforts may not achieve expected results.

Such efforts may also be jeopardized if we fail to maintain high product quality, fulfill orders for popular items, maintain and enhance high customer experience, provide high quality customer services, or offer efficient and reliable delivery. In addition, any negative publicity or disputes regarding our products, company, management or affiliated individuals, may also materially and adversely affect our websites or branded products. For example, certain products sold on our websites were the subject of intellectual property right disputes, we have had difficulties receiving customer orders due to disruptions to the fiber optic cable connections out of China and there have been certain negative online reviews of our company, our websites and some of the products we sell. Furthermore, if our customer service representatives fail to satisfy the individual needs of customers, our reputation and customer loyalty could be negatively affected and we may lose potential or existing customers and experience a decrease in sales. Failure to successfully promote and maintain positive consumer experience and awareness of our websites, damage to our reputation or brands or loss of consumer confidence could materially and adversely affect our results of operations and financial condition.

Factors important to maintaining and increasing the sales volumes of goods purchased from our websites include:

- our ability to maintain a convenient and reliable user experience as consumer preferences evolve and as we expand into new product categories and new business lines;
- our ability to increase repeat purchases by customers;
- our ability to provide high quality customer services;
- our ability to offer products of sufficient quality at competitive prices;
- our ability to manage new and existing technologies and sales channels;
- our ability to increase website awareness among existing and potential consumers through various means of marketing and promotional activities;
- our ability to assure our customers of the security of our websites for online purchases;
- the efficiency, reliability and service quality of our logistics and payment service providers; and
- any negative publicity about us or other online retailers in China.

Any failure to properly manage these factors could negatively impact our websites. Such failures may materially and adversely affect our business, financial condition and results of operations.

Failure to protect confidential information of our customers and our network against security breaches could damage our reputation and substantially harm our business and results of operations.

A significant challenge to online commerce and communications is the secure transmission of confidential information over public networks. Currently, product orders and payments for products we offer are made through our websites, except for certain orders and payments related to the sale of our products to customer in China. In addition, some online payments for our products are settled through third-party electronic platforms. In such transactions, maintaining complete security for the transmission of confidential information, such as our customers' credit card information, personal information and billing addresses, on our websites is essential to maintain consumer confidence. We have no control over the security measures of third-party electronic payment service providers. We also hold certain other private information about our customers, such as their names, addresses, phone numbers and browsing and purchasing records.

We may not be able to prevent third parties, such as hackers or criminal organizations, from stealing information provided by our customers to us through our websites. Furthermore, our third-party logistics and payment service providers may accidentally or purposefully disclose information about our customers. We may also accidentally disclose such information due to employee negligence.

Significant capital and other resources may be required to protect against security breaches or to alleviate problems caused by such breaches. The methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Even if we successfully adapt to and prevent new security breaches, any perception by the public that online commerce and transactions are becoming increasingly unsafe could inhibit the growth of e-commerce and other online services generally, which, in turn, may reduce the number of purchase orders we receive. Any compromise of our security or third-party service providers' security could materially and adversely affect our reputation, business, prospects, financial condition and results of operations.

We derive our revenues from product categories that represent discretionary spending and changes in global macroeconomic conditions may decrease the demand for our products and adversely affect our growth strategies and business prospects.

Many of our products may be viewed as discretionary items rather than necessities. Consequently, our results of operations tend to be sensitive to changes in macroeconomic conditions that impact consumer discretionary spending. During an economic downturn similar to the economic downturn in 2008 and 2009, customers may be less willing to purchase products that we offer. Challenging macroeconomic conditions also impact our customers' ability to obtain consumer credit. Other factors, including consumer confidence, employment levels, interest rates, tax rates, consumer debt levels and fuel and energy costs, could reduce consumer spending or change consumer purchasing habits.

The current economic environment continues to present uncertainties and risks for our business. Continued concerns about the systemic impact of a potentially long-term and widespread recession, the sovereign debt crisis in Europe and fiscal policy challenges in the United States all have contributed to increased market volatility and diminished expectations for economic growth around the world. Such economic challenges have resulted in high unemployment in Europe and North America, as well as stagnant wage levels, which has dampened consumer purchasing power. A continued or future slowdown in European, the United States or other global economies or a negative economic outlook could materially and adversely affect our future operating results.

We rely on third-party suppliers for our products and any deterioration in such business relationships or the quality of those products may materially and adversely affect our business, financial condition and results of operations.

We source our products from selected third-party suppliers. Our continued growth will increase our product demands, which will require us to increase our ability to source products of commercial quality on reasonable terms.

Our suppliers may:

- cease selling merchandise to us on terms acceptable to us;
- fail to deliver goods that meet consumer demands;
- encounter financial difficulties;
- terminate our relationships or enter into agreements with our competitors;
- have economic or business interests or goals that are inconsistent with ours and take actions contrary to our instructions, requests or objectives;
- be unable or unwilling to fulfill their obligations, including their obligations to meet our production deadlines, quality standards and product specifications;
- fail to expand their production capacities to meet our growing demands;
- encounter raw material or labor shortages or increases in raw material or labor costs, which may impact our procurement costs; or
- engage in other activities or employment practices that may harm our reputation.

Furthermore, agreements with our suppliers do not typically establish a fixed price for the purchase of products. As a result, we may be subject to price fluctuations based on changes in our suppliers' businesses, cost structures or other factors. The occurrence of any of these events, alone or together, may have a material and adverse effect on our business, financial condition and results of operations. For example, suppliers in the coastal areas of eastern and southern China experienced labor shortages in 2010. Although our suppliers were not significantly affected by this event and managed to complete our orders in a timely manner, similar events may happen again in the future and our suppliers and, in turn, we, may be adversely impacted. In addition, our agreements with some of our suppliers do not contain non-compete clauses that would prevent those suppliers from producing similar products for any other third party. Any breakdown in our supplier relationships or our failure to timely resolve disputes with or complaints from our suppliers, could materially and adversely affect our business, financial condition and results of operations.

Our growth and profitability depend, to a significant extent, on international trade relationships between China and other countries and consumer confidence in Chinese products and any trade restrictions or losses in consumer confidence may materially and adversely affect our results of operations.

We are a China-based online retail company selling goods to consumers globally. As a result, if our consumers lose confidence in Chinese products or sovereign nations restrict trade with Chinese companies, we may suffer a competitive disadvantage. For example, such countries could support locally produced goods with subsidies, which may render our goods relatively more expensive. In addition, such countries could place quotas or taxes, such as retaliatory tariffs and anti-dumping restrictions, on goods produced in China, which would restrict our ability to export products to such countries. Consumers may also develop the presumption that products made in China are inferior in quality, more likely to be defective or more likely to violate intellectual property rights.

Such policies and attitudes could target Chinese companies in general, Chinese companies that export to foreign countries in specific or our company individually. We may not be able to affect the implementation of governmental policies or the prevalence of such biases and such policies and biases may reflect political relationships between the countries in which we conduct our business rather than any action taken by our company. To the extent that we suffer a competitive disadvantage as a result of restrictions in free trade or adverse consumer perceptions, our business, financial condition and results of operations may be materially and adversely affected.

We plan to expand our warehouses and distribution network. If we are not able to manage such expansion successfully, we may suffer a material and adverse effect on our business, financial condition and results of operations.

We believe our strategically located warehouses and our distribution network are essential to our success. We intend to expand our warehouses and distribution network to accommodate more purchase orders and provide better coverage of our target markets. We cannot assure you that we will be able to lease suitable facilities at commercially acceptable terms in accordance with our expansion plan. In addition, the expansion of our warehouses and distribution network will put pressure on our managerial, financial, operational and other resources. If we are unable to secure new facilities or effectively manage our expanded logistics operations and control increasing costs, our growth potential, results of operations and business could be materially and adversely affected. Furthermore, starting from the fourth quarter of 2011, we have entered into arrangements with certain suppliers under which the suppliers store their products at our warehouses. Such products are referred to in this prospectus as co-location inventory. We record these products as inventory only when all liabilities and rights of ownership of the products are passed on to us upon the confirmation of orders by our customers. However, we bear the costs and expenses incurred related to the storage of co-location inventory in our warehouses, which increases our costs and expenses and reduces our profit and the warehousing spaces available for our own inventory. In addition, we are responsible for loss of and damages to such products in certain circumstances prior to the confirmation of orders by our customers, such as in the event of theft, but are not responsible for any loss of and damages to such products as a result of a force majeure event.

Increases in labor costs or restrictions in the supply of labor in China may materially and adversely affect our business, financial condition and results of operations.

We source our products exclusively from third-party suppliers in China. With the rapid development of the Chinese economy, the cost of labor has risen and may continue to rise. Our results of operations will be materially and adversely affected if the labor costs of our suppliers increase. In addition, even if labor costs do not increase, we and our suppliers may not be able to find a sufficient number of workers to produce the products we offer.

Furthermore, pursuant to the new PRC labor contract law that became effective in 2008 and was amended on December 28, 2012, employers in China are subject to stricter requirements when signing labor contracts, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. The new labor contract law and related regulations impose greater liabilities on employers and may significantly increase the costs of workforce reductions. If we or our suppliers decide to significantly change or reduce our workforces, the new labor contract law could adversely affect our ability to make such changes in a timely, favorable and effective manner. Any of these events may adversely affect our business, financial condition and results of operations.

The proper functioning of our information infrastructure is essential to our business and any failure to maintain the satisfactory performance, security and integrity of our information infrastructure may materially and adversely affect our business, reputation, financial condition and results of operations.

Our net revenues depend on the number of visitors who purchase products on our websites and the volume of orders we fulfill. Telecommunications failures, errors encountered during system upgrades or system expansions, failures related to imbedded social networking functions, computer viruses, attempts to harm our systems, or any inability to maintain, develop and upgrade our existing information infrastructure may damage our hardware and software systems and database, interrupt access to our websites, disrupt our business activities, reveal confidential customer information, slow response times, degrade customer service, increase shipping and handling costs or delay order fulfillment, which may individually or collectively materially and adversely affect our business, reputation, financial condition and results of operations. For example, disruptions in the fiber optic cables used to connect computers located in the United States and China rendered us temporarily unable to receive orders placed by customers, which caused delays in our ability to process and deliver products to customers.

Our technology infrastructure may not function properly as a result of third-party action, employee error, malfeasance or otherwise and resulting in unauthorized access to our customers' data. In addition, our domain names may not point to our IP address correctly due to malfeasance or neglect by our hosting solutions or domain name registries. For example, they may determine that we have violated contractual, civil or criminal duties and, as a result, suspend our domain names. Such errors would render our sites inaccessible for a period of time. Additionally, third parties may attempt to fraudulently induce employees or consumers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our or our consumers' data.

Even if we are successful in preventing security breaches, any perception by the public that online commercial transactions, or the privacy of user information, are increasingly unsafe or vulnerable to attack could inhibit the growth of online retailers and other online services generally, which, in turn, may have a material adverse effect on our business, reputation, financial condition and results of operations.

Taxation risks could materially and adversely affect our business and financial condition.

We do not collect sales or other taxes on shipments of our goods to most countries in the world except mainland China and Hong Kong. We do not believe that currently we have obligations to collect sales taxes in regions other than China. However, courts of competent jurisdiction may not agree with our interpretation of the tax regulations and, even if they agree with our interpretation, we may become subject to new regulations as regional and national governments may impose new tax laws or revise existing tax laws, especially with regards to Internet sales. For example, recently, certain states of the United States have begun passing legislation that requires online retailers with affiliate marketing programs with individuals in such states to collect state sales taxes.

Levy of sales taxes may increase the costs of our products to our consumers and reduce our competitive advantage over our competitors that do not collect such sales taxes. The imposition by regional or national governments of various taxes upon Internet commerce could create administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on all of our online competitors and decrease our future sales. A successful assertion by one or more foreign countries that we should collect sales or other taxes on the sale of merchandise or services could result in substantial tax liabilities for past sales, decreases our competitiveness with local retailers, and materially and adversely affects our business, financial condition and results of operations. In addition, we may be required to incorporate corporate entities in different jurisdictions around the world in order to deliver our products to such jurisdictions, which may have uncertain tax implications.

Our growth depends on expanding in various geographic markets and such expansion may pose new logistical, operational and marketing challenges that may materially and adversely affect our business prospects.

We plan to further increase the sales of our products by deepening our penetration of geographic markets globally. Although our products are sold to customers in over 200 countries and territories, we still have relatively little experience in many countries in the world. It is costly to establish, develop and maintain international operations and websites and promote our brand internationally. The expansion of sales into such geographic markets may not be profitable on a sustained basis for many reasons including, but not limited to:

- local economic and political conditions;
- government regulation of online retail, other online services and electronic devices and restrictive governmental actions (such as trade protection measures, including export duties and quotas and custom duties and tariffs), nationalization and restrictions on foreign ownership;
- restrictions on sales or distribution of certain products or services and uncertainty regarding intellectual property rights and liability for products, services and content on our websites or social marketing channels;
- business licensing or certification requirements, such as for imports, exports and electronic devices;
- limited fulfillment and technology infrastructure;
- laws and regulations regarding consumer protection, import and export requirements, duties, tariffs, other trade-related barriers or restrictions, data protection, privacy, network security, encryption and restrictions on pricing or discounts;
- lower levels of Internet use;
- lower levels of consumer spending and fewer growth opportunities compared to our current geographic markets;
- lower levels of credit card usage and increased payment risk; and
- difficulty in staffing, developing and managing foreign operations as a result of language and cultural differences.

As we expand the sale of our products to other countries, competition will intensify. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, local consumers, as well as their more established local brand names. This may benefit from reduced logistics costs and marketing. We may not be able to hire, train, retain and manage required personnel, which may limit our international growth.

As new markets have different business practices and consumer demand may vary significantly by region, our experience in the geographic markets on which we currently focus may not be applicable in other parts of the world. For example, we may need to build infrastructure in foreign countries to remain competitive in such markets. Furthermore, deepening our geographic penetration entails increased complexity for our managers and employees including, but not limited to, difficulties associated with managing a more diverse customer base, the challenges of meeting different regulatory regimes and requirements, partnering with different local logistics providers and other business partners, managing more complex marketing efforts and providing customer support in different languages.

We currently derive only a small portion of our sales from customers in China, but we intend to expand our operations in China in the future. We will encounter new challenges in operations, marketing and logistics. Our ability to operate competitively in international markets may not render us similarly competitive in the market in China. For example, our logistics networks will need to be optimized locally. To the extent that we cannot increase our market share in China, we may incur costs

that we may not recover. Even if we are successful in increasing our market share in China, we may suffer from increased competition from other Chinese companies. We may not compete successfully against companies with stronger brands, greater financial resources, greater political support or more attractive terms for their suppliers, managers or employees.

In addition, our expansion into China may suffer due to uncertainties and various factors affecting the development of online retail in China. For example, Internet and broadband use and penetration may decline, consumer confidence in online shopping may decrease, the quality of alternative retail channels may increase, sufficiently reliable or secure logistic or payment methods may not be available or the Chinese economy may deteriorate. To the extent that we cannot successfully expand our operations in China or other geographic markets, our business, financial condition and results of operations may be materially and adversely affected.

Fluctuations in currency exchange rates may make us less competitive and may make our growth and future prospects uncertain and difficult to evaluate.

We sell to customers in over 200 countries and territories. Some customers pay for our products in currencies other than U.S. dollars. We set the price of our products in U.S. dollars and, as a result, the payments in local currencies other than U.S. dollars will change depending on the exchange rates of the local currencies against the U.S. dollars. If the U.S. dollar appreciates against these foreign currencies, our prices will be become less competitive relative to those of our competitors who source and price their products in their respective local currencies. As a result, we may experience short-term fluctuations in our earnings derived from certain regions.

Our business depends substantially on the continued efforts of our executive officers and our business may be severely disrupted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers. Competition for senior management and other key personnel is intense, and the pool of suitable candidates is very limited. We may not be able to retain the services of our senior executives or other key personnel, or attract and retain senior executives or key personnel in the future. If one or more of our executive officers are unable or unwilling to continue their employment with us, we may not find replacements in a timely manner, or at all, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. We may also incur additional expenses to recruit and retain qualified replacements.

If any of our executive officers joins a competitor or forms a competing company, we may lose customers, suppliers, partners and know-how. Each of our executive officers has entered into an employment agreement with us, which contains confidentiality and non-compete provisions. However, if any dispute arises between our executive officers and us, we may not be able to enforce these non-compete provisions in China, where these executive officers reside, in light of uncertainties with China's legal system.

If we are unable to attract, train and retain qualified personnel, our business, financial condition and results of operations may be materially and adversely affected.

Our business is supported and enhanced by a team of highly skilled employees who are critical to maintaining the quality and consistency of our business and reputation. It is important for us to attract qualified employees, especially marketing personnel, designers, supply chain managers, or engineers with high levels of experience in creative design, software development and Internet-related services. Competition for these employees is intense. In order to attract prospective employees and retain current employees, we may have to increase our employee compensation by a larger amount and at a faster pace than expected, which would increase our operating expenses. In addition, we must hire and

train qualified employees in a timely manner to keep pace with our rapid growth while maintaining the quality of our operations in various geographic locations.

We must also provide continuous training to our employees so that they have up-to-date knowledge of various aspects of our operations and can meet our demand for high quality services. If we fail to do so, the quality of our services may deteriorate in one or more of the markets where we operate, which may cause a negative perception of our brand and adversely affect our business. Finally, disputes between us and our employees may arise from time to time and if we are not able to properly handle our relationship with our employees, our business, financial condition and results of operations may be adversely affected.

Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

Currently, our directors and executive officers, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, collectively own an aggregate of 38.1% of our outstanding shares. Upon the completion of this offering, they will collectively own an aggregate of % of our outstanding shares, representing % of the total voting power of our outstanding ordinary shares after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs. In addition, in matters as to change of control, each of Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN and Mr. Liang ZHANG will be entitled to three votes per share, resulting in % of voting rights in such matters upon the completion of this offering. As a result, they have substantial influence over our business, including significant corporate actions such as mergers, consolidations, sales of all or substantially all of our assets and election of directors.

They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see "Principal and Selling Shareholders."

Our branding efforts for our products may be costly and may not obtain positive market recognition which may materially and adversely affect our business, financial condition and results of operations.

We have recently launched our own branded product lines. These brands require more research, design and marketing costs than our private label products. These costs may not be recovered from sufficient sales of these branded products. These brands may not receive or maintain positive market recognition. Furthermore, it may take time and additional expenditures before we realize that our branding efforts have been unsuccessful. As a result of these efforts to develop branded products, we may incur costs without corresponding increases in revenues which may materially and adversely affect our business, financial condition and results of operations.

Our results of operations are subject to quarterly fluctuations due to a number of factors that could adversely affect our business and the trading price of the ADSs.

We experience seasonality in our business, reflecting seasonal fluctuations in online and offline retail patterns in general and for our product categories. For example, sales may be higher in the fourth quarter of a calendar year due to the Christmas holidays. Our product mix may experience quarterly shifts which may cause our margins to fluctuate from quarter to quarter.

Due to the foregoing factors, our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. In such event, the trading price of the ADSs may be materially and adversely affected.

We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property critical to our success and we currently rely on a mix of trademark law, trade secret protection and confidentiality and license agreements with our employees, suppliers, partners and others to protect our proprietary rights. Our trademarks and service marks may be invalidated, circumvented or challenged. Trade secrets are difficult to protect and our trade secrets may be leaked or otherwise become known or be independently discovered by competitors. Confidentiality agreements may be breached and we may not have adequate remedies for any breach.

It is often difficult to create and enforce intellectual property rights in China. Even where adequate laws exist in China, it may not be possible to obtain swift and equitable enforcement of such laws, or to obtain enforcement of a court judgment or an arbitration award delivered in another jurisdiction and, accordingly, we may not be able to effectively protect our intellectual property rights or enforce agreements in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the misappropriation of our technologies.

We are subject to payment-related risks which may materially and adversely affect our business, financial condition and results of operations.

Our customers may choose from a wide range of payment methods. As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud.

We rely on third parties, such as PayPal, to provide certain payment processing services, including the processing of credit card and debit card transactions. Our business may be disrupted if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments and our business and operating results could be adversely affected.

Under current credit card practices, we are liable for fraudulent credit card transactions because we do not require a cardholder's signature. We do not currently carry insurance against this risk. Although we have only experienced minimal losses from credit card fraud, we face the risk of significant losses from this type of fraud as our net sales increase and as we expand internationally. Our failure to adequately control fraudulent credit card transactions could damage our reputation and brand and substantially harm our business and results of operations. Additionally, for certain payment transactions, including credit and debit cards, we pay interchange and other fees. These fees may increase over time, which would raise our operating costs and lower our operating margins.

Our business is subject to the laws of various jurisdictions, many of which are unsettled and still developing and could subject us to claims or otherwise harm our business.

We are subject to a variety of laws in various jurisdictions, including Hong Kong, China, the United States and other countries, including laws regarding data retention, privacy and consumer protection, that are continuously evolving and developing. The scope and interpretation of the laws that

are or may be applicable to us are often uncertain and may be conflicting. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the advertisements posted, or the content provided by users. In addition, regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection and other matters that may be applicable to our business. It is also likely that as our business grows and evolves and our solutions are used in a greater number of countries, we will become subject to laws and regulations in additional jurisdictions. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject.

If we are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain solutions. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business, financial condition and results of operations.

We do not have any business liability, disruption or litigation insurance and any business disruption or litigation we experience might result in our incurring substantial costs and diversion of resources.

As the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business insurance products. We have determined that the difficulties associated with acquiring product liability or business interruption insurance coverage in China on commercially reasonable terms make it impractical for us to have such insurance. Any product liability claims or business disruption, natural disaster could result in our incurring substantial costs and diversion of resources, which would have an adverse effect on our business, financial condition and results of operations.

In the course of preparing our consolidated financial statements, we have identified a material weakness and other control deficiencies in our internal control over financial reporting, which, as of the date of this prospectus, have not been remediated. If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud and investor confidence in our company and the market price of the ADSs may be adversely affected.

We will be subject to reporting obligations under the U.S. securities laws after this offering. Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. Prior to this offering, we have been a private company and have had limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the preparation and external audit of our consolidated financial statements, we and our independent registered public accounting firm identified a material weakness and other control deficiencies, each as defined in the U.S. Public Company Accounting Oversight Board Standard AU Section 325, Communications About Control Deficiencies in an Audit of Financial Statements, or AU325, in our internal control over financial reporting as of December 31, 2012. As defined in AU325, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified relates to the lack of sufficient accounting personnel for financial information processing and reporting and with appropriate U.S. GAAP knowledge. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and

reporting material weaknesses and other control deficiencies in our internal control over financial reporting as we and they will be required to do once we become a public company. In light of the material weakness and other control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

We plan to take various measures to remediate such weakness and deficiencies. However, these measures may not fully address the material weakness and other control deficiencies in our internal control over financial reporting. Our failure to correct the material weakness and other control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting may significantly hinder our ability to prevent fraud.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2014. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting beginning with our annual report on Form 20-F following the date on which we cease to qualify as an emerging growth company, which may be up to five full fiscal years following the date of this offering. If we fail to remediate the problems identified above, our management and our independent registered public accounting firm may conclude that our internal control over financial reporting is not effective. This conclusion could adversely impact the market price of the ADSs due to a loss of investor confidence in the reliability of our reporting processes. We also expect to incur additional costs and expenses associated with our becoming a public company, including costs to prepare for our first Sarbanes-Oxley Act of 2002 Section 404 compliance testing and additional legal and accounting costs to comply with the requirements of the Exchange Act that will apply to us as a public company.

We may engage in acquisitions that may present integration challenges, disrupt our business and lower our operating results and the value of your investment.

As part of our business strategy, we regularly evaluate investments in, or acquisitions of, complementary businesses, joint ventures, services and technologies. For example, in May 2010, Lanting Huitong acquired Shanghai Ouku, which operates *www.ouku.com*, for $2.2 million (RMB14.3 million). Acquisitions and investments involve numerous risks, including:

- potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in and the cost of integrating operations, technologies, services and personnel; and
- potential write-offs of acquired assets or investments.

As a result of Lanting Huitong's acquisition of Shanghai Ouku, we have recorded goodwill as well as certain acquired intangibles. Such goodwill and intangible assets are tested for impairment by us. In 2011, we recorded an impairment loss on goodwill and intangible assets of $1.9 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Impairment of Goodwill and Intangible Assets."

In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of the ADSs. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed and the value of your investment may decline.

Furthermore, we may fail to identify or secure suitable acquisition opportunities or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

Any catastrophe, including outbreaks of health pandemics and other extraordinary events, could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In March 2011, Japan was struck by a 9.0-magnitude earthquake. In May 2008, Sichuan Province in southwest China experienced a severe earthquake. Although the Japan earthquake together with the resulting tsunami and the Sichuan Province earthquake did not materially affect our business, other occurrences of natural disasters, as well as accidents and incidents of adverse weather in or around our warehouses, sourcing offices or suppliers may materially and adversely affect our business and results of operations. We may also be particularly vulnerable to catastrophes in Europe and North America, where most of our customers are located. In addition, the recent uncertainty on the Korean Peninsula may also have an adverse impact on our business operations.

Changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event occurs in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our services and products to our consumers and could decrease demand for our products. Because we do not carry property insurance and significant time could be required to resume our operations, our financial position and operating results could be materially and adversely affected in the event of any major catastrophic event.

In addition, our business could be materially and adversely affected by the outbreak of influenza A (H1N1), commonly referred to as "swine flu," avian influenza, including H7N9, severe acute respiratory syndrome (SARS) or other pandemics. Any occurrence of these pandemic diseases or other adverse public health developments in China or elsewhere could severely disrupt our staffing or the staffing of our suppliers and couriers and otherwise reduce the activity levels of our work force and the work force of our suppliers and couriers, causing a material and adverse effect on our business operations.

Failure to renew the lease of our existing premises or to renew such leases at acceptable terms could materially and adversely affect our business.

All of our offices and warehouses are presently located on leased premises. At the end of each lease term, we may not be able to negotiate an extension of the lease and may therefore be forced to move to a different location, or the rent we pay may increase significantly. This could disrupt our operations and adversely affect our profitability. A number of our leases will expire in the near future and are subject to renewal at market prices, which could result in a substantial increase in the rent at the time of renewal. We compete with other businesses for premises at certain locations or of desirable sizes and some landlords may have entered into long-term leases with our competitors for such premises. We may not be able to obtain new leases at desirable locations or renew our existing leases on acceptable terms or at all, which could materially and adversely affect our business. Furthermore, some of our lessors have not been able to provide the relevant housing ownership certificates for the

properties leased by us or prove their right to sublease the properties to us. As of December 31, 2012, five out of 18 of our leased properties, or 13.2% of our leases, with an aggregate floor area of 3,378 square meters, were subject to such defects. In addition, the owner of one of our leased properties, with a floor area of 1,545 square meters, is in the process of obtaining the relevant housing ownership certificate. As to this property, we are not aware of any obstacles that will prevent the owner from obtaining such certificate. As of the date of this prospectus, we are not aware of any actions, claims or investigations being contemplated by government authorities with respect to the defects in our leased real properties or any challenges by third parties to our use of these properties. However, if third parties who purport to be property owners or beneficiaries of the mortgaged properties challenge our right to lease these properties, we may not be able to protect our leasehold interest and may be ordered to vacate the affected premises, which could in turn materially and adversely affect our business and operating results.

We rely on certain individuals to register at and receive funds from some of our supplemental online outlets.

In addition to the sale of our products through our websites, we also sell through outlets on other high traffic online marketplace platforms. In addition to such supplemental online outlets registered under our company name, some of our employees have also registered for online outlets in their own name to sell our products and hold the title to these online outlets on the marketplace platforms and in certain cases, their associated bank accounts. We enter into contractual relationships with such employees to obligate them to transfer to us payments corresponding to amounts they receive from customers for the sale of our products on these supplemental online outlets. Prior to our receipt of such payments, we classify cash held in such account in our prepaid expenses and other current assets. As of December 31, 2010, 2011 and 2012, such amounts were $3.1 million, $0.3 million and $0.1 million, respectively. In 2010, 2011 and 2012, total revenues from our supplemental online outlets were approximately 9.4%, 9.3% and 8.6% of our total net revenues, respectively, and revenues from supplemental online outlets registered under our employees were approximately 7.9%, 7.6% and 7.0% of our total net revenues, respectively. If such employees choose not to perform under their contractual obligations with us, we may incur costs to recover such payments and we may not be able to recover these cash balances.

We are exempted from certain corporate governance requirements of the New York Stock Exchange.

We are exempted from certain corporate governance requirements of the New York Stock Exchange by virtue of being a foreign private issuer. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange. The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. For instance, we are not required to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the United States Securities Exchange Act of 1934, as amended, or the Exchange Act);
- have a minimum of three members in our audit committee;
- have a compensation committee, a nominating or corporate governance committee;
- have regularly scheduled executive sessions with only independent directors;
- have executive session of solely independent directors each year; or
- adopt and disclose a code of business conduct and ethics for directors, officers and employees.

We have relied on and intend to continue to rely on some of these exemptions. As a result, you may not be provided with the benefits of certain corporate governance requirements of the New York Stock Exchange.

Risks Related to Our Corporate Structure

We conduct certain aspects of our businesses in China through our VIEs by means of contractual arrangements. If the PRC government determines that these contractual arrangements do not comply with applicable regulations, our business could be materially and adversely affected.

We conduct the operation of our domestic websites through Lanting Huitong and its subsidiary, Shanghai Ouku, and conduct certain research and development functions through Lanting Gaochuang. We receive substantially all of the economic benefits of Lanting Huitong and Lanting Gaochuang as their primary beneficiary through contractual arrangements with them and their shareholders. For a description of these contractual arrangements, see "Our History and Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs."

Although we believe we comply and will continue to comply with current PRC regulations, the PRC government may not agree that these contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing requirements or policies or with requirements or policies that may be adopted in the future, particularly with regards to Lanting Huitong as a key operator of our domestic websites. If the PRC government determines that we are not in compliance with applicable laws, it may revoke our business and operating licenses, require us to discontinue or restrict our operations, restrict our right to collect revenues, block our websites, require us to restructure our operations, impose additional conditions with which we may not be able to comply, impose restrictions on our business operations or on our customers, or take other regulatory or enforcement actions against us that could be harmful to our business.

We rely on contractual arrangements with Lanting Huitong and its shareholders for the operation of our domestic websites in China and contractual arrangements with Lanting Gaochuang and its shareholders for certain research and development functions, which may not be as effective as direct ownership. If Lanting Huitong and its shareholders or Lanting Gaochuang and its shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation or arbitration to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.

We have relied and expect to continue to rely on contractual arrangements with Lanting Huitong to operate our domestic websites and contractual arrangements with Lanting Gaochuang to perform certain research and development functions. For a description of these contractual arrangements, see "Our History and Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs." These contractual arrangements provide us with effective control over these entities and allow us to obtain economic benefits from them. Although we have been advised by our PRC counsel, TransAsia Lawyers, that these contractual arrangements are in compliance with current PRC laws, these contractual arrangements may not be as effective in providing control as direct ownership. For example, Lanting Huitong and its shareholders could breach their contractual arrangements with us by failing to operate our online retail business in an acceptable manner or taking other actions that are detrimental to our interests. In addition, if the shareholders of Lanting Huitong or Lanting Gaochuang refuse to transfer their equity interests in Lanting Huitong or Lanting Gaochuang to us or our designee when we exercise our call option pursuant to these contractual arrangements, we may have to take legal actions to compel them to perform their contractual obligations.

If we were the controlling shareholder of our VIEs with direct ownership, we would be able to exercise our rights as shareholders, rather than our rights under the powers of attorney, to effect changes to their boards of directors, which in turn could implement changes at the management and operational level. However, under the current contractual arrangements, as a legal matter, if our VIEs or their respective shareholders fail to perform their obligations under these contractual arrangements, we may incur substantial costs to enforce such arrangements and rely on legal remedies under PRC law, which may not be sufficient or effective.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in court and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. If we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our VIEs and our ability to conduct our business may be negatively affected.

If we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, our business and operations in China could be disrupted, which could materially and adversely affect our results of operations and damage our reputation. See "—Risks Related to Doing Business in China—Uncertainties with respect to the Chinese legal system could adversely affect us."

The shareholders of Lanting Huitong and Lanting Gaochuang have potential conflicts of interest with us, which may adversely affect our business.

Certain directors and executive officers of our company, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, who will collectively own % of the shares of our company after this offering, are also the shareholders of Lanting Huitong. Mr. GUO also holds 51% of Lanting Gaochuang. Thus, conflicts of interest between their duties to our company and their interests as the controlling shareholders of Lanting Huitong or Lanting Gaochuang may arise. They may not act entirely in our interests when conflicts of interest arise and conflicts of interest may not be resolved in our favor. In addition, Mr. GUO, Mr. WEN, Mr. ZHANG and Mr. LIU could violate their non-competition or employment agreements with us or their legal duties by diverting business opportunities from us. If we are unable to resolve any such conflicts, or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and reputation. See "—Risks Related to Doing Business in China—Uncertainties with respect to the Chinese legal system could adversely affect us."

We may lose the ability to use and enjoy assets held by Lanting Huitong and its subsidiary or assets held by Lanting Gaochuang that are important to the operations of our business if such entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

Lanting Huitong and its subsidiary, Shanghai Ouku, manage *www.ouku.com* and other websites targeting consumers in China. Lanting Gaochuang performs certain research and development functions. Both hold certain assets and perform certain functions that are important to the operations of our business. If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang undergoes a voluntary or involuntary dissolution or liquidation proceeding, third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang fail to obtain and maintain the requisite assets, licenses and approvals required under the complex regulatory environment for Internet-based businesses in China, our business, financial condition and results of operations may be materially and adversely affected.

The Internet industry in China is highly regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of the Internet industry. See "Regulations". Lanting Huitong and Shanghai Ouku, due to their operation of our domestic websites, are required to obtain and maintain certain assets relevant to their business as well as applicable licenses and approvals from different regulatory authorities in order to provide their current services. These assets and licenses are essential to our business operations in China and are generally subject to annual review by the relevant governmental authorities. Furthermore, Lanting Huitong, Shanghai Ouku or Lanting Gaochuang may be required to obtain additional licenses other than those currently in place. If they fail to obtain or maintain any of the requisite assets, licenses or approvals, their continued business operations in the Internet industry may subject them to various penalties, such as confiscation of illegal net revenues, fines and the discontinuation or restriction of their operations. Any such disruption in the business operations of Lanting Huitong, Shanghai Ouku or Lanting Gaochuang may materially and adversely affect our business, financial condition and results of operations.

Contractual arrangements with Lanting Huitong or Lanting Gaochuang may result in adverse tax consequences.

Under PRC laws and regulations, an arrangement or transaction among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the arrangement or transaction takes place. If this occurs, the PRC tax authorities could request that Lanting Huitong or Lanting Gaochuang adjust their taxable income in the form of a transfer pricing adjustment for PRC tax purposes if contractual arrangements among related parties do not represent arm's length prices. Such a pricing adjustment could adversely affect us by increasing Lanting Huitong or Lanting Gaochuang's tax expenses without reducing our tax expenses, which could subject Lanting Huitong or Lanting Gaochuang to late payment fees and other penalties for underpayment of taxes. As a result, our contractual arrangements with Lanting Huitong or Lanting Gaochuang may result in adverse tax consequences to us. As Lanting Huitong has suffered accumulated loss since its inception, it has not paid any PRC income tax other than a one-off payment on account. If Lanting Huitong or Lanting Gaochuang generate net income from transactions with our PRC subsidiary under the contractual arrangements in the future and the PRC tax authorities decide to make transfer pricing adjustments on their net incomes, our consolidated net income may be adversely affected.

Risks Related to Doing Business in China

We may be adversely affected by the uncertainties and changes in the PRC regulations and policies of cross-border business activities.

We are a China-based global online retailer. The PRC government extensively regulates the Internet industry and cross-border business activities. While the PRC government has been encouraging the export industry, such policy may change in the future. Currently laws and regulations relating to online retail, including export online retail, are still evolving and the interpretation and enforcement of these laws and regulations are subject to significant uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws or regulations. Issues, risks and uncertainties relating to PRC regulation of export online retail include, but are not limited to:

- how our online retail activities are subject to the laws and regulations pertaining to traditional cross-border transactions or international trade, especially those related to customs declarations, statutory inspections, couriers and commodities export payments; and

- new regulations, or new interpretations of existing regulations, requiring additional licenses, declarations or inspections for our products.

The varying interpretations and applications of existing PRC laws, regulations and policies, along with possible new laws, regulations or policies relating to cross-border online retail, create substantial uncertainty regarding the licenses, customs declarations and inspections that may be required for our products. We cannot guarantee that all of the licenses, customs clearances and/or approvals for commodity inspections currently required, or in the future may be required, will be obtained.

For example, we work with third-party couriers to ship and export merchandise purchased by our customers around the world on a parcel-by-parcel basis, which differs from traditional large-scale export shipments and the customs declaration, clearance and inspection procedures for merchandise packaged and shipped in parcels are processed in accordance with procedures for articles. Despite that the current PRC regulatory regime as to customs declaration and inspection have been formulated, interpreted and enforced primarily with the intention, and based on the experiences of, regulating traditional large-scale exports, such regulatory regime could technically be interpreted as applicable to the shipment of merchandise on a parcel-by-parcel basis.

If the relevant PRC governmental authorities determine that we or our sourcing agents, suppliers or third-party couriers do not comply with the applicable laws and regulations, they could:

- require us, or our sourcing agents, suppliers or third-party couriers, to restructure business operations, including a possible change to our current method and manner of contracting with such sourcing agents, suppliers or third-party couriers, or require us or third-party couriers to go through customs declaration, clearance and inspection procedures for the merchandise sold to our customer under our business arrangements in accordance with procedures for goods rather than for articles;

- impose fines or confiscate income from our PRC subsidiary or the operations of the affiliates of our sourcing agents, suppliers or third-party couriers that are subject to PRC jurisdiction; and

- impose additional conditions or requirements with which we may not be able to comply or take other regulatory or enforcement actions against us.

Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of Internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our websites.

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide Internet content distribution services. Specifically, foreign investors are not allowed to own more than 50% of the equity interests in any entity conducting commercial Internet information services.

We are a Cayman Islands company and our PRC subsidiary, Lanting Jishi, is considered a wholly foreign-owned enterprise. To comply with PRC laws and regulations, we conduct the operation of our domestic websites through a series of contractual arrangements among our PRC subsidiary, Lanting Jishi, our VIE, Lanting Huitong and the shareholders of Lanting Huitong. Lanting Huitong and Shanghai Ouku hold the licenses or have completed the filings that are essential to the operations of our business in China. For a detailed description of these licenses and permits, see "Regulations." We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements. As a result of these contractual arrangements, we exert control over our VIEs and consolidate their operating results in our financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see "Our History and

Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs."

In the opinion of our PRC counsel, TransAsia Lawyers, our current ownership structure, the ownership structure of our PRC subsidiary, Lanting Jishi and our VIEs, the contractual arrangements among Lanting Jishi, our VIEs and the shareholders of our VIEs and our business operations, as described in this prospectus, are in compliance with existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations, especially with regards to Lanting Huitong and Shanghai Ouku as operators of our domestic websites. The M&A Rules, the recently promulgated related regulations under the M&A Rules and, in particular, the national security review rules issued by the Ministry of Commerce, or the MOFCOM, on August 25, 2011 and effective as of September 1, 2011 create additional uncertainties for our business. The national security review rules broadens the reach of MOFCOM in the context of a merger or acquisition by a foreign investor of a domestic entity involved in an industry related to national security, of attempting to bypass national security review of the transaction by structuring it through a proxy or contractual control arrangement. Accordingly, PRC government authorities may ultimately take a view contrary to the opinion of our PRC counsel.

Regulation and censorship of information distribution over the Internet in China may adversely affect our business and we may be liable for information displayed on, retrieved from or linked to our websites.

China has enacted laws and regulations governing Internet access and the distribution of products, services, news, information, audio-video programs and other content through the Internet. In the past, the PRC government has prohibited the distribution of information through the Internet that it deems to be in violation of PRC laws and regulations. If any of our Internet content were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions of our consumers or users of our websites or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us and if we are found to be liable, we may be prevented from operating our websites in China, which would materially and adversely affect our business, financial condition and results of operations.

Changes in China's political, economic or social conditions or government policies could have a material adverse effect on our business and operations.

All of our suppliers and some of our business operations are located in China. Our business, financial condition, results of operations and prospects may be influenced by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industry policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. From 2003 to mid-2008, the PRC government implemented a number of measures, such as increasing the deposit reserve ratio requirements for banks and imposing commercial bank lending guidelines, designed to slow the growth of the PRC economy. In response to the global financial crisis, in 2008, the PRC government began instituting policies aimed at expanding credit and

stimulating the economy, including an announced RMB4.0 trillion stimulus spending program. More recently, as the PRC economy has shown signs of recovering quickly from the global financial crisis, the PRC government has again begun implementing policies aimed at slowing the PRC economy, including raising interest rates and tightening fiscal expenditures.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may increase the costs of business activities for us and our suppliers in China and adversely affect our business, financial condition and results of operations.

In addition, China's social and political conditions are not as stable as those of the United States and other developed countries. Any sudden changes in China's political system, the occurrence of widespread social unrest, or a significant deterioration in its relations with its neighbors could negatively affect the Chinese economy and our business.

Uncertainties with respect to the Chinese legal system could adversely affect us.

The PRC legal system is based on written statutes. Unlike under common law systems, decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general and forms of foreign investment (including in respect of wholly foreign owned enterprises) in particular. These laws, regulations and legal requirements are relatively new and are often changing, and their interpretation and enforcement depend to a large extent on relevant government policy and involve significant uncertainties that could limit the reliability of the legal protections available to us. We cannot predict the effects of future developments in government policy or the PRC legal system in general. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all, or may involve substantial costs and unforeseen risks. An inability to obtain, or the incurrence of substantial costs in obtaining, such permits, authorizations and approvals may have a material adverse affect on our business, financial condition and results of operations.

We may be adversely affected by the complexity and uncertainties of and changes in PRC regulation of Internet business and related companies.

The PRC government extensively regulates the Internet industry, including with respect to foreign ownership of and licensing and permit requirements pertaining to companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of Internet businesses include, but are not limited to:

- We have only contractual control over our websites that target consumers in China as compared to legal title over our websites that target consumers outside of China. Due to restrictions on foreign investment in businesses providing value-added telecommunication services in China, including Internet content provision services, we do not own *www.ouku.com*, *www.kuailebox.com* and other affiliated websites which target consumers in China. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

- There are uncertainties relating to the regulation of Internet businesses in China, including evolving licensing practices. This means that permits, licenses or operations at some of our companies may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations, or we may not be able to obtain or renew certain permits or licenses. For example, according to the Administrative Measures on Internet Electronic Messaging Services, or the BBS Measures, BBS services, which include electronic bulletin boards, electronic forums, message boards and chat rooms, are subject to specific approvals (if the operators provide commercial Internet information services) or filings (if the operators provide non-commercial Internet information services). Shanghai Ouku has not obtained specific filings for BBS services on its websites and governmental authorities may require it to discontinue the BBS services and to rectify the non-compliance. If Shanghai Ouku fails to rectify the non-compliance as required by the governmental authorities, its websites may be shut down.

- The evolving PRC regulatory system for the Internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the SCIO, the MIIT and the Ministry of Public Security). The primary role of this new agency is to facilitate policy-making and legislative development in this field to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the Internet industry. Further, new laws, regulations or policies may be promulgated or announced that will regulate Internet activities, including the online video and online advertising businesses. If these new laws, regulations or policies are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the Internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in and the businesses and activities of, Internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain any new licenses required under any new laws or regulations. There are also risks that we may be found to violate the existing or future laws and regulations given the uncertainty and complexity of China's regulation of Internet business.

Fluctuations in the value of the Renminbi may have a material adverse effect on your investment.

Most of our revenues are denominated in U.S. dollars while certain expenses are denominated in Renminbi. As a result, there are certain mismatches between our revenues in U.S. dollars and costs denominated in Renminbi. In addition, all of our suppliers are based in China and their operating costs are denominated in Renminbi. If the Renminbi appreciates relative to the U.S. dollar, the cost of our products will become more expensive in U.S. dollar terms, the currency in which we price our products. We have no hedges against currency risk. Consequently, any increase in the value of the Renminbi against the U.S. dollar may reduce our margins, reduce our competiveness against retailers who source their products from suppliers with costs denominated in U.S. dollars or other currencies or render us unable to meet our costs.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. During the period between July 2008 and June

2010, the Renminbi has traded stably within a narrow range against the U.S. dollar. Since June 2010, the Renminbi has started to slowly appreciate further against the U.S. dollar. See "Exchange Rate Information."

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against foreign currencies. Any significant fluctuations in the exchange rate between the Renminbi and the U.S. dollar may materially and adversely affect our cash flows, revenues, earnings and financial position and the amount of and any dividends we may pay on the ADSs in U.S. dollars. Any fluctuations in the exchange rate between the Renminbi and the U.S. dollar could also result in foreign currency translation losses for financial reporting purposes.

PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The State Administration of Foreign Exchange, or the SAFE, issued a public notice in October 2005 requiring PRC domestic residents to register with the local SAFE branches before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the notice as an "offshore special purpose company." PRC domestic residents who are shareholders of offshore special purpose companies and have completed round trip investments but did not make foreign exchange registrations for overseas investments before November 1, 2005 were retroactively required to register with the local SAFE branches before March 31, 2006. PRC resident shareholders are also required to amend their registrations with local SAFE branches in certain circumstances.

We have requested PRC residents that, to our knowledge, hold direct or indirect interest in our company to make the necessary applications, filings and amendments as required under the SAFE regulations.

Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, all of whom are PRC domestic residents and hold interests in our company, have registered with the Shenzhen SAFE branch and have amended certain applicable registrations with the Shenzhen SAFE branch.

They will also amend their registrations after the completion of this offering. However, they may not successfully amend their foreign exchange registrations with the Shenzhen SAFE branch in full compliance with the SAFE notice after this offering. In addition, we may not be fully informed of the identities of all of our beneficial owners who are PRC residents, we do not have control over our beneficial owners and we cannot provide any assurances that all of our shareholders who are PRC residents will make or obtain any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident shareholders and beneficial owners to comply with the registration procedures set forth above may subject us to fines and legal sanctions, restrict our cross-border investment activities or limit our PRC subsidiary's ability to distribute dividends or obtain foreign-exchange-denominated loans for our company.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval processes with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC company, we or the owners of such company will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to acquire PRC companies and could adversely affect our business and prospects.

In December 2006, the People's Bank of China promulgated the Implementation Rules of the Administrative Measures for Individual Foreign Exchange, or the Individual Foreign Exchange Rules, setting forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. In January 2007, the SAFE issued implementing rules for the Individual Foreign Exchange Rules, which, among other things, specified approval requirements for certain capital account transactions, such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, the SAFE promulgated the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rule. In February 2012, the SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. This Stock Option Notice replaced the previous Stock Option Rules. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participants, especially with respect to the required application documents and the absence of strict requirements on offshore and onshore custodian banks that were stipulated in the Stock Option Rules. Under the Stock Option Notice, PRC resident individuals who are granted stock options by an overseas publicly-listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly-listed company, to register with the SAFE and complete certain other procedures. We and our PRC employees who have been granted stock options will be subject to the Stock Option Notice after we become a publicly-listed company in the United States. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions. See "Regulations—Regulations on Employee Stock Option Plans."

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary.

In utilizing the proceeds of this offering in the manner described in "Use of Proceeds," as an offshore holding company of our PRC operating subsidiary, we may make loans or additional capital contributions to our PRC subsidiary. Any loans to our PRC subsidiary, which is a foreign-invested enterprise, cannot exceed statutory limits, being the difference between the registered capital and the investment amount of the PRC subsidiary as approved by the MOFCOM or its local branches and must be approved by and registered with the SAFE or its local branches. In addition, our PRC subsidiary is required to pay withholding tax at the rate of 10% (or a maximum of 7% if the interest is paid to a Hong Kong resident) on our behalf on any interest paid under such shareholder loan. See "Regulations—Regulations Relating to Foreign Currency Exchange—Foreign Exchange Relating to Foreign Invested Enterprises."

We may also decide to finance our PRC subsidiary by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in China, depending on the amount of total investment and the nature of the business conducted by the relevant subsidiary, capital contributions to foreign-invested enterprises in China are subject to approval by the MOFCOM or its local branches. We may not obtain these government approvals or registrations on a timely basis, if at all, with respect to future loans and capital contributions by us to our PRC subsidiary. If we fail to receive such approvals or registrations, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On August 29, 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 provides that the Renminbi capital converted

from foreign currency registered capital of a foreign invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and unless otherwise provided by law, such Renminbi capital may not be used for equity investments within the PRC. In addition, the SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from foreign currency registered capital of a foreign-invested company. The use of such Renminbi capital may not be altered without the SAFE's approval and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. We expect that if we convert the net proceeds we receive from this offering into Renminbi, our use of Renminbi funds will be for purposes within the approved business scope of our PRC subsidiary in compliance with SAFE Circular 142. However, we may not be able to use such Renminbi funds to make equity investments in the PRC through our PRC subsidiary.

Furthermore, the SAFE promulgated the Notice on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Business, or Circular 59, on November 19, 2010, which requires the government to closely examine the authenticity of settlement of net proceeds from offshore offerings and the net proceeds to be settled in the manner described in the offering documents. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from this offering to Lanting Jishi and our VIEs and convert such net proceeds into Renminbi, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income.

Under the Enterprise Income Tax Law of the PRC, or the New EIT Law, and its implementation rules, both of which became effective on January 1, 2008, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation, or the SAT, issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Further to Circular 82, on July 27, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin No. 45, which took effect on September 1, 2011, to provide more guidance on the implementation of Circular 82. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in Circular 82 are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. In addition, Bulletin No. 45 provides clarification on the resident status determination, post-determination administration and competent tax authorities. It also specifies that when provided with a copy of PRC resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income such as dividends, interest and royalties to the PRC-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises or meet all of the conditions above, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Pursuant to the New EIT Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business in China through Lanting Jishi, which is 100% owned by Light In the Box Limited, our wholly owned subsidiary located in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangements on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Double Taxation Avoidance Arrangement, dividends that Light In The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that: (a) Light In The Box Limited is determined by the relevant PRC tax authorities to be a "non-resident enterprise" under the New EIT Law; (b) Light In The Box Limited is the beneficial owner of the PRC sourced income; (c) Light In The Box Limited holds at least 25% of the equity interest of Lanting Jishi and (d) all other conditions and requirements under the Double Tax Avoidance Arrangement shall be satisfied. Light In The Box Limited has not obtained the approval for a withholding tax rate of 5% from the local tax authority and does not plan to obtain such approval in the near future, as Lanting Jishi has not paid dividends in the past and does not plan to pay dividends in the future as it may continue to incur losses. In addition, as described above, our company or our Hong Kong subsidiary may be considered a PRC resident enterprise for PRC enterprise income tax purposes, in which case dividends received by it, as the case may be, from our PRC subsidiary would be exempt from the PRC withholding tax because such income is exempt under the New EIT Law for a PRC resident enterprise recipient.

As uncertainties remain regarding the interpretation and implementation of the New EIT Law and its implementation rules, we cannot assure you that if we are regarded as a PRC resident enterprise, any dividends to be distributed by us to our non-PRC shareholders and ADS holders would not be subject to any PRC withholding tax at a rate of up to 10%. Similarly, any gain recognized by such non-PRC shareholders or ADS holders on the sale of shares or ADSs, as applicable, may also be subject to PRC withholding tax. Furthermore, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our shares or ADSs and the gains realized from the transfer of our shares or ADSs to be income derived from sources within the PRC, such dividends and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate of 20%, unless any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If we are required under PRC law to withhold PRC income tax on our dividends payable to our non-PRC shareholders and ADS holders, or the PRC authorities tax gain recognized by such non-PRC shareholders or ADS holders, such investors' investment in our ordinary shares or ADSs may be materially and adversely affected.

The labor contract law and its implementation regulations may increase our operating expenses and may materially and adversely affect our business, financial condition and results of operations.

As the PRC Labor Contract Law, or Labor Contract Law, and the Implementation Regulation for the PRC Labor Contract Law, or Implementation Regulation, have been enforced for only a relatively short period of time, substantial uncertainty remains as to its potential impact on our business, financial condition and results of operations. See "Regulations—Labor Laws and Social Insurance." The implementation of the Labor Contract Law and the Implementation Regulation may increase our operating expenses, in particular our human resources costs and our administrative expenses.

In addition, as the interpretation and implementation of these regulations are still evolving, we cannot assure you that our employment practices will at all times be deemed to be in full compliance with the law. In the event that we decide to significantly modify our employment or labor policy or practice, or reduce the number of our sales professionals, the labor contract law may limit our ability to effectuate the modifications or changes in the manner that we believe to be most cost-efficient or otherwise desirable, which could materially and adversely affect our business, financial condition and results of operations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected. In the event that we decide to significantly modify our employment or labor policy or practice, or reduce the number of our sales professionals, the labor contract law may limit our ability to effectuate the modifications or changes in the manner that we believe to be most cost-efficient or otherwise desirable, which could materially and adversely affect our business, financial condition and results of operations.

PRC labor-related laws and individual income tax obligations expose us to potential penalty risks.

Companies operating in China are generally required to contribute to the mandatory social insurance and housing funds. Lanting Jishi, Lanting Huitong and Shanghai Ouku have not fully contributed to the employee benefit plans as required by applicable PRC regulations. While we believe we have made adequate provisions for any payments due on our audited consolidated financial statements, our prior failure to make payments may constitute a violation of the applicable PRC regulations and, as of December 31, 2012, we were potentially subject to late fees, fines and penalties for up to maximum total amounts of $11.8 million related to employee benefit plans. In addition, we have previously not withheld appropriate amounts of individual income taxes as required by applicable PRC regulations. However, such amount and interest accrued were substantially paid by us on a voluntary basis in March 2013 to the relevant tax authority. Although as of the date of this prospectus, no action has been initiated by the relevant authorities against us, future fines or levies may materially and adversely affect our results of operations and financial condition.

Any requirement to obtain prior approval required under the M&A Rules and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain this approval, if required, could have a material adverse effect on our business, financial condition and results of operations as well as the trading price of the ADSs and could also create uncertainties for this offering.

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, the State-Owned Assets Supervision and Administration Commission, the SAT, the State Administration of Industry and Commerce, or the SAIC, the China Securities Regulatory Commission, or the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and was amended on June 22, 2009. The M&A Rules, among other things, include provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official

website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

The application of the M&A Rules with respect to this offering and our corporate structure for this offering established under contractual arrangements remains unclear. Our PRC counsel, TransAsia Lawyers, has advised us that we are not required to apply to the relevant PRC regulatory agencies, including the CSRC and the Ministry of Commerce, for approval of this offering or our current corporate structure because:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- we established our PRC subsidiary by means of direct investment rather than by merger or acquisition of the equity or assets of PRC domestic companies; and
- no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation.

However, we cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel. If prior approval is required but not obtained, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have a material adverse effect on the trading price of the ADSs.

We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund future cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and cash distributed by our Hong Kong subsidiary and may, in the future, rely on dividends and cash distributed by our PRC subsidiary through our Hong Kong subsidiary for our cash requirements. However, current PRC regulations permit our PRC subsidiary to pay dividends only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, under applicable PRC laws, rules and regulations, our PRC subsidiary is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserves until the accumulative amount of such reserves reaches 50% of the respective subsidiary's registered capital. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us or our Hong Kong subsidiary. If we or our Hong Kong subsidiary require dividends and cash contributions from our PRC subsidiary in the future, any limitation on the ability of our PRC subsidiary to distribute dividends or other payments to us or our Hong Kong subsidiary could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

The audit report included in this prospectus is prepared by auditors who are not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in this prospectus, as auditors of companies that are traded publicly in the United States and a firm registered with the US Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditors are located in the Peoples' Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditors' audits and its quality control procedures. As a result, investors are deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Recently, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese affiliates of the "big four" accounting firms, including our auditors, and also against BDO China Dahua. The Rule 102(e) proceedings initiated by the SEC relate to these firms' failure to produce documents, including audit workpapers, to the request of the SEC pursuant to Section 106 of the Sarbanes-Oxley Act of 2002, as the auditors located in the PRC are not in a position lawfully to produce documents directly to the SEC because of restrictions under PRC law and specific directives issued by the China Securities Regulatory Commission. As the administrative proceedings are ongoing, it is impossible to determine their outcome or the consequences thereof to us. The issues raised by the proceedings are not specific to our auditors or to us, but affect equally all audit firms based in China and all China-based businesses with securities listed in the United States. However, if the administrative judge were to find in favor of the SEC under the proceeding and depending upon the remedies sought by the SEC, these audit firms could be barred from practicing before the SEC. As a result, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which may result in their delisting. Moreover, any negative news about the proceedings against these audit firms may erode investor confidence in China-based, United States listed companies and the market price of the ADSs may be adversely affected.

Risks Related to the ADSs and This Offering

There has been no public market for our ordinary shares or the ADSs prior to this offering, and you may not be able to resell the ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our ordinary shares or the ADSs. The ADSs have been approved for listing on the New York Stock Exchange. Our ordinary shares will not be listed or quoted for trading on any exchange. If an active trading market for the ADSs does not develop after this offering, the market price and liquidity of the ADSs will be materially and adversely affected. The initial public offering price for the ADSs will be determined by negotiations between us and the underwriters and may bear no relationship to the market price for the ADSs after the initial public offering. We cannot assure you that an active trading market for the ADSs will develop or that the market price of the ADSs will not decline below the initial public offering price.

The market price for the ADSs may be volatile.

In addition to the volatility in the price of the ADSs which could be caused by the materialization of any of the risks described in this section, the securities markets in the United States, China and elsewhere have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the ADSs.

Our voting structure will limit your ability to influence matters related to change of control and could discourage others from pursuing any change of control transactions that holders of our common shares and ADSs may view as beneficial.

Immediately after the completion of this offering, we will have one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our amended and restated memorandum and articles of association, certain founding shareholders, namely Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share in matters related to a change of control. Each of Wincore Holdings Limited, Vitz Holdings Limited and Clinet Investments Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and % of voting rights, respectively, and an aggregate of % of voting rights in such matters related to a change of control. This voting structure could limit your ability to influence matters related to change of control and could discourage others from pursuing any potential merger, takeover or other change of control transactions that you or other ordinary shareholders may view as beneficial.

You will experience immediate dilution in the net tangible book value of ADSs purchased.

When you purchase ADSs in the offering at the public offering price of $ per ADS, you will incur immediate dilution of approximately $ per ADS, representing the difference between the purchase price per ADS in this offering of $, being the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, and our pro forma as adjusted net tangible book value per ADS as of December 31, 2012 after giving effect to the conversion of our preferred shares into ordinary shares immediately upon the completion of this offering. See "Dilution." In addition, you may experience further dilution in the net tangible book value of the ADSs purchased to the extent that additional ordinary shares are issued upon exercise of outstanding options and options we may grant from time to time. See "Dilution."

We may need additional capital, and the sale of additional ADSs or other equity securities or incurrence of additional indebtedness could result in additional dilution to our shareholders or increase our debt service obligations.

Historically, we have relied principally on external sources of financing to fund our operations and capital expansion needs. We may require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or enter into a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Substantial future sales of the ADSs in the public market, or the perception that these sales could occur, could cause the price of the ADSs to decline.

Additional sales of our ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of the ADSs to decline. Upon completion of this offering, we will have ordinary shares outstanding. All shares sold in this offering will be freely transferable without restriction or additional registration under the Securities Act of 1933. ordinary shares outstanding after this offering will be available for sale, upon the expiration of the applicable lock-up period, subject to volume and other restrictions as applicable under Rule 144 under the Securities Act. Any or all of these shares can be released prior to expiration of the lock-up period at the discretion of the representatives of the underwriters for this offering. To the extent shares are released before the expiration of the lock-up period and these shares are sold into the market, the market price of the ADSs could decline.

In addition, certain holders of our ordinary shares after the completion of this offering will have the right to cause us to register the sale of those shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market could cause the price of the ADSs to decline.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this prospectus and in the deposit agreement, holders of the ADSs will not be able to exercise voting rights attaching to the shares evidenced by the ADSs. You will have a right to instruct the depositary how to exercise those voting rights. However, the depository or its nominee may not successfully comply with your instructions or intentions. You may not receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act of 1933, as amended, or the Securities Act, or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of the ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, operate all of our business from mainland China and Hong Kong and all of our officers reside outside the United States.

We are incorporated in the Cayman Islands and primarily conduct our operations through our subsidiaries in Hong Kong and mainland China and through our VIEs, Lanting Huitong and its subsidiary, Shanghai Ouku, and Lanting Gaochuang, in China. Most of our directors and officers reside outside the United States and all or a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an original action against us or against these individuals in a Cayman Islands or PRC court in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforcement of Civil Liabilities."

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (2012 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, 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 rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands have a less developed body of securities laws as compared to the United States, and provide significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States. As a result, your ability to protect your interests if you are harmed in a manner that would otherwise enable you to sue in a United States federal court may be limited to direct shareholder lawsuits.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our management will have considerable discretion as to the use of the net proceeds from this offering.

We intend to use the net proceeds of this offering for investment in fulfillment and technology infrastructure, expansion of product offerings and categories, customer acquisition and brand building, payment of interest accrued for our convertible notes issued in March 2012 and general corporate purposes. However, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase our share price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ADSs less attractive to investors.

We are a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act, and are not required to comply with certain periodic disclosure and current reporting requirements of the Exchange Act. In addition, we are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act of 2002 for up to five fiscal years after the date of this offering. Section 404(b) of the Sarbanes-Oxley Act of 2002 requires our independent registered public accounting firm to attest to and report on the effectiveness of the internal control structure and procedures for financial reporting.

In addition, Section 107(b) of the Jumpstart Our Business Startups Act of 2012 provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. Although as of the date of this prospectus, we have not delayed the adoption of any accounting standard, as a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards.

We will cease to be an "emerging growth company" upon the earliest of: (i) the last day of the fiscal year during which we have gross revenues of $1 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of this offering, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the previous three-year period, or (iv) when we become a "large accelerated filer," as defined in Rule 12b-2 under the Exchange Act.

We cannot predict if investors will find our ADSs less attractive because we may rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and the trading price of our ADSs may be more volatile.

We will incur additional costs as a result of becoming a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not have as a private company prior to this offering. In addition, new rules and regulations relating to information disclosure, financial reporting and control and corporate governance, which could be adopted by the Securities and Exchange Commission, or the SEC, the New York Stock Exchange and other regulatory bodies and exchange entities from time to time, could result in a significant increase in legal, accounting and other compliance costs and to make certain corporate activities more time-consuming and costly, which could materially affect our business, financial condition and results of operations.

We may become a passive foreign investment company, or PFIC, which could result in adverse United States tax consequences to United States investors.

Based on the past and projected composition of our income and valuation of our assets, including goodwill, we do not believe that we were a passive foreign investment company (a "PFIC") for 2012, and we do not expect to become one in the current year or the foreseeable future, although there can be no assurance in this regard. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, for any taxable year we will be classified as a PFIC for United States federal income tax

purposes if either (i) 75% or more of our gross income in that taxable year is passive income or (ii) the average percentage of our assets by value in that taxable year which produce or are held for the production of passive income (which includes cash) is at least 50%. The calculation of the value of our assets will be based, in part, on the quarterly market value of our ordinary shares and ADSs, which is subject to change. See "Taxation—Material United States Federal Income Tax Considerations."

In addition, there is uncertainty as to the treatment of our corporate structure and ownership of our VIEs for United States federal income tax purposes. If it is determined that we do not own the stock of our VIEs for United States federal income tax purposes, we may be treated as a PFIC.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, such characterization could result in adverse United States federal income tax consequences to you if you are a United States Holder, as defined under "Taxation—Material United States Federal Income Tax Considerations." For example, if we are or become a PFIC, you may become subject to increased tax liabilities under United States federal income tax laws and regulations, and will become subject to burdensome reporting requirements. See "Taxation—Material United States Federal Income Tax Considerations." We cannot assure you that we will not be a PFIC for 2013 or any future taxable year. Moreover, the determination of our PFIC status is based on an annual determination that cannot be made until the close of a taxable year, and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income we earn, as discussed under "Taxation—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company." Our United States counsel expresses no opinion with respect to our PFIC status.

Our fourth amended and restated memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

Our fourth amended and restated memorandum and articles of association, which will become effective upon the completion of this offering, contain provisions limiting the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, under our amended and restated memorandum and articles of association, on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share held by them, and the remaining shareholders will be entitled to one vote per share held.

Furthermore, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business." These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. The forward-looking statements included in this prospectus relate to, among others:

- our growth strategies;
- our future business development, results of operations and financial condition;
- trends in online consumer retailing;
- trends in Chinese manufacturing;
- expected changes in our revenues and certain cost and expense items;
- our proposed use of proceeds from this offering; and
- assumptions underlying or related to any of the foregoing.

This prospectus also contains market data relating to the global retail and online retail industry, the China consumer goods export market and the global online retail market for Chinese consumer goods exports that includes projections based on a number of assumptions. This prospectus also contains statistical data and estimates that we obtained from a report conducted by iResearch in June 2011 and updated in May 2012 and February 2013 at our request and commissioned by us for the purposes of this offering. The global retail and online retail industry, the China consumer goods export market and the global online retail market for Chinese consumer goods exports may not grow at the rates projected by market data, or at all. The failure of these industries or markets to grow at the projected rates may have a material adverse effect on our business and the market price of the ADSs. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we have referred to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional ADSs from us in full, after deducting underwriting discounts and the estimated offering expenses payable by us and based upon an assumed initial offering price of $ per ADS (the mid-point of the estimated public offering price range shown on the front cover of this prospectus). A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) the net proceeds to us from this offering by $ million, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

We plan to use net proceeds of this offering to finance the operations of our business, including the following:

- approximately $ million for investments in fulfillment and technology infrastructure;
- approximately $ million for expansion of product offerings and categories;
- approximately $ million for customer acquisition and brand building; and
- approximately $ million for payment of interest accrued for our convertible notes issued in March 2012.

We will use the remaining portion of the net proceeds we receive from this offering for general corporate purposes. If the underwriters exercise their option to purchase additional ADSs in full, we intend to apply the additional net proceeds in the same manner and in the same proportions as described above.

The foregoing represents our intentions as of the date of this prospectus with respect of the use and allocation of the net proceeds of this offering based upon our present plans and business conditions, but our management will have significant flexibility and discretion in applying the net proceeds of the offering. The occurrence of unforeseen events or changed business conditions may result in application of the proceeds of this offering in a manner other than as described in this prospectus.

To the extent that the net proceeds we receive from this offering are not immediately applied for the above purposes, we intend to invest our net proceeds in short-term, interest bearing, debt instruments or bank deposits.

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiary only through loans or capital contributions and to other entities only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiary or make additional capital contributions to our PRC subsidiary to fund their capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary."

DIVIDEND POLICY

Since our inception, we have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay the ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders and ADS holders, we may rely on dividends and cash distributed by our Hong Kong subsidiary and may, in the future, rely on dividends and cash distributed by our PRC subsidiary through our Hong Kong subsidiary for the cash requirement of the holding company. Certain payments from our PRC subsidiary to us are subject to PRC taxes, such as withholding income tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Each of our PRC subsidiary, VIEs and Shanghai Ouku, the subsidiary of Lanting Huitong, is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to certain statutory reserves until the accumulated amount of such reserves reaches 50% of its respective registered capital. Such statutory reserves are not distributable as loans, advances or cash dividends. Our PRC subsidiary, VIEs and Shanghai Ouku are also required to set aside a certain amount of its after-tax profits each year, if any, to fund a private fund for employees. The specific size of the employee fund is at the discretion of the relevant entity. These reserve funds can only be used for specific purposes and are not transferable to the company's parent in the form of loans, advances or dividends. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2012 presented on:

- an actual basis;
- a pro forma basis to reflect the automatic conversion of all our outstanding preferred shares into 42,174,290 of our ordinary shares immediately upon the completion of this offering; and
- a pro forma as adjusted basis to give effect to (i) the automatic conversion of all our outstanding preferred shares into 42,174,290 of our ordinary shares immediately upon the completion of this offering, (ii) the automatic conversion of our convertible notes issued in March 2012 into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share and (iii) the issuance and sale of the ordinary shares in the form of ADSs offered hereby at an assumed initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, after deducting underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters' option to purchase additional ADSs.

The convertible notes in the aggregate principal amount of $8.0 million issued in March 2012 were recorded as a current liability on the balance sheet as of December 31, 2012. A beneficial conversion feature of $2.1 million had resulted as the estimated maturity conversion price as of December 31, 2012 was lower than the fair value of the ordinary shares on the issuance date and was recognized as additional paid-in capital with a corresponding entry in debt discount. The debt discount is amortized over the term of the convertible notes using the effective interest method. In 2012, the amortized discount of $1.1 million and accrued interest of $0.7 million were included as part of interest income (expenses) and other in the consolidated statements of operation. The net carrying amount of the convertible notes was $7.8 million as of December 31, 2012. In the case of a qualified financing event occurring before maturity, the beneficial conversion feature will be reassessed and any unamortized balance of the debt discount upon the conversion will be recognized as expenses in the statements of operations; and all interest accrued under the convertible notes will become due and payable in cash.

The pro forma and pro forma as adjusted information below is illustrative only and our capitalization following the closing of this offering is subject to adjustment based on the initial public offering price of the ADSs and other terms of this offering determined at pricing. You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of December 31, 2012		
	Actual	Pro Forma	Pro Forma as Adjusted(1)
	(U.S. dollars in thousands)		
Convertible notes, net of discount due to beneficial conversion feature	7,788	7,788	
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	41,471	—	
Equity:			
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	5,000	—	
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	11,270	—	
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 36,680,558 shares issued and outstanding, 78,854,848 shares issued and outstanding on a pro forma basis, and shares issued and outstanding on a pro forma as adjusted basis)	2	5	
Additional paid-in capital	10,459	68,197	
Statutory reserve			
Accumulated deficit	(65,181)	(65,181)	
Accumulated other comprehensive loss	(30)	(30)	
Equity (deficit)	(38,480)	2,991	
Total	$ 10,779	$ 10,779	

(1) Assumes that the underwriters do not exercise their option to purchase additional ADSs.

DILUTION

If you invest in the ADSs, your interest will be diluted for each ADS you purchase to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the net tangible book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Net tangible book value represents the amount of our total consolidated tangible assets less the amount of our intangible assets, goodwill, total consolidated liabilities and our Series A, Series B and Series C preferred shares.

Our net tangible book value as of December 31, 2012 was approximately $ million, or $ per ordinary share and $ per ADS as of that date.

Pro forma net tangible book value is determined by adjusting net tangible book value per share as of December 31, 2012 to give effect to the conversion of all outstanding Series A, Series B and Series C preferred shares into ordinary shares upon the completion of this offering.

Pro forma as adjusted net tangible book value is determined by adjusting net tangible book value per share as of December 31, 2012 to give effect to:

- the automatic conversion of all outstanding Series A, Series B and Series C preferred shares into ordinary shares upon the completion of this offering;
- the automatic conversion of our convertible notes issued in March 2012 into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share; and
- our sale of the ADSs offered in this offering at the assumed initial public offering price of $ per ADS, which is the mid-point of our estimated initial public offering price range as set forth on the cover of this prospectus, with estimated net proceeds of $ million after deducting underwriting discounts and commissions and estimated offering expenses, payable by us. This assumes no exercise by the underwriters of their option to purchase additional ADSs.

Our pro forma as adjusted net tangible book value as of December 31, 2012 would have been $ million or $ per ordinary share, including ordinary shares underlying our outstanding ADSs, and $ per ADS. This represents an immediate increase in net tangible book value of $ per ordinary share, or $ per ADS, to existing shareholders and an immediate dilution in net tangible book value of $ per ordinary share, or $ per ADS, to new investors in this offering.

The following table illustrates such dilution:

	Per Ordinary Share Equivalent	Per ADS Equivalent
Net tangible book value as of December 31, 2012	$	$
Decrease in net tangible book value per share attributable to conversion of our Series A, Series B and Series C preferred shares	$	$
Pro forma net tangible book value per share after giving effect to the conversion of our Series A, Series B and Series C preferred shares	$	$
Increase in net tangible book value attributable to this offering and conversion of our convertible notes	$	$
Pro forma as adjusted net tangible book value per share after giving effect to the conversion of our Series A, Series B and Series C preferred shares, the conversion of our convertible notes and this offering	$	$
Assumed initial public offering price	$	$
Amount of dilution to new investors in the offering	$	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to the offering by $ million or by $ per ordinary share and $ per ADS and the dilution per ordinary share and per ADS to new investors in this offering by $ per ordinary share and $ per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus and after deducting underwriting discounts and commissions and other expenses of the offering.

The pro forma information discussed above is illustrative only. Our net tangible book value following the closing of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The following table summarizes on a pro forma basis the differences as of December 31, 2012 between the shareholders at December 31, 2012 and the new investors with respect to the number of ordinary shares purchased from us, the total consideration paid and the average price per ordinary share paid. The total ordinary shares do not include ADSs issuable if the options to purchase our ordinary shares are exercised by underwriters. The information in the following table is illustrative only and the total consideration paid and the average price per ordinary share equivalent and per ADS equivalent is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

	Ordinary Shares Purchased		Total Consideration		Average Price per Ordinary Share Equivalent	Average Price per ADS Equivalent
	Number	Percent	Amount	Percent		
Existing shareholders						
New investors						
Total						

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and the average price per ADS paid by all shareholders by $ million, $ million and $, respectively, assuming no change in the number of ADSs sold by us as

set forth on the cover page of this prospectus and without deducting underwriting discounts and commissions and other expenses of this offering.

The discussion and tables above also do not take into consideration any outstanding share options and unvested restricted shares. As of the date of this prospectus, there were 1,778,250 and 992,733 ordinary shares issuable upon the exercise of outstanding share options and vesting of restricted shares issued to employees, respectively. To the extent that any of these options are exercised or any of these restricted shares become vested, there will be further dilution to new investors.

EXCHANGE RATE INFORMATION

Our functional and reporting currency is the U.S. dollar. Most of our revenues are denominated in U.S. dollars with certain revenues denominated in Renminbi while our expenses are primarily denominated in U.S. dollars with certain expenses denominated in Renminbi. Monetary assets and liabilities denominated in currencies other than the U.S. dollar are translated into the U.S. dollar at the exchange rates at the balance sheet date. Transactions in currencies other than the U.S. dollar during the year are converted into U.S. dollars at the applicable exchange rates prevailing at the first day of the month when the transactions occurred. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.2301 to $1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2012. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On April 12, 2013, the noon buying rate was RMB6.1914 to $1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. For all dates and periods through December 31, 2008, exchange rates of Renminbi into U.S. dollars are based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. For January 1, 2009 and all later dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

	Noon Buying Rate			
Period	**Period End**	**Average[(1)]**	**Low**	**High**
	(RMB per $1.00)			
2008	6.8225	6.9193	7.2946	6.7800
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7696	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.3080	6.3879	6.2221
October	6.2372	6.2627	6.2877	6.2372
November	6.2265	6.2338	6.2454	6.2221
December	6.2301	6.2328	6.2502	6.2251
2013				
January	6.2186	6.2215	6.2303	6.2134
February	6.2213	6.2323	6.2438	6.2213
March	6.2108	6.2154	6.2246	6.2105
April (through April 12, 2013)	6.1914	6.1991	6.2078	6.1914

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using the average of the rates on the last business day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

ENFORCEMENT OF CIVIL LIABILITIES

We are registered under the laws of the Cayman Islands as an exempted company with limited liability. We are registered in the Cayman Islands because of certain benefits associated with being a Cayman Islands corporation, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands have a less developed body of securities laws as compared to the United States and provide protections for investors to a significantly lesser extent. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States.

A substantial portion of our assets are located in China. In addition, most of our directors and officers are residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. It may also be difficult for you to enforce in United States courts judgments obtained in United States courts based on the civil liability provisions of the United States federal securities laws against us, our directors and officers.

We have appointed Law Debenture Corporate Services Inc. as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Maples and Calder, our counsel as to Cayman Islands law, and TransAsia Lawyers, our counsel as to PRC law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands or the PRC would, respectively, (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in the Cayman Islands or the PRC against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder has informed us that the uncertainty with regard to Cayman Islands law relates to whether a judgment obtained from the United States courts under civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman company. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether they would be enforceable in the Cayman Islands. Maples and Calder has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

TransAsia Lawyers has advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. TransAsia Lawyers has advised us further that under PRC law, a foreign judgment, which does not otherwise violate basic legal principles, state sovereignty, safety or social public interest, may be recognized and enforced by a PRC court, based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. As there existed no treaty or other form of reciprocity between China and the United States governing the recognition and enforcement of judgments as of the date of this prospectus, including those predicated upon the liability provisions of the United States federal securities laws, there is uncertainty whether and on what basis a PRC court would enforce judgments rendered by United States courts.

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OUR HISTORY AND CORPORATE STRUCTURE

Our History and Development

We were founded in June 2007 by Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG, Mr. Jun LIU and Mr. Chit Jeremy CHAU. We operated our business at the time through Light In The Box Limited. In March 2008, we incorporated LightInTheBox Holding Co., Ltd., which, through a corporate restructuring, became our ultimate holding company.

We currently conduct our business primarily through the following wholly owned subsidiaries and affiliated entities:

- Light In The Box Limited, our wholly owned subsidiary incorporated in Hong Kong in June 2007, that primarily engages in product sourcing, marketing and the operation of our websites and the sale of our products targeted towards consumers outside of China;

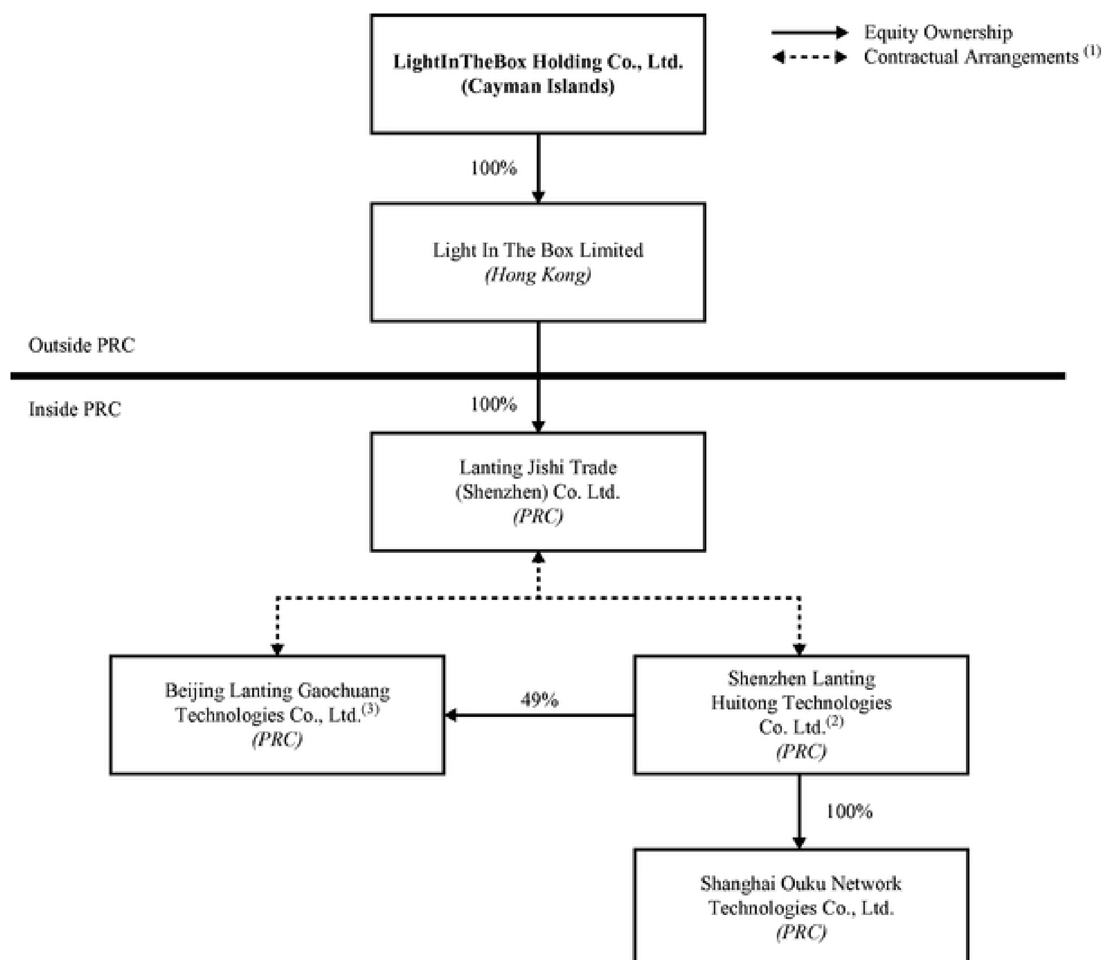
- Lanting Jishi Trade (Shenzhen) Co. Ltd., or Lanting Jishi, our wholly owned subsidiary incorporated in the PRC in October 2008, that primarily engages in providing supplier and warehouse management services for Light In The Box Limited;

- Shenzhen Lanting Huitong Technologies Co. Ltd., or Lanting Huitong, a company incorporated in the PRC in June 2008 by certain of our directors and executive officers which is our consolidated VIE through a series of contractual arrangements. Lanting Huitong primarily engages in technology research and development and support, the operation of certain of our websites in China and the general operations of our business in China;

- Shanghai Ouku Network Technologies Co., Ltd., or Shanghai Ouku, a PRC incorporated company that was acquired in May 2010 from its then shareholders for $2.2 million (RMB14.3 million) and is wholly owned by Lanting Huitong. Shanghai Ouku primarily engages in the product sourcing, marketing, fulfillment and the operation of our websites targeted towards consumers in China; and

- Beijing Lanting Gaochuang Technologies Co., Ltd., or Lanting Gaochuang, a company incorporated in the PRC in December 2011 by Mr. GUO, and Lanting Huitong, our consolidated VIE through a series of contractual arrangements. Lanting Gaochuang primarily engages in technology research and development.

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) Such arrangements include exclusive technical and consulting service agreements, business operation agreements, equity disposal agreements, share pledge agreements, powers of attorney, spousal consent letters (applicable only to Lanting Huitong) and a loan agreement (applicable only to Lanting Gaochuang).

(2) The shareholders of Shenzhen Lanting Huitong Technologies Co. Ltd. are Mr. Quji (Alan) GUO, our chairman and chief executive officer, Mr. Xin (Kevin) WEN, our director and co-president, Mr. Liang ZHANG, our director and co-president, and Mr. Jun LIU, our director and senior vice-president of operations.

(3) Mr. Quji (Alan) GUO holds the other 51% of the equity interest in Beijing Lanting Gaochuang Technologies Co., Ltd.

Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. We are a Cayman Islands company and our wholly owned PRC subsidiary, Lanting Jishi, is a wholly foreign owned enterprise and is restricted from holding the relevant licenses that are essential to the operations of our PRC business. Accordingly, we conduct the operation of our domestic websites in China primarily through Lanting Huitong, which we control through a series of contractual arrangements, and its subsidiary, Shanghai Ouku. The registered

shareholders of Lanting Huitong are our directors and executive officers who hold our shares, including Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU.

We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements. Mr. Quji (Alan) GUO and Lanting Huitong hold 51% and 49% of Lanting Gaochuang, respectively. Lanting Gaochuang's ownership structure enables it to join a special economic zone within the Wangjing Hi-Tech Industry Zone, the China Beijing Wangjing Overseas Students Pioneer Park, or the Wangjing Pioneer Park, which is reserved for domestic enterprises that are held by Chinese nationals who have previously studied overseas. As Lanting Gaochuang is majority-owned by Mr. GUO, a Chinese national who has studied overseas, Lanting Gaochuang enjoys certain benefits provided by the Wangjing Pioneer Park, which include reduced rents and other benefits aimed to encourage the development of technically innovative companies. In addition, Lanting Gaochuang was qualified as a "software enterprise" in 2012 which entitles it to certain tax benefits. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax" for more information regarding tax benefits provided to "software enterprises."

Through contractual arrangements with our VIEs and their respective shareholders, we receive substantially all of the economic benefits of our VIEs as their primary beneficiary. The financial results of our VIEs are consolidated into our financial statements despite the lack of our equity interest in them. We derived an aggregate of 7.9%, 4.3% and 1.4% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2010, 2011 and 2012, respectively. We have not derived any consolidated net revenues from Lanting Gaochuang since its inception in December 2011, and we do not expect to derive any significant contributions to our consolidated net revenues from Lanting Gaochuang going forward, if at all. We believe the consolidation is necessary to fairly present the financial position and results of operations of our company because of the existence of a parent-subsidiary relationship through contractual arrangements, which enables us to:

- exercise effective control over our VIEs;
- receive substantially all of the economic benefits from our VIEs; and
- have an exclusive option to purchase all or part of the equity interest in our VIEs when and to the extent permitted by PRC law.

The following is a summary of the currently effective contractual arrangements among Lanting Jishi, our VIEs, and the shareholders of our VIEs:

Agreements that provide Lanting Jishi effective control over the VIEs

Powers of Attorney: Each registered shareholder of our VIEs has executed a power of attorney appointing Lanting Jishi to be his or her attorney, and irrevocably authorizing them to vote on his or her behalf on all of the matters concerning our VIEs that may require shareholders' approval, including nominating and electing directors, general managers and other executive officers. The powers of attorney will be valid as long as the registered shareholders remain as shareholders of our VIEs.

Equity disposal agreements: Under the Equity Disposal Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, Lanting Jishi or its designated party has exclusive options to purchase, when and to the extent permitted under PRC law, all or part of the equity interest in our VIEs. The exercise price for the options to purchase all or part of the equity interest will be the minimum amount of consideration permissible under the then applicable PRC law. The agreements will be valid until Lanting Jishi or its designated party purchases all the shares from shareholders of our VIEs. The equity disposal agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Spousal consent letters: Under the spousal consent letters, the spouses of certain shareholders of Lanting Huitong acknowledged that a certain percentage of the equity interest in Lanting Huitong held by and registered in the name of their respective spouse will be disposed of pursuant to the equity disposal agreement and share pledge agreement. These spouses understand that such equity interest is held by their respective spouse on behalf of Lanting Jishi, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interest constitute communal property of marriage. The spousal consent letters will be valid until the liquidation of Lanting Huitong, unless terminated earlier at Lanting Jishi's sole discretion.

Loan agreement: Under the loan agreement entered into in December 2011 between Lanting Jishi and Mr. Quji (Alan) GUO, Lanting Jishi extended a loan in the amount of RMB255,000 ($40,492) to Mr. GUO for his contribution of 51% of the registered capital of Lanting Gaochuang. Under this agreement, Mr. GUO agreed that without prior written consent from Lanting Jishi, Lanting Gaochuang may not enter into any transaction that could materially affect its assets, liabilities, interests or operations, and there will be no earnings distribution in any form by Lanting Gaochuang before such loan has been repaid. Mr. GUO also agreed that at the request of Lanting Jishi, all or part of the equity interests held in Lanting Gaochuang shall be promptly and unconditionally transferred to Lanting Jishi or a designated third party in accordance with PRC law. This loan can only be repaid by transferring all of Mr. GUO's equity interest in Lanting Gaochuang to Lanting Jishi or a third party designated by Lanting Jishi, and submitting all proceeds from such transaction to Lanting Jishi. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the expiration date.

Agreements that transfer economic benefits to Lanting Jishi

Business operation agreements: Under the Business Operation Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, the registered shareholders of our VIEs and our VIEs agreed that our VIEs may not enter into any transaction that could materially affect their assets, liabilities, interests or operations without prior written consent from Lanting Jishi or other party designated by Lanting Jishi, including entry into any loan or other debtor-creditor relationship with any third party or the making of any equity investment in any third party, the sale or purchase of any asset or right to or from any third party or creation of guarantees or any other security on any of its assets in favor of any third party, or creation of any other obligation on any of its assets. In addition, directors, supervisors, chairman, general managers, financial controllers or other senior managers of our VIEs must be Lanting Jishi's nominees. Furthermore, our VIEs and their registered shareholders have agreed to accept and stringently implement proposals set forth by Lanting Jishi regarding employment and business and financial management. Lanting Jishi is entitled to any dividends declared by our VIEs. The business operation agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Exclusive technical support and consulting service agreements: Under the Exclusive Technical Support and Consulting Service Agreements entered into between Lanting Jishi and our VIEs, Lanting Jishi agreed to provide our VIEs with technology support and consulting services, including the maintenance of computer rooms and websites, the provision of technology platforms required for operations, provision and maintenance of office networks, the conception, configuration, design, updating and maintenance of web pages, the maintenance of customer service platforms, employee training, advertisements, publicity and promotions, and provision of logistics support for product sales and services. Our VIEs agreed to pay a service fee equal to substantially all of their net income, an amount equivalent to the amount of the respective VIEs' operating revenue for the then current quarter after the deduction of: (1) working capital necessary for the maintaining of the daily operations of the respective VIEs; and (2) the amount of cash required for the respective VIEs' capital expenditures. Lanting Jishi recognized service fees in the total amount of RMB16.3 million

($2.6 million) as of December 31, 2012 in consideration for services provided to Lanting Huitong. Lanting Gaochuang has not paid any service fee to Lanting Jishi as it was established in December 2011 and has not generated any revenues since its inception. The exclusive technical support and consulting service agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Share pledge agreements: Under the Share Pledge Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, the registered shareholders of our VIEs pledged all of their respective equity interest in favor of Lanting Jishi to secure our VIEs and their shareholders' obligations under the various contractual agreements, including the business operation agreements and the exclusive technical support and consulting service agreements described above. If our VIEs or any of their respective registered shareholders breach any of their respective contractual obligations under these agreements, Lanting Jishi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interest. The registered shareholders of our VIEs agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interest in our VIEs, without Lanting Jishi's prior written consent. Unless terminated at Lanting Jishi's sole discretion, the share pledge agreements will be valid until our VIEs and their shareholders fulfill all contractual obligations under the business operation agreements, the exclusive technical support and consulting service agreements and the equity disposal agreements. Our PRC counsel, TransAsia Lawyers, has advised us that the pledges on the equity interest of our VIEs were created and are effective as such pledges have already been registered with the relevant local branch of the SAIC in accordance with the PRC Property Rights Law.

Arrangements between our Hong Kong subsidiary, Lanting Jishi and Lanting Huitong

Our Hong Kong subsidiary, Light In The Box Limited, and its PRC subsidiary, Lanting Jishi, have entered into and performed several business information and logistics services agreements, pursuant to which our Hong Kong subsidiary paid service fees to our PRC subsidiary for certain information and logistics services. In addition, our Hong Kong subsidiary and our VIE, Lanting Huitong, entered into and performed a consulting service agreement and several software development service agreements, pursuant to which our Hong Kong subsidiary paid service fees to Lanting Huitong for the consulting and software development services.

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statements of operations data for 2010, 2011 and 2012, and the selected consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP and have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm. The report of Deloitte Touche Tohmatsu Certified Public Accountants LLP on those consolidated financial statements is also included elsewhere in this prospectus. Our selected consolidated statements of operations data for 2008 and 2009 and the selected consolidated balance sheet data as of December 31, 2008, 2009 and 2010 has been derived from our audited consolidated financial statements not included in this prospectus.

The following selected consolidated financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," both of which are included elsewhere in this prospectus.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands, except per share data)				
Selected Consolidated Statements of Operations Data					
Net revenues	$ 6,256	$ 26,051	$ 58,694	$ 116,230	$ 200,010
Cost of goods sold	4,872	17,757	41,580	77,465	116,465
Gross profit	1,384	8,294	17,114	38,765	83,545
Operating expenses*					
Fulfillment	363	1,272	3,517	7,124	10,088
Selling and marketing	2,379	5,487	22,607	38,465	53,418
General and administrative	1,686	6,361	12,347	16,660	22,369
Impairment loss on goodwill and intangible assets	—	—	—	1,928	—
Loss from operations	(3,044)	(4,826)	(21,357)	(25,412)	(2,330)
Net loss	(3,044)	(4,821)	(21,923)	(24,531)	(4,230)
Accretion for Series C convertible redeemable preferred shares	—	—	700	2,800	2,971
Net loss attributable to ordinary shareholders	(3,044)	(4,821)	(22,623)	(27,331)	(7,201)
Net loss per ordinary share:					
Basic	(0.50)	(0.13)	(0.62)	(0.76)	(0.20)
Diluted	(0.50)	(0.13)	(0.62)	(0.76)	(0.20)

* Includes share-based compensation expenses as follows:

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Share-Based Compensation Data					
Fulfillment	$ —	$ 12	$ 12	$ 13	$ 10
Selling and marketing	3	92	31	90	117
General and administrative	374	1,411	1,418	1,990	2,568
Total share-based compensation expenses	377	1,515	1,461	2,093	2,695

	Year Ended December 31,				
	2008	2009	2010	2011	2012
Other Consolidated Financial Data					
Gross margin[1]	22.1%	31.8%	29.2%	33.4%	41.8%

(1) Gross margin represents gross profit as a percentage of net revenues.

	As of December 31,				
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Selected Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 2,798	$ 6,081	$ 23,439	$ 6,786	$ 19,972
Inventories	535	757	4,931	4,965	5,753
Total current assets	3,717	13,951	34,032	17,671	37,753
Total assets	4,137	14,567	37,184	19,640	39,838
Total current liabilities	1,827	4,209	11,979	17,202	36,847
Total liabilities	1,827	4,209	12,251	17,202	36,847
Series C convertible redeemable preferred shares	—	—	35,700	38,500	41,471
Total equity (deficit)	2,395	10,358	(10,767)	(36,062)	(38,480)

	Year Ended December 31,				
	2008	2009	2010	2011	2012
	(in thousands, unless otherwise stated)				
Operating Data					
Number of customers	36	166	461	948	2,479
Revenue attributed to repeat customers	n/a(1)	4,008	8,751	20,886	49,384
Revenue attributed to new customers	n/a(1)	22,043	49,943	95,344	150,626
Growth in revenue attributed to repeat customers[2] (percentage)	n/a(1)	n/a(1)	118.3	138.7	134.8

(1) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

(2) "Growth in revenue attributed to repeat customers" refers to, in percentage, the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Consolidated Financial Data" and "Selected Consolidated Financial Data" and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com*, *www.miniinthebox.com* and our other websites, which are available in 17 major languages and cover more than 80.0% of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2012, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

Since the launch of *www.lightinthebox.com* in 2007, we have focused on offering lifestyle product categories where consumers value increased choice or customization, such as apparel. In 2012, the sale of products from this core product category accounted for 40.2% of our net revenues. In addition, we also offered a wide range of other products in our other core categories of small accessories and gadgets and home and garden, which, along with apparel, are categories that have experienced the fastest net revenue growth in terms of absolute amount in 2012. The products of our core categories generally require design specificity, thus giving us more pricing flexibility and allowing us to capture higher margin potentials. We also offer products in other categories such as electronics and communication devices and sports and outdoor. We will continue to focus on expanding our product selections and categories.

We have developed a large global customer base since we launched our first website. The number of our customers increased from approximately 0.5 million in 2010 to approximately 2.5 million in 2012.

We operate our business from mainland China and Hong Kong but have delivered our products to consumers in over 200 countries and territories. In 2012, we derived 50.7% and 24.0% of our net revenues from Europe and North America, respectively.

We established our first warehouse in 2008 in Shenzhen, Guangdong Province. In 2009 and 2013, we established two additional warehouses in Suzhou, Jiangsu Province, and Shenzhen, Guangdong Province, respectively. We have also established six sourcing offices in China located near our suppliers.

Our total net revenues grew from $58.7 million in 2010 to $200.0 million in 2012. We experienced a net loss of $21.9 million, $24.5 million and $4.2 million in 2010, 2011 and 2012, respectively. We also used cash in operating activities of $19.9 million and $14.1 million in 2010 and 2011, respectively. We generated $7.4 million cash from operating activities in 2012.

In 2013, we will continue to invest for long-term growth. We expect to continue to expand our product selection and supplier network; broaden the geographical reach of our websites by introducing new languages and enhancing our marketing efforts and promote repeat purchases by existing customers. We expect to enhance our physical infrastructure, especially our warehousing systems, including establishing warehouses in strategic locations. Furthermore, we will continue to invest in upgrading our technology and network infrastructure to handle increased traffic and improve our consumer shopping experience. We will also invest in promoting our recently launched product brands and launching additional brands.

Factors Affecting Our Results of Operations

Our business and results of operations are affected by general factors affecting online retail markets around the world. Such factors include:

- the growth of the global economy and of our targeted geographic markets;
- per capita disposable income and consumer spending;
- growth of global Internet penetration and online retail;
- government policies and initiatives in our targeted geographic markets that affect online retail and, in particular, the import of products into their respective countries or regions; and
- overall global consumer perception of consumer goods exported from China.

Unfavorable changes in any of these general industry conditions could materially and adversely affect demand for our products and our results of operations. In addition, our operating results are affected by the following company-specific factors:

- our ability to acquire new customers and increase repeat purchases by customers at reasonable cost;
- our ability to control product sourcing costs, fulfillment and other operating expenses;
- our product selection and pricing;
- our ability to introduce new product offerings and categories;
- our ability to expand into new geographic markets;
- our ability to enhance our brand; and
- our ability to compete effectively.

Net Revenues

We generate revenues from the sale of products through our websites and other supplemental online outlets. Net revenues from the sale of products are recorded less business tax, discounts and allowances.

In 2010, 2011 and 2012, we generated net revenues of $58.7 million, $116.2 million and $200.0 million, respectively. The following table sets forth information of our net revenues derived from

certain product categories in absolute amounts and as percentages of net revenues for the periods presented.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)					
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Apparel	$ 19,719	33.6	$ 46,888	40.4	$ 80,274	40.2
Electronics and communication devices	26,031	44.4	36,844	31.7	42,079	21.0
Small accessories and gadgets[1]	1,521	2.6	11,770	10.1	40,695	20.3
Home and garden	4,077	6.9	13,509	11.6	22,454	11.2
Others[2]	7,346	12.5	7,219	6.2	14,508	7.3
Total net revenues	58,694	100.0	116,230	100.0	200,010	100.0

(1) Includes products such as video game accessories, tablet computer and computer gadgets, electronics gadgets, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys and travel kits.

(2) Includes beauty, sports and outdoor and other categories of products.

Since our inception, we have primarily focused on selling apparel and electronics and communications devices. We expect to continue to focus on the growth in sales of apparel and expect that sales of apparel will continue to contribute significantly to our total net revenues in the near future. However, we have also expanded offerings for other product categories and in particularly have increased our focus on small accessories and gadgets and home and garden. These two core categories, along with apparel, have experienced the fastest net revenue growth in terms of absolute amount in 2012. We expect our revenues to become more diversified in the future as we grow our business and increase our number of product categories.

We face seasonality for the sale of our products. For example, during the first quarter of the past several years, we experienced greater demand for our wedding dresses and, during the fourth quarter of the past several years, we experienced a general increase in the demand for our products as a result of holiday shopping.

Our products are sold to consumers in over 200 countries and territories. The following table breaks down our net revenues by geographic regions as determined by shipping addresses in absolute amounts and as percentages of net revenues for the periods presented.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollar in thousands, except percentages)					
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Europe	$ 29,892	50.9	$ 57,853	49.8	$ 101,424	50.7
North America	20,509	35.0	32,721	28.2	47,985	24.0
South America	974	1.7	4,097	3.5	12,876	6.4
Other countries	7,319	12.4	21,559	18.5	37,725	18.9
Total net revenues	58,694	100.0	116,230	100.0	200,010	100.0

We first launched our websites in English and our online marketing efforts were initially focused in North America. As we started to introduce additional languages, such as French, Spanish, German and Italian, to our websites in 2009 and increased our online marketing efforts in other countries, our revenue source became more geographically diversified. We have recently launched our websites in Swedish, Korean, Hebrew and Finnish.

We have also started to establish a steady presence in China. In May 2010, our VIE, Lanting Huitong, acquired Shanghai Ouku, which operates *www.ouku.com*, a website focused on the sale of electronics and communications devices and other products in China.

We expect our net revenues to grow in the future as we continue to introduce new products and deepen our penetration of various geographic markets around the world. We also expect to expand our customer base and increase sales to each customer to drive our growth.

Operating Metrics

We regularly review a number of operating metrics, including the following, to evaluate our performance, identify trends affecting our business, formulate financial projections and make certain strategic decisions: (i) the number of customers, (ii) revenue attributed to repeat customers, (iii) revenue attributed to new customers and (iv) the growth in revenue attributed to repeat customers. The following table sets forth the above metrics for the periods indicated.

	Year Ended December 31,		
	2010	2011	2012
	(in thousands, unless otherwise stated)		
Number of customers	461	948	2,479
Revenue attributed to repeat customers	8,751	20,886	49,384
Revenue attributed to new customers	49,943	95,344	150,626
Growth in revenue attributed to repeat customers[1] (percentage)	118.3	138.7	134.8

(1) "Growth in revenue attributed to repeat customers" refers to, in percentage, the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

The number of repeat and new customers we sold products to has increased substantially in the last few years, which, in turn, increased our net revenues. By serving a larger number of repeat and new customers, we also deepened our understanding of online purchasing and browsing, developing insights into product presentations, promotions and other features based on our customer and order histories and statistics.

Our revenue attributed to repeat customers has also similarly increased during the past few years. As we have continued to increase our product offerings, we have experienced increase in repeat purchases by our customers. In addition, we have also increased our focus in capitalizing our existing customer base by focusing our remarketing efforts for such customers.

Cost of Goods Sold and Operating Expenses

The following table sets forth our cost of goods sold and operating expenses, both in absolute amounts and as percentages of net revenues for the periods indicated.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)					
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Cost of goods sold	$ 41,580	70.8	$ 77,465	66.6	$ 116,465	58.2
Operating expenses:						
Fulfillment	3,517	6.0	7,124	6.1	10,088	5.1
Selling and marketing	22,607	38.5	38,465	33.1	53,418	26.7
General and administrative	12,347	21.0	16,660	14.3	22,369	11.2
Impairment loss on goodwill and intangible assets	—	—	1,928	1.7	—	—
Total operating expenses	38,471	65.5	64,177	55.2	85,875	43.0

Cost of Goods Sold

Our cost of goods sold consists primarily of cost of consumer products sold by us and shipping charges, and to a much lesser degree, packaging supplies and inventory write-downs. We write down the cost of slow-moving and broken inventory to the estimated market value based on historical trends for such inventory, inventory aging and historical and forecasted consumer demand and such write-down is recorded as part of cost of goods sold. Shipping charges to receive products from our suppliers are included as inventory and recognized as cost of goods sold upon the sale of such products. Our cost of goods sold as percentage of our net revenues during a specific period is affected by the composition of the type of products sold during that period.

Operating Expenses

Fulfillment Expenses. Fulfillment expenses include costs incurred in operating and staffing our warehouses and customer service centers, including (i) costs attributable to buying, receiving, inspecting and warehousing inventories, (ii) picking, packaging, and preparing customer orders for shipment and (iii) payment processing and related transaction costs. Our fulfillment expenses are primarily affected by the cost of personnel at our warehouses and our ability to strengthen our logistic management capabilities and increase our economies of scale as our volume of products shipped increases.

Selling and Marketing Expenses. Selling and marketing expenses include marketing program expenses and marketing personnel expenses. Marketing program expenses are comprised of targeted online marketing expenses, such as search engine marketing, display advertising and affiliate marketing program expenses. Marketing personnel expenses are comprised of payroll and related expenses for personnel engaged in selling, marketing and business development, including the execution of search engine optimization and social viral marketing activities. The table below breaks down our selling and marketing expenses in absolute amounts and as percentages of net revenues for the periods indicated.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)					
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Selling and marketing expenses:						
Marketing program expenses	$ 18,747	31.9	$ 28,611	24.6	$ 43,955	22.0
Marketing personnel expenses	3,860	6.6	9,854	8.5	9,463	4.7
Total selling and marketing expenses	22,607	38.5	38,465	33.1	53,418	26.7

The fluctuation of selling and marketing expenses as a percentage of our net revenues relates to our business expansion into and the testing of new geographic markets, product categories, marketing channels and promotional activities. In the near term, we expect to focus our selling and marketing efforts on growing our customer base, but we expect our selling and marketing expenses as a percentage of our net revenues to continue to decrease in the long term as we achieve economies of scale and utilize our selling and marketing channels more efficiently.

General and Administrative Expenses. General and administrative expenses include payroll-related expenses and travel-related expenses for personnel engaged in accounting, finance, tax, legal, human resources and other general corporate functions, as well as costs related to the use of facilities and equipment by these personnel, such as depreciation expenses and rent, professional fees and other general corporate costs. General and administrative expenses also include technology development and related expenses, including payroll-related expenses. In addition, general and administrative expenses include credit losses relating to fraudulent credit card activities which resulted in chargebacks from payment processing agencies. We expect our general and administrative expenses as a percentage of our net revenues to decrease in the future as we achieve economies of scale.

Impairment Loss on Goodwill and Intangible Assets. Our goodwill and intangible assets including trademark, technology platform and customer base arose from the acquisition of Shanghai Ouku. Shanghai Ouku has incurred losses and failed to meet the forecast set by management. As of December 31, 2011, we performed an assessment of goodwill impairment and compared the fair value of Shanghai Ouku to its carrying value. Based on the assessment, we determined the excess in the carrying value of goodwill over the implied fair value of goodwill and recognized an impairment loss of $0.9 million for the year ended December 31, 2011. We also performed an assessment of impairment for indefinite-lived intangible assets by comparing the fair value with their carrying value. Based on the assessment, we determined the excess in the carrying value of indefinite-lived intangible assets over their fair value and recognized an impairment loss of $1.0 million for the year ended December 31, 2011. In addition, we evaluated the recoverability of its intangible assets with definite life and recognized an impairment loss of $12,000 for the year ended December 31, 2011. See "—Critical Accounting Policies—Impairment of Goodwill and Intangible Assets." We did not recognize any impairment loss on goodwill and intangible assets in 2010 and 2012.

Share-based Compensation Expenses

The table below shows the effect of the share-based compensation expenses on our operating expense line items for the periods indicated.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)					
		% of Net Revenues		% of Net Revenues		% of Net Revenues
Fulfillment	$ 12	—	$ 13	—	$ 10	—
Selling and marketing	31	0.1	90	0.1	117	0.1
General and administrative	1,418	2.4	1,990	1.7	2,568	1.3
Total share-based compensation expenses	1,461	2.5	2,093	1.8	2,695	1.4

We expect to continue to grant share options, restricted shares and other share-based awards under our share incentive plan and incur further share-based compensation expenses in future periods.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands.

Hong Kong

Our wholly owned subsidiary in Hong Kong, Light In The Box Limited, is subject to the uniform tax rate of 16.5% in Hong Kong for the year ended December 31, 2011. Under the Hong Kong tax laws, Light In The Box Limited is exempted from the Hong Kong income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

Our subsidiary and VIE in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws.

Under the New EIT Law and its implementation rules, both of which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions.

Lanting Huitong, which was qualified as a "software enterprise" in 2010, is entitled to enjoy a two-year income tax exemption starting from the first year of profitability after 2010, followed by a reduced tax rate of 12.5% for the subsequent three years. During the year of 2010, Lanting Huitong paid $0.6 million to tax authority based on its preliminary management accounts. We do not expect to recover the tax paid or receive a tax benefit in the coming years, therefore, the amount was written off and recorded as income tax expense for the year ended December 31, 2010. Lanting Gaochuang, which was qualified as a "software enterprise" in 2012, is entitled to enjoy a two-year income tax exemption starting from its first year of profitability, followed by a reduced tax rate of 12.5% for the subsequent three years.

Under the New EIT Law and its implementation rules, dividends from our PRC subsidiary paid out of profits generated after January 1, 2008, are subject to a withholding tax of 20%, although under the detailed implementation rules to the New EIT Law promulgated by the PRC State Council, the withholding tax rate is 10%, unless there is a tax treaty with China that provides for a different withholding arrangement. Distributions of profits generated before January 1, 2008 are exempt from PRC withholding tax.

Under the New EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Further to Circular 82, on July 27, 2011, the SAT issued Bulletin No. 45 to provide more guidance on the implementation of Circular 82, which took effect on September 1, 2011. Bulletin No. 45 provides clarification on the resident status determination, post-determination administration, and competent tax authorities. It also specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income, such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise. Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources to address our internal control over financial reporting. In connection with the preparation and external audit of our consolidated financial statements, we and our independent registered public

accounting firm identified a material weakness and other control deficiencies, each as defined in AU325, in our internal control over financial reporting as of December 31, 2012. As defined in AU325, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to our lack of sufficient accounting personnel for financial information processing and reporting and with appropriate U.S. GAAP knowledge. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting as we and they will be required to do once we become a public company. In light of the material weakness and other control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

To address the material weakness and control deficiencies identified, we are planning to take a number of measures, including (i) hiring additional accounting personnel with experience in U.S. GAAP and SEC reporting requirements; (ii) providing regular training on an ongoing basis to our accounting personnel that cover a broad range of accounting and financial reporting topics; and (iii) developing and applying a comprehensive manual with detailed guidance on accounting policies and procedures as well as procedures for maintenance and retention of accounting and financial records. However, the implementation of these measures may not fully address the material weakness and other control deficiencies in our internal control over financial reporting. We are not able to estimate with reasonable certainty the costs that we will need to incur to implement these and other measures designed to improve our internal control over financial reporting. See "Risk Factors—Risks Related to Our Business and Industry—In the course of preparing our consolidated financial statements, we have identified a material weakness and other control deficiencies in our internal control over financial reporting, which as of the date of this prospectus, have not been remediated. If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud and investor confidence in our company and the market price of the ADSs may be adversely affected."

Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur, could materially impact the consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this prospectus.

Revenue Recognition

We make sales through our websites and supplemental online outlets and we recognize revenues from product sales when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, products are delivered and received by the customer, the price to the buyer is fixed or determinable and collectability is reasonably assured.

Most of our customers are required to make online payments using their credit cards, debit cards or through third party payment platforms, such as PayPal and Western Union, when they place purchase orders on our websites. We record the payments as advances from customers on the balance sheet when received. We then utilize delivery service providers, primarily express courier companies, to deliver our products to our customers. Shipping and handling charges to the customers are included in revenues, and our corresponding shipping costs are included in cost of goods sold. We recognize the amounts advanced from customers as revenues at the time the end customers receive the products, which is typically within a few days of shipment.

Customers in China can also choose to pay upon the receipt of our products, which is called the cash on delivery, or COD, model. In the COD model, our delivery service providers collect the payments from our customers for us. We record an accounts receivable on the balance sheet when our customers receive their products from our delivery service providers.

We allow customers to return certain goods within a period of time subsequent to the delivery of the goods. The return period varies depending on the product category and reasons for the return, which normally ranges from seven to 30 days. We estimate return allowances based on product categories and historical experience. The estimation of return allowances is adjusted to the extent that actual returns differ, or are expected to differ. Changes in estimated return allowances are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of net revenues in that period. As of December 31, 2011, we estimated that approximately 2.4% of our sales in December 2011 would be returned and made provisions accordingly. As of December 31, 2012, we estimated that approximately 0.7% of our sales in December 2012 would be returned and made provisions accordingly.

We voluntarily provide discount coupons as sales incentives to potential customers from time to time. These coupons can only be utilized in conjunction with a subsequent purchase and are recorded as a reduction of revenues at the time of use.

Promotional items or free products, which cannot be redeemed for cash and always shipped together with current qualified sales, are considered separate deliverables of the current qualified sales and the cost of these promotional items or free products are recorded as cost of sales when the revenue of the current qualified sales is recognized.

We have established a membership program for certain of our website whereby a registered member earns certain points for visiting *www.ouku.com*. Points can only be redeemed in connection with a future purchase based on a defined ratio of 100 points to RMB1.00. Such points are charged as costs of sales at the later of when the incentive is offered and when the related revenue is recognized. Since the points earned are not based on past sales transactions, no accrual is made at the time when earned by the registered members.

As of December 31, 2011 and 2012, had all of our customers redeemed all of the points earned, the redemption values would have been approximately $120,000 and $124,000, respectively.

Certain of our employees register with supplemental online outlets under their own name, as these websites require registration using the identity cards of individuals to sell our products on our behalf. We have contractual arrangements with these employees that require them to transfer payments received for the sale of the products to us. We evaluate the sales transactions performed by certain

employees on our behalf to determine whether to recognize the revenues on a gross or net basis. The determination is based upon an assessment as to whether we act as a principal or agent when selling the products. All revenues involving employees performing sales transactions on the supplemental online outlets on our behalf are currently accounted for on a gross basis since we are the primary obligor and have general and physical inventory risk, latitude in establishing prices, discretion in supplier selection and the credit risks.

In the fourth quarter of 2011, we entered into arrangements with certain suppliers, under which the suppliers store their products at our premises. We record these products as inventory when all liabilities and rights of ownership of the products are passed on to us upon the confirmation of orders by our customers. All of the revenues involving these arrangements are accounted for on a gross basis since we are the primary obligor, have physical inventory risk, retain latitude in establishing prices, exercise discretion in supplier selection and are exposed to credit risks.

Chargebacks

We estimate chargebacks, which are charges from payment processing agencies relating to fraudulent credit card activities or customer disputes, based on historical experience. The estimation of chargebacks is adjusted to the extent that actual chargebacks differ, or are expected to differ. Changes in estimated chargebacks are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of general and administrative expenses in that period. For the years ended December 31, 2010, 2011 and 2012, chargebacks expenses as a percentage of net revenue were 0.5%, 0.4% and 0.3%, respectively.

Inventories

Inventories, consisting of products available for sale, are primarily accounted for using the first-in first-out method and are valued at the lower of cost or market value. We maintain low levels of inventories by adopting a frequent procurement strategy with short refill cycles from suppliers. Therefore, our obsolete inventory has been insignificant. In estimating the level of inventory provision, we consider the nature of each category of our inventory, inventory aging, and historical and forecasted consumer demand. This valuation also requires us to make judgments, based on currently-available information, about the likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about future disposition of inventory are inherently uncertain.

Impairment of Goodwill and Intangible Assets

Goodwill represents the cost of an acquired business in excess of the fair value of identifiable tangible and intangible net assets purchased. We generally seek the assistance of an independent valuation firm in determining the fair value of the identifiable intangible net assets of the acquired business. There are several methods that can be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, we typically use the income method. This method starts with a forecast of all of the expected future net cash flows associated with a particular intangible asset. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows and the assessment of the asset's economic life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory or economic barriers to entry. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives.

Goodwill is tested for impairment at least once annually. Impairment is tested using a two-step process. The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

We had only one reporting unit, Shanghai Ouku, which recorded goodwill as of December 31, 2010. It operates and manages *www.ouku.com* and other websites targeting consumers in China, and prepares its financial information independently. We performed our annual goodwill impairment test on December 31, 2011.

In the goodwill impairment test, we applied the income approach, which we believed to be more reliable than the market approach in determining the fair value of the reporting unit. Accordingly, we adopted the discounted cash flow, or DCF, method under the income approach, which considers a number of factors that include expected future cash flows, growth rates, discount rates, and comparable multiples from publicly traded companies in our industry and requires us to make certain assumptions and estimates regarding industry economic factors and the future profitability of our business. The assumptions are inherently uncertain and subjective.

When applying the DCF method for the reporting unit, we incorporated the use of projected financial information and a discount rate developed by using market participant based assumptions. The cash flow projections were based on five-year financial forecasts developed by management that included revenue projections based on a compound annual growth rate of 12%, capital spending trends and investments in working capital to support anticipated revenue growth. The discount rate selected was 21.0%, which accounts for considerations regarding the risk and nature of the reporting unit's cash flows and the rates of return that market participants would require to invest their capital in the reporting unit.

Based on that assessment, the goodwill of Shanghai Ouku was fully impaired by $0.9 million for the year ended December 31, 2011.

Intangible assets with indefinite useful lives are not subject to amortization and are tested for impairment at least annually if events or changes in circumstances indicate that the asset might be impaired. Such impairment test consists of the fair values of assets with their carrying value amounts and an impairment loss is recognized if and when the carrying amounts exceed the fair values. The estimates of fair values of intangible assets not subject to amortization are determined using various discounted cash flow valuation methodologies. Significant assumptions are inherent in this process, including estimates of discount rates. Discount rate assumptions are based on an assessment of the risk inherent in the respective intangible assets. Intangible assets with determinable useful lives are amortized on a straight-line basis.

We performed our annual impairment test of our indefinite-lived intangible assets, mainly the trademarks held by Shanghai Ouku, on December 31, 2011.

We compared the fair value of our indefinite-lived intangible assets with their carrying values. The fair value of our indefinite-lived intangible assets is determined based on the relief-from-royalty-method at royalty rates of similar companies. Based on the assessment, we determined there was an excess in

the carrying value of our indefinite-lived intangible assets over their fair value and recognized an impairment loss of $1.0 million for the year ended December 31, 2011.

We evaluate intangible assets with determinable useful life for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

Technology, non-compete agreements and a customer base with amortization lives of 1 year, 2 years and 4.3 years, respectively, were obtained through the acquisition of Shanghai Ouku.

Since Shanghai Ouku incurred losses and did not meet the forecast set in 2011, we performed the impairment test on intangible assets as of December 31, 2011, and concluded that the balances of these intangible assets should be fully impaired. As a result, we recorded an impairment loss related to these intangible assets totaling $1.0 million.

Estimates of fair value result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions at a point in time. The judgments made in determining an estimate of fair value can materially impact our results of operations. The valuations are based on information available as of the impairment review date and are based on expectations and assumptions that have been deemed reasonable by management. Any changes in key assumptions, including unanticipated events and circumstances, may affect the accuracy or validity of such estimates and could potentially result in an impairment charge.

In 2012, there were no activities that resulted in the recognition of goodwill or intangible assets.

Fair Value of Ordinary Shares

We are a private company with no quoted market prices for our ordinary shares. We have therefore needed to make estimates of the fair value of our ordinary shares at various dates for the purpose of: (i) determining the fair value of our ordinary shares at the date of the grant of a share-based compensation award to our employees as one of the inputs in determining the grant date fair value of the award, and (ii) determining the fair value of our ordinary shares at the date of issuance of our convertible instruments in the determination of any beneficial conversion feature.

The fair value of the ordinary shares, convertible instruments and options granted to our employees were estimated by us, with assistance from American Appraisal China Limited, an independent third-party appraiser. We are ultimately responsible for the determination of all amounts related to share-based compensation and the convertible instruments recorded in the financial statements.

The following table sets forth the fair value of our ordinary shares estimated at different dates in 2008, 2009, 2010, 2011 and 2012:

Date	Class of Shares	Fair Value[(1)]	Purpose of Valuation	Discounts for Lack of Marketability	Discount Rate
October 27, 2008	Ordinary Shares	$ 0.27	Share option and nonvested share grant and to determine potential beneficial conversion feature in connection with the issuance of Series A convertible preferred shares	33%	34.0%
December 31, 2008	Ordinary Shares	$ 0.35	Share option and nonvested share grant	33%	30.0%
March 31, 2009	Ordinary Shares	$ 0.38	Share option grant	33%	29.5%
June 26, 2009	Ordinary Shares	$ 0.56	Share option grant and to determine potential beneficial conversion feature in connection with the issuance of Series B convertible preferred shares	33%	29.0%
September 30, 2009	Ordinary Shares	$ 0.68	Share option grant	33%	27.0%
December 31, 2009	Ordinary Shares	$ 1.15	Share option grant	33%	26.5%
March 31, 2010	Ordinary Shares	$ 1.34	Share option grant	32%	25.0%
June 30, 2010	Ordinary Shares	$ 1.92	Share option grant	21%	25.0%
October 20, 2010	Ordinary Shares	$ 2.82	Share option grant and to determine potential beneficial conversion feature in connection with the issuance of Series C convertible redeemable preferred shares	18%	21.0%
December 31, 2010	Ordinary Shares	$ 3.14	Share option grant	17%	20.0%
March 31, 2011	Ordinary Shares	$ 4.02	Grant of nonvested shares	12%	18.0%
July 31, 2011	Ordinary Shares	$ 4.03	Share option grant	12%	18.0%
October 1, 2011	Ordinary Shares	$ 4.03	Share option and nonvested shares grant	12%	18.0%
March 23, 2012	Ordinary Shares	$ 3.89	To determine beneficial conversion feature in connection with the issuance of convertible notes	8%	18.0%

(1) In June 2009, our board of directors and shareholders approved the split of each of the previously issued ordinary shares, share options, nonvested shares, Series A convertible preferred shares and Series B convertible preferred shares, into 1.5 ordinary shares, share options, nonvested shares, Series A convertible preferred shares and Series B convertible preferred shares, respectively. All share and per share information presented in this prospectus and our consolidated financial statements have been revised on a retroactive basis to reflect the share split as if the new share structure had been in place throughout the periods presented.

In determining the fair value of our ordinary shares, we have considered the guidelines prescribed by the AICPA Audit and Accounting Practice Aid, Valuation of Privately-Held Company Equity Securities Issued and Compensation, or the Practice Aid. Specifically, paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

Our independent third-party appraiser used the DCF method of the income approach to derive the fair value of our ordinary shares in 2008, 2009, 2010, 2011 and 2012. We considered the market approach and searched for public companies located in China with business nature and in a development stage similar to ours. However, no companies were similar to us in all aspects and we therefore only used the results obtained from the market approach to assess the reasonableness of the results obtained from the income approach. The determination of the fair value of our ordinary shares required complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

The major assumptions used in calculating the fair value of ordinary shares include:

- Weighted average cost of capital, or WACC: The WACCs were determined based on a consideration of such factors as risk-free rate, comparative industry risk, equity risk premium, company size and company-specific factors. The changes in WACC from 34.0% as of October 27, 2008 to 18.0% as of March 23, 2012 were primarily due to our business growth and additional funding from the series of preferred shares for accelerating development.

  In deriving the WACCs, which are used as the discount rates under the income approach, certain publicly traded companies using e-commerce platforms were selected for reference as our guideline companies. To reflect the operating environment in China and the general sentiment in the U.S. capital markets towards the e-commerce industry, the guideline companies were selected with consideration of the following factors: (i) the guideline companies should provide similar services; and (ii) the guideline companies should either have their principal operations in China, as we operate in China, and/or are publicly listed companies in developed stock exchanges, including in the United States and London.

- Discount for lack of marketability, or DLOM: When determining the DLOM, the option-pricing method (put option) was applied to quantify the DLOM where applicable. Although it is reasonable to expect that the completion of this offering will add value to our shares because we will have increased liquidity and marketability as a result of this offering, the amount of additional value can be measured with neither precision nor certainty. The DLOMs were estimated to be 33% as of each valuation date before December 2009 and decreased to 8% as of March 23, 2012. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares.

  The decrease in DLOM is due to (i) as financial market gradually recovered from financial crisis in 2010, the volatility factor of comparable companies' share price, which is one of the factor considered in quantifying the DLOM, decreased accordingly. The lower the volatility factor used in quantification of DLOM, the lower is the DLOM; (ii) the decrease in estimated leading time to a liquidity event as our company progressed through earlier stages of development towards this offering. The shorter the estimated leading time to a liquidity event, the lower the DLOM.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts developed by us. Our revenue and earnings growth rates contributed significantly to the increase in the fair value of our ordinary shares from 2008 to 2012. The assumptions used in deriving the fair values were consistent with our business plan. However, these assumptions were inherently uncertain and highly subjective.

These assumptions include: (i) no material changes in the existing political, legal and economic conditions in China, (ii) no major changes in the tax rates applicable to our subsidiaries and consolidated VIE and its subsidiary in China, (iii) our ability to retain competent management, key personnel and staff to support our ongoing operations and (iv) no material deviation in market conditions from economic forecasts. The risk associated with achieving our forecasts were assessed in selecting the appropriate discount rates as discussed above.

We used the option-pricing method to allocate equity value of our company to preferred and ordinary shares, taking into account the guidance prescribed by the Practice Aid. This method involves making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board and management. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. We estimated the volatility of our shares based on historical volatility of comparable companies' shares. Had we used different estimates of volatility, the allocations between preferred and ordinary shares would have been different.

The determined fair value of our ordinary shares increased from $0.27 per share as of October 27, 2008 to $0.38 per share as of March 31, 2009. We believe the increase in the fair values of ordinary shares during this period is primarily attributable to the organic growth of our business.

The determined fair value of our ordinary shares increased from $0.38 per share as of March 31, 2009 to $0.56 as of June 30, 2009 and $0.68 as of September 30, 2009. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We successfully raised $11.2 million through issuance of Series B convertible preferred shares. This new round of financing provided us with additional financial resources to expand our services to new markets. For instance, we successfully launched the Spanish version of our website in August 2009. Therefore, we increased the long term revenue growth rate in our financial forecast.

- The new round of Series C financing also indicated investors' confidence in our business model.

- In view of the above, we lowered the discount rate, which represents market participants' perceived risks and required rate of return for investing in our securities, from 29.5% as of March 31, 2009 to 27.0% as of September 30, 2009.

The determined fair value of our ordinary shares increased from $0.68 as of September 30, 2009 to $1.15 as of December 31, 2009 and $1.34 as of March 31, 2010. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We developed our financial forecast for valuations as of December 31, 2009 and March 31, 2010 based on our actual results in 2009. Our operating and financial performance in 2009 demonstrated that there was a continuous increase in the demand for our services. For instance, in the fourth quarter of 2009, the average monthly number of customer orders reached 24,817, which represented a growth rate of 174% compared to the same quarter in 2008. In anticipation of a gradual recovery of the U.S. and European economy, our management team predicted that the increasing trend of our customer orders and revenues would continue. In addition, we expected that the newly launched Spanish and German versions of our website would further contribute to our revenue growth. Accordingly, when preparing the financial forecast, we increased our revenue forecast upward to reflect our confidence in our future growth rate.

- In view of the above, we lowered the discount rate from 27.0% as of September 30, 2009 to 25.0% as of March 31, 2010.

The determined fair value of our ordinary shares increased from $1.34 as of March 31, 2010 to $1.92 as of June 30, 2010. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We successfully launched the Italian version of our website in April 2010, which we believe would provide further growth potential for the sale of our products overseas.
- Our VIE, Lanting Huitong, successfully completed the acquisition of Shanghai Ouku in May 2010. The acquisition enabled us to combine our experience in overseas markets and Shanghai Ouku's expertise in selling products in the PRC market to create synergies for the sale of our products in China. In view of the above, we adjusted our revenue growth rate to reflect the estimated revenue contribution from our China operations.
- The DLOM used for the valuation decreased from 32% as of March 31, 2010 to 21% as of June 30, 2010. The decrease in DLOM was due to a decrease in estimated lead time for a liquidity event and a decrease in the volatility factor of comparable companies' share prices.

The determined fair value of our ordinary shares increased from $1.92 as of June 30, 2010 to $2.82 as of October 20, 2010 and $3.14 as of December 31, 2010. We believe the increase in fair value of ordinary shares during this period is primarily because:

- We successfully launched Portuguese and Japanese versions of our website in November and December 2010, respectively.
- In the second half of 2010, we implemented a new sales and marketing strategy to increase the promotion of our website. In the third and fourth quarter of 2010, the average monthly number of customer orders reached 38,090 and 74,110, respectively, which represented 99% and 199% growth compared to the corresponding quarters in 2009.
- We issued Series C convertible redeemable preferred shares for an aggregate of $35.0 million. This new round of financing further strengthened our financial status and position.
- In general, the global financial market recovered in the second half of 2010 and market sentiment towards China-based publicly-traded companies improved, which resulted in an overall appreciation in the market value of their shares. For instance, the NASDAQ China Index generally increased in the second half of 2010, closing at 166 on June 30, 2010 and 195 on December 31, 2010.
- In view of the above, we lowered the discount rate from 25.0% as of March 31, 2010 to 20.0% as of December 31, 2010, as our business progressed toward later stage of development and financial market sentiment improved.

The determined fair value of our ordinary shares increased from $3.14 as of December 31, 2010 to $4.02 as of March 31, 2011. We believe the increase in fair value of our ordinary shares during this period is primarily because:

- We strengthened our financial reporting and internal controls by recruiting additional key management.
- As the size of our business increased, a component of our estimated WACC, the small size risk premium, decreased from 3.99% as of December 31, 2010 to 2.85% as of March 31, 2011. This resulted in a decrease in discount rate from 20% to 18%.
- In the first quarter of 2011, we started the preparation for our initial public offering. Due to the proximity of the expected time of the offering, the DLOM used for the valuation decreased from 17% as of December 31, 2010 to 12% as of March 31, 2011.

- In view of the above, we lowered the discount rate from 20.0% as of December 31, 2010 to 18.0% as of March 31, 2011.

The determined fair value of our ordinary shares remained stable at $4.02 as of March 31, 2011 and $4.03 as of October 1, 2011, as we considered our business development during this period was relatively stable and in line with our business plan.

The determined fair value of our ordinary shares decreased from $4.03 as of October 1, 2011 to $3.89 as of March 23, 2012. We believe the decrease in fair value of our ordinary shares during this period resulted from the following:

- We changed the expected date of our initial public offering as a result of the volatility and uncertainty of the United States capital market. As we did not raise additional funds through the capital market as planned, certain business plans were postponed and spending was reduced. In light of the above, our financial forecast was adjusted downwards.

- The liquidity of our ordinary shares increased as lead time to the expected initial public offering as of March 2012 reduced compared to that as of October 2011. As such, we lowered the DLOM from 12% as of October 2011 to 8% as of March 2012. The decrease in DLOM partially offset the impact of the decrease in the financial forecast as to the fair value of our ordinary shares.

Share-based Compensation

Our share-based payment transactions with employees are measured based on the grant date fair value of the equity instrument and recognized as compensation expense over the requisite service period based on the straight-line method, with a corresponding impact reflected in additional paid-in capital.

The following table sets forth certain information regarding the share options granted to our employees at different dates in 2008, 2009, 2010 and 2011. We did not grant any share options in 2012.

Grant Date	Number of Options Granted	Exercise Price per Option	Fair Value per Option at Grant Date	Intrinsic Value per Option at Grant Date	Type of Valuation
December 31, 2008	590,000	$ 0.50	$ 0.15	$ —	Retrospective
March 31, 2009	107,000	$ 0.50	$ 0.19	$ —	Retrospective
June 30, 2009	502,000	$ 0.01	$ 0.36	$ 0.36	Retrospective
June 30, 2009	41,000	$ 0.50	$ 0.18	$ —	Retrospective
June 30, 2009	133,000	$ 0.96	$ 0.14	$ —	Retrospective
September 30, 2009	187,000	$ 0.96	$ 0.28	$ —	Retrospective
December 31, 2009	285,000	$ 0.50	$ 0.76	$ 0.64	Retrospective
December 31, 2009	87,000	$ 0.96	$ 0.58	$ 0.18	Retrospective
March 31, 2010	182,000	$ 0.96	$ 0.71	$ 0.37	Retrospective
June 30, 2010	64,000	$ 0.96	$ 1.18	$ 0.96	Retrospective
October 31, 2010	82,000	$ 0.96	$ 2.00	$ 1.86	Retrospective
July 31, 2011	8,000	$ 0.96	$ 3.14	$ 3.07	Retrospective
July 31, 2011	357,000	$ 4.25	$ 1.71	$ —	Retrospective
October 1, 2011	119,000	$ 4.29	$ 1.76	$ —	Retrospective

In determining the value of share options, we have used the binomial option pricing model, with assistance from American Appraisal China Limited. Under this option pricing model, certain assumptions, including the risk-free interest rate, the exercise multiple, the expected dividends on the underlying ordinary shares and the expected volatility of the price of the underlying shares for the period before the valuation dates with lengths equal to the contractual term of the options are required

in order to determine the fair value of our options. Changes in these assumptions could significantly affect the fair value of share options and hence the amount of compensation expense we recognize in our consolidated financial statements.

The fair value of an option award is estimated on the date of grant using the binomial option pricing model that uses the following assumptions:

	2008	2009	2010	2011
Risk-free interest rate	3.95%	4.18% - 4.50%	3.29% - 4.24%	3.86% - 4.05%
Exercise multiple	2	2	2	2
Expected volatility	66%	66% - 67%	63% - 65%	58% - 61%
Expected dividend yield	0%	0%	0%	0%
Fair value of ordinary shares	$0.35	$0.38 - $1.15	$1.34 - $3.14	$4.02 - $4.03

As of December 31, 2012, there was a total $4.3 million in unrecognized share-based compensation, which represents employees' nonvested shares and options expected to be recognized over the weighted average period of 2.7 years.

Income Taxes

In preparing our consolidated financial statements, we must estimate our income taxes in each of the jurisdictions in which we operate. We estimate our actual tax exposure and assess temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we include in our consolidated balance sheet. We must then assess the likelihood that we will recover our deferred tax assets from future taxable income. If we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance, we must include an expense within the tax provision in our consolidated statement of operations.

Management must exercise significant judgment to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We base the valuation allowance on our estimates of taxable income in each jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. If actual results differ from these estimates or we adjust these estimates in future periods, we may need to establish an additional valuation allowance, which could materially impact our financial position and results of operations.

U.S. GAAP requires that an entity recognize the impact of an uncertain income tax position on the income tax return at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. If we ultimately determine that payment of these liabilities will be unnecessary, we will reverse the liability and recognize a tax benefit during that period. Conversely, we record additional tax charges in a period in which we determine that a recorded tax liability is less than the expected ultimate assessment. We did not recognize any significant unrecognized tax benefits during the periods presented in this prospectus.

Uncertainties exist with respect to the application of the New EIT Law and its implementation rules to our operations, specifically with respect to our tax residency status. The New EIT Law specifies that legal entities organized outside of the PRC will be considered residents for PRC income tax purposes if their "de facto management bodies" are located within the PRC. The New EIT Law's implementation rules define the term "de facto management bodies" as establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise. On April 22, 2009, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, was issued. Circular 82

provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Further the Administrative Measures of Enterprise Income Tax of Chinese controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin No. 45, took effect on September 1, 2011, and provides more guidance on the implementation of Circular 82. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in Circular 82 are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. In addition, Bulletin No. 45 provides clarification in resident status determination, post-determination administration and competent tax authorities. It also specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income, such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

Despite the uncertainties resulting from limited PRC tax guidance on the issue, we do not believe that our legal entities organized outside of the PRC are tax residents under the New EIT Law. If one or more of our legal entities organized outside of the PRC were characterized as PRC tax residents, our results of operations would be materially and adversely affected. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

Jumpstart Our Business Startups Act of 2012

Section 107(b) of the Jumpstart Our Business Startups Act of 2012 provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. Although as of the date of this prospectus, we have not delayed the adoption of any accounting standard, as a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for new or revised accounting standards.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)	% of Net Revenues		% of Net Revenues		% of Net Revenues
Net revenues	$ 58,694	100.0	$ 116,230	100.0	$ 200,010	100.0
Cost of goods sold	41,580	70.8	77,465	66.6	116,465	58.2
Gross profit	17,114	29.2	38,765	33.4	83,545	41.8
Operating expenses:						
Fulfillment	3,517	6.0	7,124	6.1	10,088	5.1
Selling and marketing	22,607	38.5	38,465	33.1	53,418	26.7
General and administrative	12,347	21.0	16,660	14.3	22,369	11.2
Impairment loss on goodwill and intangible assets	—	—	1,928	1.7	—	—
Total operating expenses	38,471	65.5	64,177	55.2	85,875	43.0
Loss from operations	(21,357)	(36.4)	(25,412)	(21.9)	(2,330)	(1.2)
Interest income (expense) and other	13	—	3	—	(1,881)	(0.9)
Loss before income taxes	(21,344)	(36.4)	(25,409)	(21.9)	(4,211)	(2.1)
Income taxes (expenses) benefit	(579)	(1.0)	878	0.8	(19)	—
Net loss	(21,923)	(37.4)	(24,531)	(21.1)	(4,230)	(2.1)

As a result of the acquisition of Shanghai Ouku by our VIE, Lanting Huitong, on May 24, 2010, Shanghai Ouku became our VIE's subsidiary and its results of operations since June 1, 2010 have been consolidated in our results of operations. As a result, our results of operations for the year ended December 31, 2010 are not necessarily comparable to our results of operations for the years ended December 31, 2011 and 2012.

	Year Ended December 31,					
	2010		2011		2012	
	(U.S. dollars in thousands, except percentages)	% of Net Revenues		% of Net Revenues		% of Net Revenues
Apparel	$ 19,719	33.6	$ 46,888	40.4	$ 80,274	40.2
Electronics and communication devices	26,031	44.4	36,844	31.7	42,079	21.0
Small accessories and gadgets[1]	1,521	2.6	11,770	10.1	40,695	20.3
Home and garden	4,077	6.9	13,509	11.6	22,454	11.2
Others[2]	7,346	12.5	7,219	6.2	14,508	7.3
Total net revenues	58,694	100.0	116,230	100.0	200,010	100.0

(1) Includes products such as video game accessories, tablet computer and computer gadgets, electronics gadgets, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys and travel kits.

(2) Includes beauty, sports and outdoor and other categories of products.

Comparison of the Years Ended December 31, 2010, 2011 and 2012

Net Revenues

Our net revenues in 2010, 2011 and 2012 were $58.7 million, $116.2 million and $200.0 million, respectively, reflecting an increase of 98.0% from 2010 to 2011 and 72.1% from 2011 to 2012. Our net revenue growth was primarily due to an increase in the number of customers. The number of our customers in 2010, 2011 and 2012 was approximately 0.5 million, 0.9 million and 2.5 million, respectively, reflecting an increase of 105.6% from 2010 to 2011 and 161.5% from 2011 to 2012. Growth in our net revenues was also attributable to an increase in repeat customer purchases.

We have increased our product listings to offer more variety and choices to our customers, which has allowed us to capture additional customer demand and increase our number of customers. We have increased the number of product listings in each of our existing product categories while expanding into other product categories such as small accessories and gadgets and home and garden. As of December 31, 2010, 2011 and 2012, we had more than 59,000, 103,000 and 205,000 product listings, respectively, reflecting an increase of approximately 74.6% from 2010 to 2011 and 99.0% from 2011 to 2012.

We have also increased our customer base by increasing our penetration of various geographic markets. We have initially focused on the North American market prior to 2010 but have since expanded our marketing efforts to increase the sale of our products to customers in Europe and other parts of the world. In each of 2010, 2011 and 2012, Europe represented the largest region in which our products were sold.

Cost of Goods Sold

Our cost of goods sold in 2010, 2011 and 2012 were $41.6 million, $77.5 million and $116.5 million, respectively, representing an increase of 86.3% from 2010 to 2011 and 50.3% from 2011 to 2012. This increase was primarily due to the continued growth of our business and increase in product sales.

Our cost of goods sold as a percentage of our net revenues was 70.8%, 66.6% and 58.2% in 2010, 2011 and 2012, respectively. Decreases in cost of goods sold as a percentage of our net revenues were primarily due to changes in our product mix as we increased our focus on the sale of higher margin products and the strengthening of our logistics processes, which lowered shipping costs.

Gross Profit

As a result of the foregoing, our gross profits in 2010, 2011 and 2012 were $17.1 million, $38.8 million and $83.5 million, respectively, reflecting an increase of 126.5% from 2010 to 2011 and 115.5% from 2011 to 2012. Our gross margins in 2010, 2011 and 2012 were 29.2%, 33.4% and 41.8%, respectively.

Fulfillment Expenses

Our fulfillment expenses in 2010, 2011 and 2012 were $3.5 million, $7.1 million and $10.1 million, respectively. Fulfillment expenses as a percentage of our net revenues in 2010, 2011 and 2012 were 6.0%, 6.1% and 5.1%, respectively.

The decrease in our fulfillment expenses as a percentage of our net revenues from 2011 to 2012 was primarily due to our ability to strengthen our logistic management and greater economies of scale, which was offset by the increase in fulfillment personnel compensation and payment processing costs.

Selling and Marketing Expenses

Our selling and marketing expenses in 2010, 2011 and 2012 were $22.6 million, $38.5 million and $53.4 million, respectively. Our marketing program expenses in the same periods were $18.7 million, $28.6 million and $44.0 million, respectively. Our marketing personnel expenses in the same periods were $3.9 million, $9.9 million and $9.5 million, respectively.

Selling and marketing expenses as a percentage of our net revenues in 2010, 2011 and 2012 were 38.5%, 33.1% and 26.7%, respectively. Marketing program expenses as a percentage of our net revenues in the same periods were 31.9%, 24.6% and 22.0%, respectively. Marketing personnel expenses as a percentage of our net revenues in the same periods were 6.6%, 8.5% and 4.7%, respectively. From 2010 to 2012, as we achieved greater brand recognition and economies of scale as well as more efficient utilization of our selling and marketing channels, our marketing program expenses decreased as a percentage of our net revenues. From 2010 to 2011, our marketing personnel expenses increased as a percentage of our net revenues, which was due to an increase in the level of average compensation and benefits paid for our marketing personnel and increased headcount of marketing personnel as a result of the growth of our business. Such marketing personnel expenses decreased as a percentage of our net revenues from 2011 to 2012 as we achieved greater economies of scale and increased the efficiency of our marketing activities.

General and Administrative Expenses

Our general and administrative expenses in 2010, 2011 and 2012 were $12.3 million, $16.7 million and $22.4 million, respectively, reflecting an increase of 35.2% from 2010 to 2011 and 34.1% from 2011 to 2012. This increase was primarily due to an increase in the number of our general and administrative personnel and an increase in the level of average compensation and benefits paid. Share-based compensation expenses included in general and administrative expenses in 2010, 2011 and 2012 were $1.4 million, $2.0 million and $2.6 million, respectively.

General and administrative expenses as a percentage of our net revenues in 2010, 2011 and 2012 were 21.0%, 14.3% and 11.2%, respectively. This decrease was primarily due to greater economies of scale, partially offset by an increase in the number of our general and administrative personnel and an increase in average compensation and benefits paid.

Impairment Loss on Goodwill and Intangible Assets

We recorded an impairment loss on goodwill and intangible assets of $1.9 million in 2011. There were no impairment loss on goodwill and intangible assets in 2010 and 2012.

Loss from Operations

As a result of the foregoing, our losses from operations in 2010, 2011 and 2012 were $21.4 million, $25.4 million and $2.3 million, respectively.

Interest Income (Expense) and Other

Our interest income was approximately $13,000 and $3,000 in 2010 and 2011, respectively. In 2012, we incurred the amortization of debt discount of $1.1 million and interest expense of $0.7 million related to our convertible notes issued in March 2012.

Income Tax (Expenses) Benefit

Our income tax (expenses) benefit in 2010, 2011 and 2012 were $(0.6) million, $0.9 million and $(19,000), respectively. We generated a tax credit of $0.9 million in 2011 as a result of a refund of $0.6 million and a deferred tax benefit of $0.3 million relating to the intangible assets which had been fully impaired in 2011. The tax refund of $0.6 million was related to tax payments made by one of our entities in 2010, which was determined by the relevant PRC tax authority based on a tax assessment conducted for 2010 and was received in September 2011.

Net Loss

As a result of the foregoing, our net losses in 2010, 2011 and 2012 were $21.9 million, $24.5 million and $4.2 million, respectively.

Selected Quarterly Results of Operations

The following table sets forth our selected unaudited interim consolidated quarterly results of operations for each of the eight quarters in the period from January 1, 2011 to December 31, 2012. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared the unaudited interim consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited interim consolidated financial information includes all normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the quarters presented. Our operating results for any particular quarter are not necessarily indicative of our future results.

	Three Months Ended							
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
	(U.S. dollars in thousands)							
Net revenues	$ 27,932	$ 27,163	$ 28,058	$ 33,077	$ 36,887	$ 47,317	$ 51,053	$ 64,753
Cost of goods sold	19,964	17,254	18,037	22,210	22,095	27,574	29,447	37,349
Gross profit	7,968	9,909	10,021	10,867	14,792	19,743	21,606	27,404
Operating expenses*								
Fulfillment	1,603	1,342	1,976	2,203	2,038	2,386	2,497	3,167
Selling and marketing	9,986	8,604	10,433	9,442	10,786	13,044	14,048	15,540
General and administrative	3,324	4,546	3,898	4,892	4,900	5,067	5,434	6,968
Impairment loss on goodwill and intangible assets	—	—	—	1,928	—	—	—	—
Income (loss) from operations	(6,945)	(4,583)	(6,286)	(7,598)	(2,932)	(754)	(373)	1,729
Interest income (expense)	1	1	1	—	(47)	(630)	(609)	(595)
Income taxes benefit (expenses)	—	—	606	272	—	—	—	(19)
Net income (loss)	(6,944)	(4,582)	(5,679)	(7,326)	(2,979)	(1,384)	(982)	1,115

* Includes share-based compensation expenses as follows:

	Three Months Ended							
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
	(U.S. dollars in thousands)							
Fulfillment	$ 3	$ 4	$ 3	$ 3	$ 3	$ 2	$ 2	$ 3
Selling and marketing	14	15	27	34	33	28	29	27
General and administrative	348	553	358	731	726	725	722	395
Total share-based compensation expenses	365	572	388	768	762	755	753	425

Our net revenues grew rapidly in the recent several quarters. In 2012, the growth rate of our quarterly net revenues on a year-over-year basis as compared to 2011 increased each quarter due to the continuous expansion of our business. Our results of operations are subject to seasonal fluctuations. The fourth quarter of the past several years has generally been the strongest quarter in terms of revenues due to the increase in demand for our products during the holiday season. During the first quarter of the past several years, we typically experienced greater demand for our wedding dresses. We also achieved profitability in the fourth quarter of 2012, as we recorded net income of $1.1 million.

Liquidity and Capital Resources

Cash Flow and Working Capital

To date, we have financed our operations primarily through the proceeds from the issuance of our preferred shares and convertible notes. As of December 31, 2010, 2011 and 2012, we had $23.4 million, $6.8 million and $20.0 million, respectively, in cash and cash equivalents. Our cash and cash equivalents consist of highly liquid investments which are unrestricted as to withdrawal or use and have maturities of three months or less. In March 2012, we issued convertible notes with an aggregate principal amount of $8.0 million, which will be automatically converted into ordinary shares upon the completion of this initial public offering.

We expect to use the net proceeds from this offering to make further investments in enhancing our fulfillment and technology infrastructure, expanding our product offerings and categories, acquiring customers and brand-building and to make payments for interest accrued for the convertible notes issued in March 2012. We believe such investments will allow us to achieve greater economies of scale and increase efficiency in our operations more effectively and within a shorter period of time. As we continue to expand our business and gain further economies of scale, we expect our operating expenses as a percentage of our net revenues to decrease in the future. For example, we have experienced improvement in our fulfillment expense as a percentage of our net revenues and our general and administrative expenses as a percentage of our net revenue since the third quarter of 2011, which we expect to continue going forward. Furthermore, we are focused on improving the efficient utilization of our selling and marketing channels to reduce our marketing program costs and to better manage our variable expenses.

We also expect to continue to optimize our product mix with a focus on higher margin products, which we believe will lead to improved margin and cash flow. We have generated operating cash flow of $7.4 million in 2012, as compared to cash outflow from operating activities in prior periods.

In the event that our operating expenses or other expenditures exceed our working capital, we may seek to issue debt or equity securities or obtain credit facilities. Any issuance of equity securities could cause dilution for our shareholders. Any incurrence of indebtedness could increase our debt service obligations and subject us to restrictive operating and financial covenants. Additionally, financing may not be available to us in amounts or on terms acceptable to us, or at all. However, we believe that we can continue our business and operations without raising additional funds for the 12 months after December 31, 2012 in order to meet the expenses and other expenditures required for our business operation.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31		
	2010	2011	2012
	(U.S. dollars in thousands)		
Net cash provided by (used in) operating activities	$ (19,937)	$ (14,056)	$ 7,399
Net cash provided by (used in) investing activities	2,285	(1,834)	(1,284)
Net cash provided by (used in) financing activities	35,000	(787)	7,070
Net increase (decrease) in cash and cash equivalents	17,348	(16,677)	13,185
Effect of exchange rate changes on cash and cash equivalents	10	24	1
Cash and cash equivalents at beginning of the period	6,081	23,439	6,786
Cash and cash equivalents at end of the period	23,439	6,786	19,972

Operating Activities

In 2010 and 2011, we significantly increased our cash spending on customer acquisition through increased marketing efforts as part of our continued business expansion. To a lesser extent, the increase in our cash used in operating activities during such periods was also a result of an increase in inventory levels as we expanded our product offerings to provide customers more choices and a better selection. We generated positive cash flow from operating activities in the amount of $7.4 million in 2012.

Net cash provided by operating activities was $7.4 million in 2012, primarily attributable to increase in accrued expenses and other current liabilities of $5.1 million, increase in accounts payable of $4.0 million and increase in advances from customers of $3.6 million, which were a result of increased business activities that led to increased customer orders, overhead and orders placed with our suppliers. Net cash provided by operating activities was partially offset by our net loss of $4.2 million, adjusted by non-cash items of $6.1 million, which mainly included share-based compensation of $2.7 million, amortization of debt discount of $1.1 million related to our convertible notes issued in March 2012 and depreciation and amortization of $1.0 million. Additional factors that affected our operating cash flow included an increase in prepaid expenses and other current assets of $5.8 million, which was primarily due to the continued growth of our business that led to increases in customer purchases.

Net cash used in operating activities was $14.1 million in 2011, primarily attributable to our net loss of $24.5 million, adjusted by the reconciliation of non-cash items of $5.2 million, which mainly included share-based compensation of $2.1 million, depreciation of $0.9 million, increase in inventory reserve of $0.5 million as well as goodwill and intangible assets impairment of $1.9 million. Net cash used in operating activities was partially offset by an increase of $4.2 million in accrued expenses and other current liabilities and an increase of $1.7 million in accounts payable, which were a result of increased business activities that led to increased overhead and orders placed with our suppliers.

Net cash used in operating activities was $19.9 million in 2010. Our net cash used in operating activities in 2010 reflected a net loss of $21.9 million, adjusted by the reconciliation of non-cash items of $2.0 million, which mainly included share-based compensation of $1.5 million. Additional factors that affected our operating cash flow included an increase in inventories of $3.9 million, primarily in anticipation of an increase in customer demand driven by our increased marketing efforts, and an increase in prepaid expenses and other current assets of $2.7 million, primarily due to an increase in the sale of our products on supplemental online outlets that increased the amount of payments due to us. Net cash used in operating activities was partially offset by an increase of $2.5 million in advances from customers, an increase of $2.1 million in accrued expenses and other current liabilities and an increase of $1.6 million in accounts payable, which were all a result of increased business activities that led to increased customer orders, overhead and orders placed with our suppliers.

Investing Activities

Net cash used in investing activities was $1.3 million in 2012, primarily attributable to $0.9 million used for the improvement of our new office space and the purchase of additional information technology equipment and an increase in restricted cash of $0.4 million.

Net cash used in investing activities was $1.8 million in 2011, primarily attributable to $1.6 million used for the improvement of our new warehouse and new office space and the purchase of additional information technology equipment.

Net cash provided by investing activities was $2.3 million in 2010, primarily due to maturity of term deposits of $5.2 million, which was partially offset by the payment of $1.5 million for the acquisition of Shanghai Ouku, the purchase of equipment for our warehouses and our information technology infrastructure for $0.9 million and an increase in restricted cash of $0.4 million.

Financing Activities

Net cash provided by financing activities was $7.1 million in 2012, attributable to the issuance of our convertible notes in the amount of $8.0 million in March 2012 which was offset by $0.9 million in payment of expenses related to the preparation for our initial public offering.

Net cash used in financing activities was $0.8 million in 2011, which was primarily due to payment of expenses related to preparation for our initial public offering of $0.6 million and the payment of $0.2 million for the deferred consideration relating to acquisition of Shanghai Ouku.

Net cash provided by financing activities was $35.0 million in 2010, which was from the issuance of our Series C convertible redeemable preferred shares.

Capital Expenditures

Our capital expenditures amounted to $0.9 million, $1.6 million and $0.9 million in 2010, 2011 and 2012, respectively. Our capital expenditures have historically comprised of leasehold improvements, purchase of equipment for our warehouses and our information technology infrastructure. We expect to increase our capital expenditures in the future as we continue to invest in our fulfillment and technology infrastructure.

Acquisition

Our VIE, Lanting Huitong, acquired Shanghai Ouku in May 2010 for $2.2 million (RMB14.3 million). Shanghai Ouku operates *www.ouku.com*, which focuses on the sale of electronics, communications devices and other products to consumers in China.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2012:

	Payment Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
	(U.S. dollars in thousands)				
Operating lease obligations	$ 4,066	$ 1,643	$ 2,232	$ 191	$ —
Total	4,066	1,643	2,232	191	—

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through Light In The Box Limited, our Hong Kong subsidiary, Lanting Jishi, our wholly owned subsidiary in China. Under Hong Kong law, there are no withholding taxes on remittance of dividends. Under PRC law, each of Lanting Jishi, Lanting Huitong, Lanting Gaochuang and Shanghai Ouku is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves until the accumulated amount of such reserves reaches 50% of its respective registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Lanting Jishi is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

Pursuant to the contractual arrangements among Lanting Jishi and our VIEs, Lanting Jishi can charge our VIEs service fee equal to substantially all of their net income. After paying the withholding taxes applicable to Lanting Jishi's revenue and earnings, making appropriations for its statutory reserve requirement and retaining any profits from accumulated profits, the remaining net profits of Lanting Jishi would be available for distribution to its sole shareholder, Light In The Box Limited, and from Light In The Box Limited to us.

We have not, and do not have any present plan, for our PRC subsidiary, Lanting Jishi, to distribute any dividends. We do not believe our current structure will limit our holding company's ability to timely meet our cash obligations in the near future, as we currently generate and expect to continue to generate the majority of our revenues and receive the majority of our cash from customers outside of China through Light In The Box Limited, our Hong Kong subsidiary. However, if, in the future, we require our PRC subsidiary to distribute dividends to us, restrictions on the distribution of dividends may have an adverse effect on our ability to meet our cash obligations in a timely manner. Please see "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund and financing requirements we may have, and any limitation on the ability of our subsidiaries payments to us could have a material adverse effect on our ability to conduct our business."

Off-balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. 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 engages in leasing, hedging or research and development services with us.

Inflation

Inflation in China has not in the past materially impacted our results of operations. However, China has recently experienced a significant increase in inflation levels, which may materially impact our results of operations in the future. According to the National Bureau of Statistics of China, the change of consumer price index in China was 3.3% in 2010, 5.4% in 2011 and 2.6% in 2012.

Market Risks

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by our bank deposits, which are unrestricted as to withdrawal and use, and highly liquid investments that have maturities of three months of less. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates. An increase in interest rates, however, may raise the cost of any debt we incur in the future. In addition, our future interest income may be lower than expected due to changes in market interest rates.

Foreign Exchange Risk

Most of our revenues are denominated in U.S. dollars, while some of our expenses are denominated in Renminbi. We are subject to foreign exchange translation differences in our Hong Kong subsidiary as its product costs are negotiated and fixed in Renminbi and retranslated into U.S. dollars before payment. In addition, our PRC subsidiary and consolidated affiliated entities hold U.S. dollars in PRC bank accounts to pay for certain Renminbi-denominated expenses such as payroll and rent. As such, they are subject to foreign exchange translation differences on their U.S. dollar balances. The foreign exchange impacts relate to accounts payable denominated in Renminbi were negative $80,000, $146,000 and negative $17,354 for the years ended December 31, 2010, 2011 and 2012, respectively, and the foreign exchange impacts relate to the U.S. dollars held by PRC entities with Renminbi as functional currency were negative $176, $242 and negative $2 for each of the years ended December 31, 2010, 2011 and 2012, respectively. All foreign exchange impact was recorded in general and administrative expenses in our consolidated statement of operations.

We have no hedges against currency risk. If Renminbi continues to appreciate relative to the U.S. dollar, our cost to acquire products priced in Renminbi and our expenses denominated in Renminbi will become more expensive in U.S. dollars. Consequently, any increase in the value of the Renminbi against the U.S. dollar may reduce our margins, reduce our competiveness against retailers with costs denominated in currencies other than Renminbi or render us unable to meet our costs.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. During the period between July 2008 and June 2010, the Renminbi has traded stably within a narrow range against the U.S. dollar. Since June 2010, the Renminbi has started to slowly appreciate further against the U.S. dollar.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would adversely affect the Renminbi amount we receive from the conversion. Assuming we were to convert the net proceeds received in this offering into Renminbi, a 1.0% increase in the value of the Renminbi against the U.S. dollar would decrease the amount of Renminbi we receive by RMB   million. Similarly, to the extent that we need to convert Renminbi into U.S. dollars, depreciation of the Renminbi against the U.S. dollar would decrease the U.S. dollar amount we receive from the conversion. Our U.S. dollar denominated cash balance was $15.3 million as of December 31, 2012 and our Renminbi denominated cash balance was RMB4.3 million as of December 31, 2012. Assuming we had converted the Renminbi denominated cash balance of RMB4.3 million into U.S. dollars at the exchange rate of $1.00 for RMB6.2301 as of December 31, 2012, this cash balance would have been approximately $0.7 million. Assuming a 1.0% depreciation of

the Renminbi against the U.S. dollar, this cash balance would have been approximately $6,825 less as of December 31, 2012.

Recent Accounting Pronouncements

Newly Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (the "FASB") issued an authoritative pronouncement on fair value measurement. The guidance is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair value measurement principles in U.S. GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments, mainly including:

- Highest-and-best-use and valuation-premise concepts for nonfinancial assets—the guidance indicates that the highest-and-best-use and valuation-premise concepts only apply to measuring the fair value of nonfinancial assets.
- Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk—the guidance permits an exception to fair value measurement principles for financial assets and financial liabilities (and derivatives) with offsetting positions in market risks or counterparty credit risk when several criteria are met. When the criteria are met, an entity can measure the fair value of the net risk position.
- Premiums or discounts in fair value measure—the guidance provides that "premiums or discounts that reflect size as a characteristic of the reporting entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (for example, a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement."
- Fair value of an instrument classified in a reporting entity's shareholder's equity—the guidance prescribes a model for measuring the fair value of an instrument classified in shareholders' equity; this model is consistent with the guidance on measuring the fair value of liabilities.
- Disclosures about fair value measurements—the guidance expands disclosure requirements, particularly for Level 3 inputs. Required disclosures include:
    - For fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation process in place (e.g., how the entity decides its valuation policies and procedures, as well as changes in its analyses of fair value measurements, from period to period), and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.
    - The level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed.

The guidance is to be applied prospectively and effective for interim and annual periods beginning after December 15, 2011, for public entities. Early application by public entities is not permitted. The adoption of this guidance did not have a significant effect on our consolidated financial statements.

In June 2011, the FASB issued an authoritative pronouncement to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The

guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance should be applied retrospectively. For public entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. In December 2011, the FASB issued an authoritative pronouncement related to the deferral of the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This guidance allows the FASB to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. While the FASB is considering the operational concerns about the presentation requirements for reclassification adjustments and the needs of financial statement users for additional information about reclassification adjustments, entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before the pronouncement issued in June 2011. We adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on our consolidated financial statements.

In September 2011, the FASB issued an authoritative pronouncement related to testing goodwill for impairment. The guidance is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. The pronouncement permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The adoption of this guidance did not have a significant effect on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In December 2011, the FASB issued an authoritative pronouncement related to Disclosures about Offsetting Assets and Liabilities. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. We do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

In July 2012, the FASB issued an authoritative pronouncement related to testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the guidance, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If the entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is not more likely than not (i.e., a likelihood of more than 50%) impaired, the entity would not need to calculate the fair value of the asset. The guidance does not revise the requirement to test indefinite-lived intangible assets annually for impairment. In addition, the guidance does not amend the requirement to test these assets for impairment between annual tests if there is a change in events or circumstances; however, it does revise the examples of events and circumstances that an entity should consider in interim periods. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after

September 15, 2012. Early adoption of this guidance is permitted. We do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

In February 2013, the FASB issued an authoritative pronouncement related to Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, to improve the transparency of reporting these reclassifications. Other comprehensive income includes gains and losses that are initially excluded from net income for an accounting period. Those gains and losses are later reclassified out of accumulated other comprehensive income into net income. The amendments in this ASU do not change the current requirements for reporting net income or other comprehensive income in financial statements. All of the information that this ASU requires already is required to be disclosed elsewhere in the financial statements under U.S. GAAP.

The new amendments will require an organization to:

- Present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income—but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period.

- Cross-reference to other disclosures currently required under U.S. GAAP for other reclassification items (that are not required under U.S. GAAP) to be reclassified directly to net income in their entirety in the same reporting period. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is initially transferred to a balance sheet account (e.g., inventory for pension-related amounts) instead of directly to income or expense.

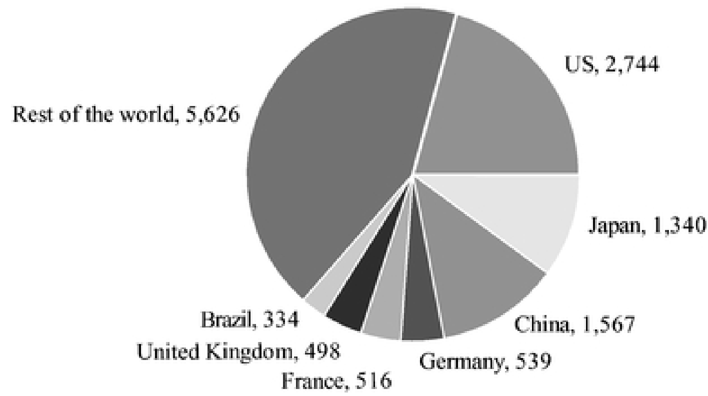
The amendments apply to all public and private companies that report items of other comprehensive income. Public companies are required to comply with these amendments for all reporting periods (interim and annual). The amendments are effective for reporting periods beginning after December 15, 2012, for public companies. Early adoption is permitted. We do not expect the adoption of this guidance to have a significant effect on our consolidated financial statements.

OUR INDUSTRY

Global Online Retail Market

Global online retail sales continue to experience robust growth. As global Internet accessibility continues to improve and broadband usage proliferates, consumers are increasingly utilizing the Internet to purchase goods and services. Growth of global online retail sales is expected to outperform that of global retail sales. According to Euromonitor International, or Euromonitor, global retail sales are expected to grow at a CAGR of 6.2% from $13.2 trillion in 2012 to $15.8 trillion in 2015, while global online retail sales is expected to grow at a CAGR of 17.7% from $521 billion in 2012 to $849 billion in 2015.

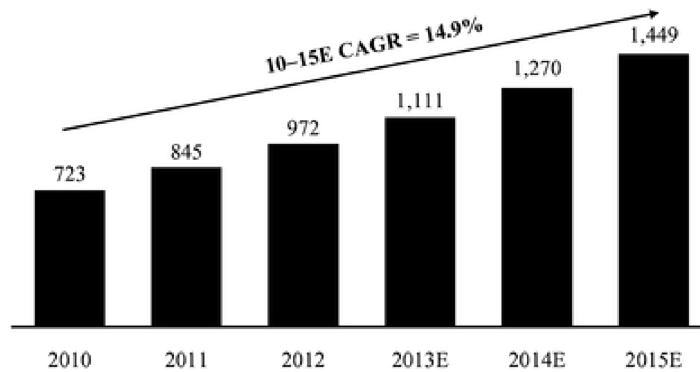
Retail Sales in Major Markets in 2012 (U.S. dollars in billions)



Source: © Euromonitor International 2013

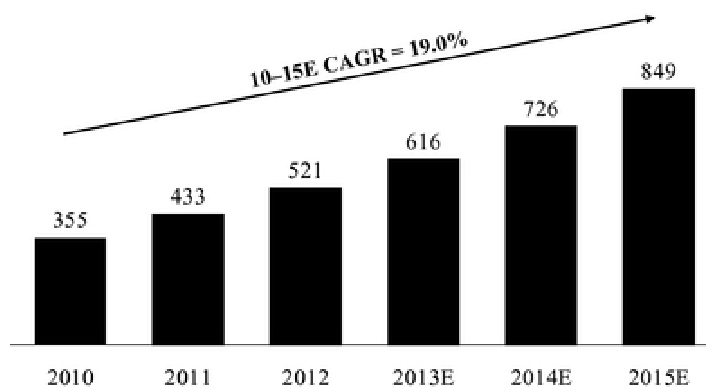
The following charts set forth the historical and estimated number of global online retail shoppers and global online retail sales for the periods indicated:

Global Online Retail Shoppers (in millions)



Source: International Data Corporation Worldwide New Media Market Model, 2H2012, February 2013

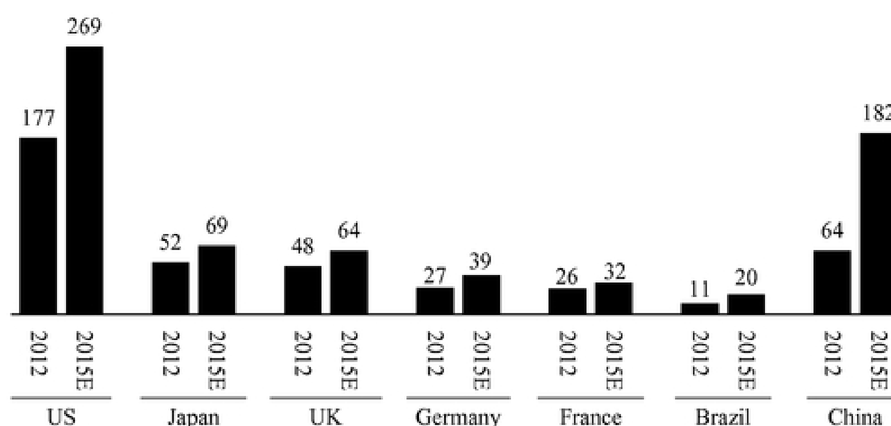
Global Online Retail Sales (U.S. dollars in billions)



Source: © Euromonitor International 2013

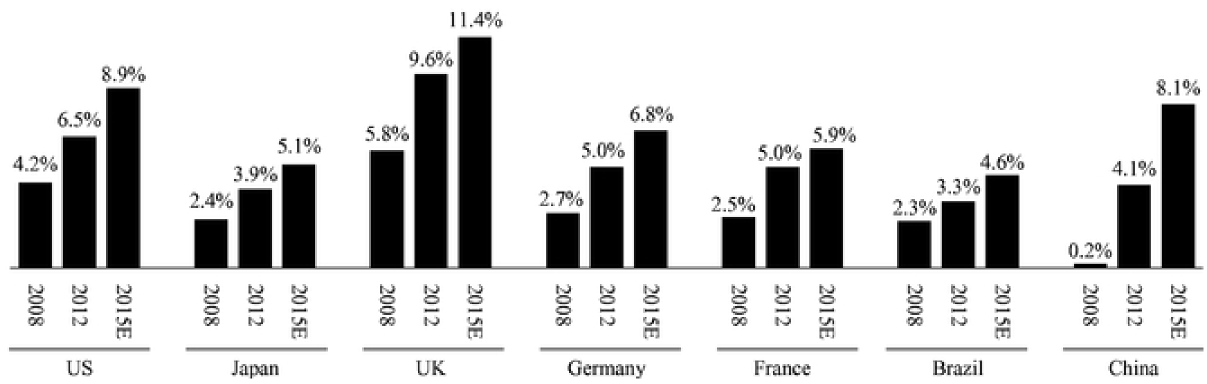
Despite its rapid growth, online retail penetration remains low in major markets around the world, but has and is expected to continue to increase over time. For instance, according to Euromonitor, online retail sales as a percentage of total retail sales in the United States increased from 4.2% in 2008 to 6.5% in 2012 and is expected to increase further to 8.9% by 2015. The following charts set forth the size of the major online retail markets around the world and online retail penetration for the periods indicated:

Online Retail Sales in Major Global Markets (U.S. dollars in billions)



Source: © Euromonitor International 2013

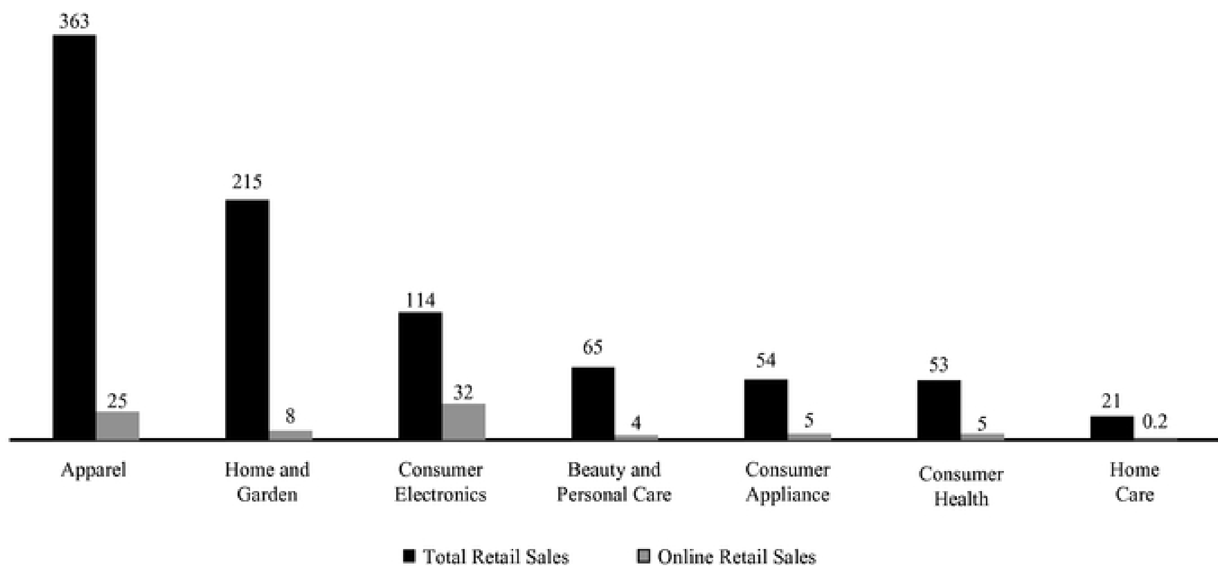
Online Retail Sales as Percentage of Total Retail Sales



Source: © Euromonitor International 2013

While online retail sales as a percentage of total sales continues to increase, there are significant differences between individual product categories. Many product categories remain heavily dominated by offline retailers, as demonstrated in the chart below. These categories present significant opportunities for the future growth of online sales.

Online Retail Sales vs. Total Retail Sales by Category in the United States in 2012 (U.S. dollars in billions)



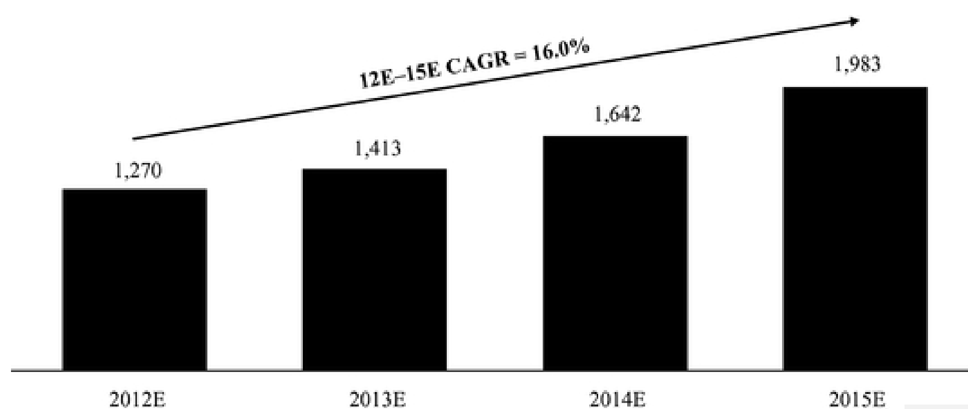
Source: © Euromonitor International 2013

China Manufacturing Capabilities Powering the Global Retail and Online Retail Markets

With the ability to produce high quality products at low costs by employing efficient and flexible manufacturing and access to an abundant supply of experienced and low-cost labor, China has become a major manufacturing hub for the export of consumer goods to global markets. According to iResearch, the Chinese consumer goods export market is expected to grow from $1,270 billion in 2012

to $1,983 billion in 2015, representing a CAGR of 16.0%. The following chart sets forth the historical and estimated size of the Chinese consumer goods export market for the periods indicated:

Chinese Consumer Goods Export Market (U.S. dollars in billions)



Source: iResearch

Opportunities for China-based Companies to Engage in Global Online Retailing

We believe that there are increasing opportunities for China-based companies to participate in global online retail, primarily as a result of the following factors:

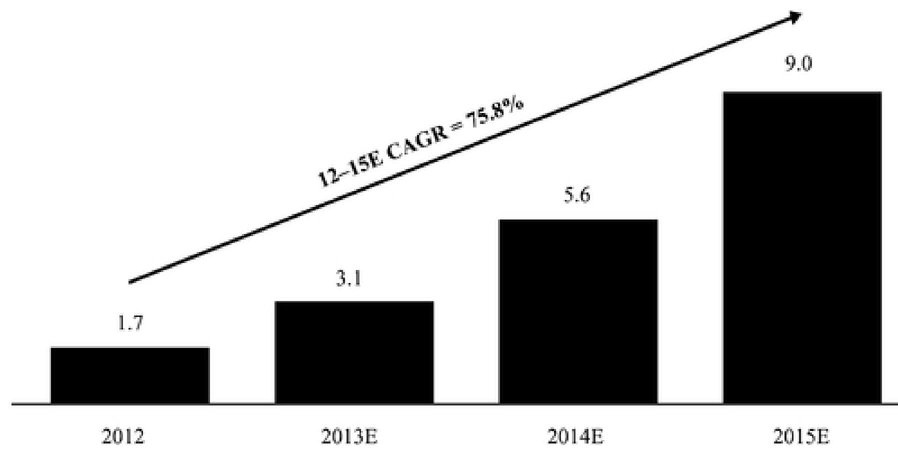
- access to China's large, flexible, low cost and increasingly value-added export-oriented manufacturing base;
- the availability of efficient global payment and logistics solutions that enable direct shipment of goods to consumers around the globe;
- the ability to use online marketing to directly target and acquire potential customers globally; and
- the removal of trade barriers, including high tariffs and import quotas, aided by the WTO.

Our product categories, such as apparel, small accessories and gadgets and home and garden, target large global markets with strong consumer demand. For example, according to Global Industry Analysts, the 2011 global bridal wear market was expected to be $42 billion.

China-based Global Online Retail Market

Through the Internet, China-based online retailers are able to access a global consumer base. With cost advantages and direct sourcing capabilities, they have been able to emerge and grow quickly. According to iResearch, the global online retail market for direct-to-consumer China-made goods is expected to grow from $1.7 billion in 2012 to $9.0 billion in 2015, representing a CAGR of 75.8%. There are many smaller companies existing today in this market. We believe that the high degree of market fragmentation presents an attractive and immediate opportunity for large scale, well-capitalized companies to capture significant market share, achieve economies of scale, build brand equity and establish best practices.

China-based Global Online Retail (U.S. dollars in billions)



Source: iResearch

Key Challenges Facing China-based Companies Targeting the Global Online Retail Market

We believe there are a number of challenges faced by China-based companies that sell consumer goods to global consumers, including:

- offering a customized shopping experience and managing online marketing for an international customer base;
- acquiring deep understanding of consumer needs across diverse geographic markets to build and maintain product offerings and presentation that maximize purchase conversion;
- offering a broad selection of high quality products at global standards;
- establishing a scalable and integrated technology, fulfillment and logistics infrastructure with global reach; and
- creating and maintaining global brand equity.

OUR BUSINESS

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com*, *www.miniinthebox.com* and our other websites, which are available in 17 major languages and cover more than 80.0% of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2012, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

We target lifestyle product categories where consumers value choice or customization. We believe that by offering more variety and personalization we will be able to create and capture new consumer demand. We offer products in the three core categories of apparel, small accessories and gadgets and home and garden, representing categories with the fastest net revenue growth in terms of absolute amount in 2012. The products of our core categories generally require design specificity, thus giving us more pricing flexibility and allowing us to capture higher margin potentials. At any time, a customer shopping for a special occasion dress on our site can have her dress made-to-measure, choosing from more than 4,300 distinctive designs. As of December 31, 2012, we had more than 205,000 product listings. In 2012, we added an average of more than 17,000 new product listings each month.

We serve consumers globally without incurring the costs and complexities associated with establishing a traditional multinational retail infrastructure. Our major markets are Europe and North America. We use global online marketing platforms such as Google and Facebook to reach our consumers, we accept payments through all major credit cards and electronic payment platforms such as PayPal and we deliver our goods through major international couriers, including UPS, DHL and FedEx.

We believe that being a China-based company provides important advantages in supply chain management. We strive to source high quality products directly from some of the most competitive manufacturers in the strongest supply ecosystems. By locating our sourcing offices near some of the most competitive factories, we realize cost advantages and just-in-time inventory management as we create effective supplier competition while maximizing the quality of our products. Our suppliers benefit from working closely with our in-house manufacturing experts to re-engineer their manufacturing processes to achieve faster time-to-market for our products and enable large scale production of individually customized products.

To acquire and retain customers across diverse geographic markets, we have developed proprietary technologies to manage and optimize our large-scale technical and marketing operations. In addition, we have established a specialized social marketing team that uses creative interactive activities to engage online users. We provide a user-friendly online shopping experience and intelligent product recommendation algorithms to facilitate purchasing decisions.

We have developed a proprietary technology platform that integrates every aspect of our business operation, including global marketing, online shopping platforms, supply chain management, fulfillment and logistics and customer service. Our founders have extensive experience and expertise in software development. We have made significant investments in software research and development to improve operational efficiency and enable business innovation.

We have grown significantly since we commenced our operations. Our net revenues grew from $6.3 million in 2008 to $200.0 million in 2012. The number of our customers increased from approximately 36,000 in 2008 to approximately 2.5 million in 2012. We experienced a net loss of $3.0 million, $4.8 million, $21.9 million, $24.5 million and $4.2 million in 2008, 2009, 2010, 2011 and 2012, respectively. We also used cash in operating activities of $2.1 million, $2.3 million, $19.9 million and $14.1 million in 2008, 2009, 2010 and 2011, respectively. We generated $7.4 million in cash from operating activities in 2012.

Our Strengths

We believe we are a first mover in offering consumers around the world an attractive online shopping experience by fully capitalizing on direct sourcing from Chinese manufacturers with manufacturing capacity optimized for online consumer demand. We believe the following strengths contribute to our success and differentiate us from our competitors:

Scalable business model designed for global reach

We have a highly scalable business model that allows us to serve consumers in over 200 countries and territories without incurring the costs and complexities associated with a traditional multinational retailing infrastructure. In 2012, customers in Europe and North America represented 50.7% and 24.0% of our net revenues, respectively. We leverage advanced third-party infrastructure to enable our global business and to focus our investment in areas that create the most consumer value on top of it. As a result, we were able to achieve historically low capital expenditures. Through targeted online marketing platforms such as Google and Facebook, we are able to cost effectively acquire consumers at scale. Through secure online payment platforms such as PayPal, we are able to process payments in real-time from all major credit cards issued globally. Through major global carriers including UPS, DHL and FedEx, we are able to deliver products door-to-door to most destinations around the world, directly from our China-based warehouses. We use Amazon Web Services cloud computing and Akamai CDN technology to provide cost effective and easily scalable infrastructure to support our growth and to optimize the speed of our websites as accessed by users globally. We have professionals from 15 different countries, all based in China, which provides us with deep understanding into global online consumer markets in a cost effective way. As we serve consumers all over the world, we are also able to quickly apply our experience in one market to other markets.

Supply chain optimization for faster time-to-market and product variety

We source over 70% of our products directly from factories in China. We have established six sourcing offices in locations with strong supply ecosystems for specific product categories. We have a comprehensive supplier qualification system and have over 2,000 selected active suppliers, which increased from over 600 in 2010. Our supplier network allows us to create both effective competition and close relationships to control costs by enhancing our purchasing power and to ensure capacity, quality and flexibility.

Our in-house manufacturing experts work closely with our suppliers' factories in order to provide visibility and influence over the manufacturing process, and enable continuous improvements and business innovations. For example, we have helped our apparel suppliers re-engineer their manufacturing process to enable large scale production of individually tailored products with short lead time.

We are able to maintain a low inventory level, by adopting a frequent procurement strategy with short refill cycles from suppliers. We make daily orders to our suppliers and, in most cases, they are able to deliver to our warehouses within 48 hours for the majority of our products and ten to 14 days for customized apparel. Such procurement strategy also enables us to maintain high customer order fulfillment rate as the supply side information is up to date.

Distinctive products optimized for online merchandising

We target lifestyle product categories where consumers value choice or customization. We adopt a quantitative and rigorous product selection and management approach. By conducting market analyses on an ongoing basis, and carefully monitoring customer reviews on our or third-party websites and social media channels, including our Facebook page, we are able to optimize our product offerings by rapidly responding to the latest market trends and consumer preferences. As of December 31, 2012, we had more than 205,000 product listings and in 2012, we added an average of more than 17,000 new product listings each month. Most of our products are non-branded or private label products.

As a result of our direct sourcing and manufacturing innovations, we are able to provide differentiated products at attractive prices in order to capture niche consumer demands or create new consumer demand, setting us apart from traditional factories, which provide mass-produced items with little flexibility and long lead time, or boutique firms, which may provide customization but only at a limited scale and may lack standardized quality control measures. For example, we offer more than 2,000 faucet designs. At any time, a customer shopping for a special occasion dress on our site can have her dress made to measure, choosing from more than 4,300 distinctive designs, over 250 different color and fabric combinations, and any size based on her measurements. Collectively, such made-to-measure offering provides diversity equivalent to more than 5 billion SKUs by traditional retail standards.

We have also established our own designer teams to create distinctive product designs. In certain categories, we have increasingly introduced products under our product brands to further offer product differentiation to consumers.

Sophisticated online marketing capabilities

We utilize scalable online marketing and rich shopping experience to efficiently acquire and retain customers across the world. Targeted performance marketing and social viral marketing are the two primary marketing vehicles we use. Our targeted performance marketing includes search engine marketing, display advertising, affiliate marketing and email marketing. We have developed proprietary technologies to manage and optimize our large-scale performance marketing operations. For example, we have developed an algorithm to discover keyword combinations that are most likely to offer an attractive return on investment. Currently, we actively manage millions of keywords across 17 languages, as well as display advertising on over 100,000 publisher sites. We have established specialized social marketing team to promote our brand and presence across major global social networking platforms through viral marketing campaigns.

Our self developed platform provides rich online shopping experience. Through data mining, we continuously improve the layout, flow and general usability of our websites. We have built specialized photo and video studios to produce rich media content that best illustrates our product features. We have multilingual copywriter teams to ensure we translate important information on our websites into different languages accurately and in a timely fashion. We have organized many online activities to encourage sharing among consumers. We have real-time online support to communicate with customers via online chats. We believe our emphasis on offering a rich shopping experience has played a vital role in facilitating consumer purchasing decisions.

Advanced technology platform that enables business innovation

We have developed a proprietary technology platform with strong data processing capabilities that integrates every aspect of our business operations, including online marketing, online shopping platform, supply chain management, fulfillment and logistics and customer service. This integrated platform enables us to collect and analyze critical business data, maintain end-to-end control over the entire online retail process, gather customer and supplier feedback at every step, share data across all of our online sales channels, and comprehensively streamline our operations to achieve significant economies of scale across the online retail value chain.

We have made significant investments in software research and development to improve operational efficiency and enable business innovation. We have developed proprietary technology to address internet specific problems inherent in global online retail. For example, determining the best shipping method to over 200 countries and territories requires complex algorithms that take into account a variety of real-time factors, including product mix, sourcing options, shipping costs and delivery speed. Based on statistical analyses of past transactions, we have developed software to dynamically optimize our logistics. We have also developed online fraud detection algorithms optimized for global online retail.

Global operations with cost advantages from our base operations in China

We operate our business from mainland China and Hong Kong. This provides us with cost advantages in many business functions, including warehouse operations, software development, marketing operations and customer service. As the Internet and ecommerce have developed rapidly in China, we have attracted a group of well-trained Internet professionals at a significantly lower cost as compared with those in the United States or Europe. We are also able to attract many foreign professionals and overseas returnees to work for us in China. In addition, we have campus recruiting and training programs to target young talents with foreign language skills. Such combined strategies have enabled us to build a highly cost effective and globally competitive work force. For example, we have more than 30 marketing campaign optimizers with extensive mathematic or engineering background to effectively manage our marketing activities. We also have well-trained photo-editing professionals in our photo studios to produce more than 95,000 high quality product photos per month.

Our Strategies

Our goal is to become a leading global online retail company that revolutionizes the way people shop and manufacturers produce their merchandise. We have built an organization with unique competitive advantages that can provide us with long-term sustainable growth. We plan to execute the following key strategies in order to increase customer base and loyalty, improve marketing and sourcing efficiency, reduce operational costs and establish brand preference:

Enhance our customer experience to grow our customer base

We intend to continue to enhance the shopping experience of our customers to grow our customer base and drive repeat customers and repeat purchases. We plan to further improve the functionality and content quality of our websites in order to facilitate customer purchasing decisions. We aim to launch new promotional mechanisms such as website promotional deals. We will also further invest in our customer service and enhance our online community-based customer peer sharing and support. We are currently developing our proprietary customer relationship management program to better understand and serve the needs of our existing customers and have also implemented focused marketing initiatives to encourage repeat purchasing. We expect these actions to strengthen customer loyalty and brand recognition for *www.lightinthebox.com*, *www.miniinthebox.com* and our other websites.

Expand and strengthen our product offerings

We aim to apply our business model and manufacturing expertise to new lifestyle product categories where customers value variety, individual customization, significantly improved quality or significantly reduced costs. We will analyze market demand and size, supply chain structure, Chinese cost advantages, existing brand companies, disruptive innovation opportunity, online marketing efficiency, logistical feasibility and cost and expected margin. We believe that introducing new product categories, especially those with high intrinsic repeat purchase rates, will allow us to capture a broader range of consumer demand, stimulate cross-selling and repeat purchases, and foster our loyal customer base.

We intend to continuously optimize our product offerings in each category by providing more product choices, by introducing more competitive suppliers and by capturing market and industry trends more promptly and precisely. In order to offer more unique and differentiated products to our customers, we aim to acquire deeper domain knowledge in each product category and invest in product design and innovations. Within each of our product categories, we intend to introduce more sub-categories over time. For example, in our home and garden category, we have recently introduced bedding products and plan to introduce made-to-order curtains. We have also expanded our bridal wear category to offer bridesmaid dresses, mother-of-the-bride dresses, flower girl dresses and shoes and accessories.

In addition, we intend to continue building our own product labels to further differentiate our product offerings, provide more value to consumers, strengthen brand recognition and foster loyalty. We have recently launched our brand of fast fashion apparel for women, *Three Seasons / TS*, and our brand of faucets, *Sprinkle*. We are currently selling our *Three Seasons / TS* and *Sprinkle* products on *www.lightinthebox.com* and other websites. We intend to develop and introduce additional brands within our product categories.

Strengthen our supply chain management and efficiency

We will help our suppliers to scale up capacity, improve product quality and packaging, reduce cost, reduce lead time and increase flexibility. We will achieve this by investing in manufacturing process innovation and optimization to improve capacity management. We also aim to apply such process to more product categories. We will also introduce specialty suppliers from outside China on an as needed basis.

Optimize our logistics network and infrastructure

We plan to continue to optimize our logistics processes, infrastructure and network. We will refine our algorithms to dynamically optimize fulfillment and inventory management. We intend to work with major global couriers to develop customized shipping methods, reduce shipping time and cost, and improve the overall customer experience. For certain product categories we may also consider using third-party logistics and collection centers in selected overseas locations to reduce our logistics costs and expedite delivery time for our customers.

Deepen our market penetration globally and build stronger brand awareness

We recognize different lifestyle and consumer preferences in various geographic markets. We plan to provide more market-specific product offerings and logistic and customer service solutions. We also plan to further tailor our marketing and branding activities for each major market. Our increased localization efforts towards each market will be enabled by a unified technology system that can provide flexibility in business practices with minimal additional overhead.

We aim to help global consumers overcome language barriers in online shopping, and we target geographic regions with under represented online retail markets due to language barriers. We will provide even broader access to our websites by offering other languages on our websites in the near future.

Invest in our technology platform

We intend to increase the level of automation and technological sophistication of our operations, particularly in areas such as marketing, order processing, customer service and data collection and analysis. We also intend to expand our data-mining capabilities to conduct in-depth analysis of customer purchase patterns and preferences. We will further optimize our websites for display on mobile devices to make shopping for our lifestyle products more convenient for mobile Internet users. We believe that having an advanced technology platform will be essential in allowing us to further improve our customer experience, enhance operational efficiency and lower operating expenses.

Our Websites

We operate our business primarily through *www.lightinthebox.com*, offering customized apparel, small accessories and gadgets, home and garden, electronics and communication devices and other products. Our *www.lightinthebox.com* website is currently available in English, French, Spanish, German, Italian, Portuguese, Russian, Dutch, Danish, Norwegian, Japanese, Swedish, Korean, Hebrew and Finnish. We intend to offer other languages on our website in the near future. We also offer our products on our Arabic website.

We have established additional websites for more specific product categories and geographic regions, including *www.miniinthebox.com* for small accessories and gadgets and *www.ouku.com* for products targeting our Chinese customer base. All of our websites are supported by a common technology platform, allowing for centralized inventory management across all of our websites.

Our websites offer consumers a rich shopping experience and includes comprehensive information on our entire line of products such as detailed descriptions, rich media presentation, size and color availabilities and customer reviews. We have multilingual copywriter teams to ensure we translate important information on our websites in different languages accurately and in a timely fashion. Users may search and view our products by category, style and other popular features. They may also search by product name, code or keyword. We offer users social media tools on our websites to share information about our products on the world's major social networking sites. We have also established online communities to foster customer peer sharing.

We have made our websites easily accessible by users on their mobile devices. We believe this provides our customers with greater flexibility and convenience as to when and where they shop and provide us with the ability to attract even more customers. We have launched a dedicated shopping application that works with the iPhone™ and the iPad™ to enhance the mobile shopping experience of our users.

Supplemental Online Outlets

In addition to our own websites, we also experiment with selling through outlets on other high traffic online marketplace platforms such as Amazon.com, eBay.com and Taobao.com. These other online outlets provide us with additional channels for the sale of our products and market intelligence to optimize our product offerings. In 2010, 2011 and 2012, we generated approximately 9.4%, 9.3% and 8.6% of our net revenues, respectively, through these supplemental online outlets.

Our Product Categories

We primarily offer customers lifestyle products through our websites. We have historically focused on apparel and electronics and communication devices. Recently, we have introduced other categories of lifestyle products, with a particular focus on small accessories and gadgets and home and garden, as well as beauty and sports and outdoor. We intend to continue to add product categories and increase the variety and customization options of the products we offer in each of our categories.

Our product offerings include:

- *Apparel.* This category includes customized, special occasion apparel, such as wedding dresses, bridesmaid dresses, groom wear, cocktail dresses, formal evening wear, graduation dresses and accessories. It also includes fast fashion, namely women's apparel that represents the latest fashion trends, under our *Three Seasons / TS* brand.

- *Small Accessories and Gadgets.* This category includes video game accessories, tablet computer and computer gadgets, electronics gadgets, electronics accessories such as electronic cables, headsets and chargers and home theater system accessories, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys

and travel kits. Small accessories and gadgets are predominantly offered through our dedicated website, *www.miniinthebox.com*.

- *Home and Garden.* This category includes faucets (including our own *Sprinkle* brand of faucets), lighting fixtures, paintings, portable home appliances, bathroom fixtures, door and window fixtures and certain types of furniture.

- *Electronics and Communication Devices.* This category includes tablet computers, car electronics, security systems, portable music and DVD players, projectors, cell phones, short-wave radios, virtual display glasses and music player sunglasses. We intend to continue to grow sales for our consumer electronics products.

- *Other.* This category includes beauty products such as make-up supplies, wigs, footbaths, and ultrasonic cleaners. It also includes sports and outdoors products.

We have established dedicated product category management teams with strong expertise in their individual categories. We focus on product categories with strong market demand and large market size, supply chain feasibility, Chinese cost advantages, online marketing efficiency, logistical feasibility and cost saving potentials. After products are selected, we conduct frequent real-time customer behavior analysis and seek customer feedback through surveys to improve and tailor our offerings. This allows us to quickly make adjustments and improvements to our products or the presentation of such products. For certain of our products, we have established our own design teams. Such internal design expertise allows us to create distinctive product designs and provide design feedback to suppliers as to the latest fashions and trends. Our design teams also assist us with our product selection and product presentation to maximize the appeal of our product offerings.

Our Relationship with Suppliers

We source most of our products directly from factories in China. We have a comprehensive supplier qualification system and have over 2,000 selected active suppliers. We select our suppliers based on a range of factors, including product quality, price, reliability, financial strength, reputation, ability to meet our delivery timeline and production capacity, ability to increase their production capacity along with the increase in our business and historical relationship. We employ a bidding process for the selection of our suppliers to encourage competition.

While we do not have manufacturing operations ourselves, we have in-house manufacturing experts who work closely with our suppliers. This provides us with visibility into the manufacturing process, which allows us to efficiently manage capacity and quality and enables continuous improvements and business innovations. Typically Light In The Box Limited enters into one-year supply framework agreements with the Hong Kong entities or agents of our suppliers for our branded and unbranded products and specify in each purchase order the product type, unit price, quantity, delivery timeline and other detailed items. As the manufacturing processes of some of our products, such as apparel and certain electronics, require a variety of delicate parts and materials, we usually require our suppliers to procure key materials from our designated raw material suppliers in case of raw material shortages and to ensure prompt fulfillment for popular items. We may also require our suppliers to produce custom fabrics and other materials in accordance with certain design and specification. Our suppliers are liable for problems and costs associated with custom clearance.

We have established a supply network that is characterized by on-demand procurement with low lead time. We have established six sourcing offices in China. We work with many of our suppliers to re-engineer their manufacturing process that enables us to place orders in relatively small batches. This provides us with the advantage to quickly adjust the design of our products, in each batch if needed, based on real-time customer feedback. For our made-to-measure products, such as customized apparel, we place orders with our suppliers only when our customers have placed an order, and such products are delivered to our warehouses by our suppliers within ten to 14 days from the time when we place an order. For non-customized products, we adopted a frequent procurement strategy characterized with

short refill cycles from suppliers that are, in most cases, within 48 hours. Our supply chain management system has been efficient in managing inventory while also reducing production waste for our suppliers, which we believe increases the desire for suppliers to work with us.

Starting from the fourth quarter of 2011, we have entered into arrangements with certain suppliers under which the suppliers store their products at our warehouses. Such products are referred to in this prospectus as co-location inventory. Such co-location inventory products are delivered to our warehouses by our suppliers at their own costs, and we do not record these products as our inventory until all liabilities and rights of ownership of these products are passed on to us upon the confirmation of orders by our customers. We have the right to ask the suppliers to remove the co-location inventory from our warehouses at any time, generally at the suppliers' own costs. However, we may from time to time pay the transportation cost associated with returning such products to suppliers. In addition, certain agreements with our suppliers require them to remove unsold co-location inventory within 90 days after these products are delivered. The costs and expenses incurred related to the storage of co-location inventory in our warehouses, such as rentals, are generally paid by us. As of December 31, 2011 and 2012, the co-location inventory stored at our warehouses amounted to $1.5 million and $3.9 million, respectively.

Purchases from our suppliers accounted for 71.4%, 68.1% and 65.1% of our total cost of sales in 2010, 2011 and 2012, respectively. Purchases from the largest supplier accounted for 6.3%, 5.6% and 3.0% of our total cost of sales for the same periods, respectively.

Pricing

In general, we aim to set our products at competitive prices. For example, in the United States, average spending on a wedding dress was $1,166 in 2011, according to The Wedding Report, Inc. We offer customized wedding dresses at an average price of $209 in 2011. We price our products to reflect the savings associated with direct sourcing, low inventory levels and optimized logistics. We set the price of our products based on consumer demand and feedback, sourcing costs, delivery costs and existing market prices for similar products. As we perform extensive data analysis on our product presentation and customer purchasing decisions, we believe we can effectively conduct targeted promotional activities, identify optimal pricing points for each product and generate strong sales and gross-margin performance.

Payment and Order Fulfillment

Payment

Our customers may choose from a wide range of payment methods. For our customers on *www.lightintthebox.com* and other sites targeting customers outside of China, operated by Light In The Box Limited, available payment options include online payment through all major credit and debit cards, including Visa, MasterCard and American Express, and electronic payment platforms such as PayPal, money transfer through Western Union and wire transfer. However, available payment options may differ depending on the country or region in which the customers are based.

For customers on our *www.ouku.com* and other sites operated by Lanting Huitong and Shanghai Ouku targeting customers in China, payment options include cash on delivery, online payment, wire transfer and postal remittance. We also allow our customers to pay online with credit cards and debit cards issued by major banks in China, or through popular third-party electronic payment platforms.

Order Fulfillment

We have established strategically located warehouses in Suzhou, Jiangsu Province and Shenzhen, Guangdong Province. In total, our warehouses measure over 44,700 square meters and have the capacity to handle over 72,000 orders per day. As we grow our business, we build incremental capacity to reduce our capital expenditures. Our warehouses are currently leased.

Generally, orders placed by our customers are transmitted via our information technology system to one of our warehouses. As a result of our unique supply network, we have generally maintained a low inventory level and, in many cases, do not keep many products in stock. Rather, we transmit orders to our suppliers for fulfillment only when such orders are received from our customers or on a daily basis in small batches. Products are then delivered from our suppliers to our warehouses for quality inspection before being shipped out to our customers by third-party couriers. We make daily orders to our suppliers and, in most cases, they are able to deliver to our warehouses within 48 hours for the majority of our products and ten to 14 days for customized apparel. Typically, non-customized products are delivered to customers within 14 days from the time when an order is placed. Wedding gowns and other customized apparel are generally delivered within 21 days from the time when an order is placed. We regularly monitor our order fulfillment process and solicit customer feedback to ensure fulfillment accuracy.

We offer a wide range of delivery options to our customers. We work with global couriers such as UPS, DHL and FedEx, for international deliveries. We also work with various local couriers for deliveries in China.

Refund and Exchange

We have implemented refund and exchange policies specific to each of our product categories. Generally, for products sold through our *www.lightinthebox.com*, *www.miniinthebox.com* and other sites targeting customers outside of China, if the product is returned for quality issues, damage during shipping, failure to conform to specifications, allergic reactions, we generally provide a full refund if the customer submits a return-request form to one of our customer service representatives within seven days of receiving the product. The seven-day refund period is extended for certain products. Customized apparel return requests are subject to additional restrictions due to the personalized nature of such products. For products sold through our *www.ouku.com* and other sites targeting customers in China, refunds are generally provided within seven days of purchase for quality issues. Customers in China who choose to make payment on delivery can inspect products and reject the delivery in part or in whole prior to paying for the goods.

Quality Control

We believe that our ability to offer quality products is essential to our continued growth and success. Therefore, we emphasize quality control and, as of December 31, 2012, we had built a quality control department of 125 employees.

As we source all of our products from suppliers, we have implemented a series of quality control measures to ensure that the products they provide meet our specifications and standards. We communicate actively with our suppliers to clarify our requirements, conduct onsite inspections both to ensure compliance with specifications on particular items as well as for regular quality concerns and share customer feedback. We thoroughly examine product prototypes or initial samples before production begins or agreements with the suppliers are enter into. We examine products when they arrive at our warehouses and we thoroughly inspect most of our products just prior to delivery to our customers.

Marketing

We focus our marketing activities on effective customer acquisition through targeted performance marketing. We primarily employ search engine marketing on a cost-per-click basis. Users are shown our advertisements when they conduct searches using designated keywords or phrases. Under our cost-per-click arrangements, we pay a fixed fee for each time a user clicks on our advertisements, with a higher fee for common keywords with a high correlation to purchase intention. Under our cost-per-acquisition arrangements, we pay a fixed fee for each time a user purchases a product after clicking on an advertisement. We employ a combination of our own proprietary technology and advanced third-party infrastructure to manage and optimize our cost-per-click advertising and to discover long-tail multilingual keywords that are most likely to offer a positive return on investment.

We display contextual advertising through major search engines' advertising networks on a cost-per-click basis. We measure the cost of customer acquisition and constantly adjust our keyword selection combinations, advertising copies and landing pages to increase the likelihood of customer purchases once they visit our websites. We also engage in an affiliate marketing program where we offer affiliated websites commissions for directing customer traffic to our websites through embedded hyperlinks. As of the date of this prospectus, we actively managed millions of keywords in 17 languages and display advertising on over 100,000 publisher sites around the world. Furthermore, we have established a specialized social marketing team to promote our brand and presence across major global social networking platforms through viral marketing campaigns, such as exclusive deals to stimulate customer purchases.

We are also focused on providing our customers with a rich shopping experience, which drives customer recommendations, foster customer sharing and encourages repeat customer visits. We engage in direct marketing campaigns through personalized electronic direct marketing newsletters to our customers. We believe that our data analysis capabilities facilitate repeat purchases as we are able to send targeted notices to customers highlighting products they may find relevant and attractive.

Customer Service

We believe our rapid growth in past years and success in attracting a growing customer base is partially attributable to our effort to provide excellent customer service. We have a team of highly trained customer service representatives to address customer inquiries, educate potential customers about our products and services and monitor order progress. We also pay close attention to reviews of our business or products on our or third-party websites in order to promptly address customer complaints and to improve our shopping experience and product offerings. As of December 31, 2012, we had a total of 87 customer service representatives that are able to provide customer services in 17 languages, up from 9 languages in 2010, and most of these representatives have overseas working experience.

We primarily provide customer services for our *www.lightinthebox.com*, *www.miniinthebox.com* and other sites targeting customers outside of China through electronic communications, including real-time online chat, e-mails and messages posted on our websites or through social media networks. Customer service for our *www.ouku.com* and other sites targeting customers in China are provided through toll-free call centers and electronic communications.

Our websites also offer a variety of self-help features. These features help our customers to track the status of their orders in real time. Customers may also cancel or modify their orders or contact our customer service representatives for exchange or return of products. We collect customer feedback to improve our responses and utilize such feedback to update our knowledge base to better address customers' needs.

For discussion as to our product exchange and return policy, see "—Payment and Order Fulfillment—Refund and Exchange."

Technology

We have focused on and will continue to invest in our information technology infrastructure and applications. We have built a proprietary modularized and scalable technology infrastructure, which enables us to quickly expand system capacity and add new features and functionalities in response to our business needs and evolving customer demand without affecting our existing operations or incurring significant costs. As of December 31, 2012, we had 166 technology, research and development personnel.

Our systems are mainly composed of front-end and back-end modules with different functions. Each module operates independently and is not affected by the performance of other modules. The following describes the functionality of our front-end and back-end modules:

- *Front-end Modules.* Our front-end modules support the operation of our user-interface websites, including user account management, website homepages, search functions, category browsing, product display pages, online shopping carts, checkout and order management functions.

- *Back-end Modules.* Our back-end modules support our business operations, including our marketing system, order processing system, inventory management system, sourcing system (which is connected to systems of many of our suppliers for order placement and tracking), product fulfillment system (which is tied to our warehouses), product recommendation system, e-mail delivery system and customer support system. Many of our back-end systems work with each other and our financial operations systems and can generate up-to-date inventory reports and automatically place customized orders with our manufacturers.

A critical component of our business model is our data analysis capabilities. We have a dedicated data analysis team to track, analyze and forecast customer purchase and browsing behaviors. This enables us to anticipate market demand, arrange for production, rearrange website layouts and product placement, product presentation and supports our supply network. Our systems are integrated to allow a seamless communication of data regarding our customers, their orders, product availability information and logistics information.

Our open application programming interface approach allows us to integrate and work with third-party websites including social network sites, electronic payment platforms, other online distribution outlets and analytic systems. We have also adopted rigorous security policies and measures, including our dual-key and server-specific encryption technology, to protect customer privacy. Customers are protected by their own unique passwords and by our advanced data security software.

Competition

The retail market for our products is intensely competitive. Consumers have many product choices online and offline offered by global, regional and local retailers. Our current or potential competitors include online retailers such as other China-based global online retail companies, retail chains, specialty retailers and sellers on online marketplaces. Each of our competitors has unique strengths that depend on their demographic, product and geographic focus. We may also in the future face competition from new entrants, consolidations of existing competitors or companies created through spin-offs of our larger competitors. For information in relation to the competitive challenges that we face, see "Risk Factors—Risks Related to Our Business and Industry—The online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations."

We compete on the basis of characteristics such as sourcing products efficiently, technology innovation, pricing our products competitively, maintaining the quality of our products and services, anticipating and responding quickly to changing consumer demands, conducting strong and effective marketing activities and maintaining favorable brand recognition. We believe that our primary competitive advantages are our technology-enabled infrastructure, our differentiated product offerings, direct sourcing from cost competitive and flexible suppliers in China, strong online marketing capabilities, favorable prices, effective customer service, and a strong management team.

Intellectual Property

We rely on a combination of trademark, trade secret and other intellectual property laws as well as confidentiality agreements with our employees, manufacturers and others to protect our intellectual

property. As of the date of this prospectus, we have registered domain names for all of our websites, including *www.lightinthebox.com*, *www.ouku.com* and *www.miniinthebox.com* and trademarks and service marks in China, Hong Kong and the European Union, including for *Lightinthebox* and *MiniInTheBox*. In addition, we have filed additional trademark applications in China, Hong Kong, Japan, the European Union and the United States.

In addition to the protection of our intellectual property, we are also focused on ensuring that our product offerings do not infringe the intellectual property of others. We have adopted internal policies and guidelines during product design and procurement process to make sure our suppliers and products we offer do not infringe on third-party intellectual property rights. All our supplier agreements contain provisions to safeguard against potential intellectual property infringement by our suppliers and impose severe penalties in the event of any infringement. We will also refuse to work with or terminate our relationship with suppliers in the event of intellectual property right violations. In addition, we have also engaged third-party advisors to assist us in ensuring compliance with third-party intellectual property rights.

Despite our best efforts, however, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights and that products sold on our websites do not infringe or misappropriate the intellectual property rights of others. For information in relation to the challenges we face protecting our intellectual property, see "Risk Factors—Risks Related to Our Business and Industry—We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position." For information in relation to the challenges we face in relation to preventing our infringement of the intellectual property rights of others, see "Risk Factors—Risks Related to Our Business and Industry—Products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business."

Employees

As of December 31, 2010, 2011 and 2012, we had 636, 834 and 1052 full-time employees, respectively. All of our employees are based in China. We have employees from 15 countries, including the United States, United Kingdom, Italy, Portugal, Spain, France, Egypt, Germany, the Netherlands, South Korea, Russia, Ecuador, Sweden, Denmark and China. The following table sets forth the number of our employees by function as of December 31, 2012:

	Number of Employees
Fulfillment	449
Selling and Marketing	68
Technology, Research and Development	166
General and Administrative	369
Total	1,052

We believe that we offer our employees competitive compensation packages and, as a result, we have generally been able to attract and retain qualified personnel and maintain a stable management team.

We generally enter into standard employment contracts with our employees, which contain non-compete provisions. Furthermore, we have entered into confidentiality agreements with many of our key employees that aim to protect our trademarks, designs, trade secrets and other intellectual property rights.

As required by PRC regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing fund. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government. The total amounts of contributions we made to employee benefit plans in 2010, 2011 and 2012 were $1.3 million, $2.9 million and $3.8 million, respectively.

We believe that we have a good working relationship with our employees and we have not experienced any significant labor disputes.

Facilities

We currently lease all properties for our operations. Our corporate headquarters are located in Beijing, China. We have established sourcing offices in Beijing, Shenzhen, Guangdong Province, Shanghai, Suzhou, Jiangsu Province, Guangzhou, Guangdong Province and Yiwu, Zhejiang Province. We maintain warehouses in Suzhou, Jiangsu Province and Shenzhen, Guangdong Province. We have also established photo studios in Beijing and Shenzhen, Guangdong Province. The following table sets forth a summary of our leased properties as of the date of this prospectus:

Location	Size (in square meters)	Usage of Property
Beijing	6,569	Office space, sourcing office and photo studio
Suzhou, Jiangsu Province	10,232	Warehouse and sourcing office
Shenzhen, Guangdong Province	36,039	Warehouses, sourcing office and photo studio
Shanghai	1,000	Sourcing office
Guangzhou, Guangdong Province	199	Sourcing office
Yiwu, Zhejiang Province	122	Sourcing office

We believe that our existing facilities are adequate for our current business operations and we will be able to enter into lease arrangements on commercially reasonable terms for future expansion.

Insurance

We participate in government sponsored social security programs including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing fund. We do not currently maintain property insurance. In addition, as is typical in China, we do not maintain business interruption insurance, or general third-party liability insurance, general product liability insurance, or key-man life insurance. See "Risk Factors—Risks Related to Our Business and Industry—We do not have any business liability, disruption or litigation insurance and any business disruption or litigation we experience might result in our incurring substantial costs and diversion of resources."

Legal and Administrative Proceedings

We are currently not a party to and we are not aware of any threat of any legal, arbitration or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations. We have in the past, and may from time to time in the future, become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

REGULATIONS

We sell our products to customers around the world, and as such we are subject to a number of foreign and domestic laws and regulations that affect companies conducting global online retail businesses, many of which are still evolving and could be interpreted in ways that could harm our business. For example, we are subject to laws protecting the privacy of customer non-public information and regulations prohibiting unfair and deceptive trade practices. Other laws in which we may be subject include issues such as user privacy, the tracking of consumer activities, marketing e-mails and communications, other advertising and promotional practices, content and quality of products and services, sales and other taxes, import and export laws, electronic contracts and other communications and mandatory data retention.

For example, tax authorities in a number of states in the United States are currently reviewing the appropriate tax treatment of companies engaged in online commerce, and new state tax regulations may subject us to additional state sales and income taxes. New legislation or regulations, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business or the application of existing laws and regulations to the Internet and commercial online services could result in significant additional taxes or regulatory restrictions on our business.

Many states in the United States have passed laws requiring notification to subscribers when there is a security breach of personal data. There are also a number of legislative proposals pending before Congress, various state legislative bodies and foreign governments concerning data protection. In addition, data protection laws in Europe and other jurisdictions outside the United States may be more restrictive, and the interpretation and application of these laws are still uncertain. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Although our products are sold all over the world, our operations are based primarily in China, and as such, we are primarily governed by and especially sensitive to the laws and regulations of China, including the following:

Regulations Relating to Cross-border Trading

The Customs Law, effective as of July 1, 1987 and amended on July 8, 2000, divides imported and exported items into "goods" and "articles" based upon the nature and purpose of such items. Under the Customs Law, "goods" and "articles" are not defined. However, this concept is clarified in the Rules for the Implementation of Administrative Punishments Under the Customs Law, effective as of November 1, 2004. These Rules describes "articles" as postal items and travelers' luggage that are brought in and out of the PRC on an individual's person or luggage. When the quantity of articles is higher than a reasonable amount for personal use, it will be regarded as "goods." "Personal use" means that the traveler or consignee will use the items themselves or give the items as gifts, rather than selling or renting the items. "Reasonable amount" means the regular amount determined in accordance with the traveler or consignee's situation, purpose of travel and duration of stay.

The Foreign Trade Law, effective as of July 1, 2004, governs international trade in services and the import and export of goods and technologies. Under this law, goods and technologies are categorized as (i) permitted, which may be freely imported and exported, (ii) restricted, which require advance approval or (iii) prohibited, which may not be imported or exported at all. Currently, all merchandise we export is categorized as permitted. Furthermore, an "import and export trader", or any company or individual engaging in the import or export of goods or technologies, must register with the administrative department of foreign trade under the State Council or any of its authorized bodies in order to be qualified as a foreign trade business operator. According to current foreign trade laws, the

Ministry of Commerce and its competent local branches are the authorized bodies to conduct qualification filings and registrations for foreign trade business operators.

The Customs Law requires that importers and exporters make true declarations of their goods and technologies to customs. The Measures for the Inspection of Imported and Exported Merchandise also requires that certain items must be inspected by a commodity inspection organization before it can be exported. Further, the Ministry of Commerce and General Administration of Customs jointly adopted a mandatory licensing system for the export of certain merchandise, which exporters must comply with depending on the commodities they export.

The customs declaration, clearance and inspection procedures for goods and articles are different. The declaration of import or export of goods may be made by the consignees or consigners themselves or by customs brokers that have registered with the permission of the customs. The consignees, consigners or customs brokers shall make true declarations and submit the import or export license for restricted goods and relevant documentation to the customs for inspection. The Measures for the Inspection of Imported and Exported Merchandise also requires that certain goods must be inspected by a commodity inspection organization before it can be exported, while exported articles are generally exempted from inspection, unless otherwise required by law.

We work with third-party couriers to ship the merchandise purchased by our global customers on a parcel-by-parcel basis and to go through customs declaration, clearance and inspection procedures for the export of these merchandise. The customs declaration, clearance and inspection procedures for the merchandise which are packaged and shipped in parcels are handled in accordance with procedures for articles. If the PRC government determines that our custom declaration practice do not comply with applicable laws and regulations and the merchandise we sell to our global customers shall be exported as goods instead of articles, it may take regulatory or enforcement actions against us. See "Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the uncertainties and changes in the PRC regulations and policies of cross-border activities."

Corporate Laws and Industry Catalogue Relating to Foreign Investment

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC, or the Company Law, effective in 1994 and as amended in 1999, 2004 and 2005, respectively. The Company Law is applicable to our PRC subsidiary, our VIEs and Shanghai Ouku unless the PRC laws on foreign investment have stipulated otherwise.

The establishment, approval, registered capital requirement and day-to-day operational matters of wholly foreign owned enterprises, such as our PRC subsidiary, Lanting Jishi, are regulated by the Wholly Foreign owned Enterprise Law of the PRC, effective in 1986 and as amended in 2000, and the Implementation Rules of the Wholly Foreign Owned Enterprise Law of the PRC, effective in 1990, as amended in 2001.

Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce and the National Development and Reform Commission. The Catalogue divides industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

Establishment of wholly foreign owned enterprises is generally permitted in encouraged industries. Some restricted industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are also subject to higher-level government approvals. Foreign investors are not allowed to invest in industries in the prohibited category.

Regulations Relating to Telecommunications Services

On September 25, 2000, the State Council promulgated the Telecommunications Regulations, or the Telecom Regulations. The Telecom Regulations draw a distinction between "basic telecommunication services" and "value-added telecommunication services." Internet content provision services, or ICP services, is a subcategory of value-added telecommunications businesses. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT or its provincial level counterparts.

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures. According to the Internet Measures, commercial ICP service operators must obtain a value-added telecommunications license for Internet information service or an ICP license from the relevant government authorities before engaging in any commercial ICP operations within the PRC. In November 2000, the MIIT promulgated the Administrative Measures on Internet Electronic Messaging Services, or the BBS Measures. BBS services include electronic bulletin boards, electronic forums, message boards and chat rooms. The BBS Measures require Internet information services operators to obtain specific approvals or filings before providing BBS services.

On December 26, 2001, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating License, or the Telecom License Measures. On March 1, 2009, the MIIT issued the revised Telecom License Measures, which took effect on April 10, 2009. The Telecom License Measures set forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, an ICP operator providing value-added services in multiple provinces is required to obtain an inter-regional license, whereas an ICP operator providing the same services in one province is required to obtain a local license.

To comply with these PRC laws and regulations, Lanting Huitong, as our ICP operator, holds an ICP license.

Regulations Relating to Foreign Investment in Value-Added Telecommunications Industry

According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises issued by the State Council effective in January 2002, as amended in September 2008, a foreign investor may hold no more than a 50% equity interest in a value-added telecommunications services provider in China and such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the Circular, issued by the former Ministry of Information Industry in July 2006, reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain an ICP license to conduct any commercial ICP business in China. Under the Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, certain relevant assets, such as the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local ICP license holder or its shareholders. The Circular further requires each ICP license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. If an ICP license holder fails to comply with the requirements in the Circular and also fails to remedy such non-compliance within a specified period of time, the Ministry of Information Industry (currently the MIIT) or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP license.

Regulations Relating to Internet Information Services and Content of Internet Information

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures, to regulate the provision of information services to online users through the Internet. According to the Internet Measures, entities engaged in the provision of Internet information services within the PRC should obtain either (i) an "Internet Content Provider" license issued by the MIIT or its local bureau (ICP License), if the services in question are regarded as "commercial Internet information services"; or (2) an ICP filing with the local MIIT bureau (ICP Filing), if the services in question are regarded to as "non-commercial services". The former refers to "information, web page creation and other services provided to Internet users via the Internet for consideration", while the latter refers to "services that provide information of a publicly available and accessible nature to Internet users via the Internet for gratis". Operators providing commercial Internet information services shall obtain specific approvals before providing BBS services and the operators providing non-commercial Internet information services shall obtain specific filings before providing BBS services. If an Internet information service provider fails to obtain an ICP license or ICP filing or fails to obtain a specific approval or filing for its BBS services, the relevant local branch of the MIIT may levy fines, confiscate its income or even block its website. The concepts of commercial and non-commercial Internet information services are stipulated generally and hence leave much room for interpretation by the local MIIT bureau in its approval practice. According to the practice of Shanghai MIIT branch which applies the ICP filing system to online e-commerce activity (rather than ICP license), Shanghai Ouku has made ICP filings for its website. Shanghai Ouku has not obtained specific filings for BBS on its website.

The Internet Measures further specify that Internet information services regarding, among others, news, publication, education, medical and health care, pharmacy and medical appliances are required to be examined, approved and regulated by the relevant authorities. Internet content providers are prohibited from providing services beyond that included in the scope of their business license or other required licenses or permits. Furthermore, the Internet Measures clearly specify a list of prohibited content. Internet content providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offending content immediately, keep a record and report to the relevant authorities.

Regulations Relating to Privacy Protection

As an Internet content provider, we are subject to regulations relating to protection of privacy. Under the Internet Measures, Internet content providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the lawful rights and interests of others. Internet content providers that violate the prohibition may face criminal charges or administrative sanctions by PRC security authorities. In addition, relevant authorities may suspend their services, revoke their licenses or temporarily suspend or close down their websites. Furthermore, under the Administration of Internet Bulletin Board Services issued by the Ministry of Information Industry in November 2000, Internet content providers that provide electronic bulletin board services must keep users' personal information confidential and are prohibited from disclosing such personal information to any third party without the consent of the users, unless otherwise required by law. The regulation further authorizes relevant telecommunication authorities to order Internet content providers to rectify any unauthorized disclosure. Internet content providers could be subject to legal liabilities if unauthorized disclosure causes damages or losses to Internet users. However, the PRC government retains the power and authority to order Internet content providers to provide the personal information of Internet users if the users post any prohibited content or engage in illegal activities through the Internet. We believe that we are currently in compliance with these regulations in all material aspects.

Regulations on Intellectual Property Rights

China has adopted legislation governing intellectual property rights, including trademarks, patents and copyrights. China is a signatory to the major international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

Patent

The National People's Congress adopted the Patent Law in 1984, which was subsequently amended in 1992, 2000 and 2008. The purpose of the Patent Law is to protect lawful interests of patent holders, encourage invention, foster applications of invention, enhance innovative capabilities and promote the development of science and technology. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, substances obtained by means of nuclear transformation or a design which has major marking effect on the patterns or colors of graphic print products or a combination of both patterns and colors. The Patent Office under the State Intellectual Property Office is responsible for administering patents in the PRC. A patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of utility models and designs, each starting from application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights.

China follows a "first to file" principle for patents. When more than one person files a patent application for the same invention, the patent will be granted to the person who first filed the application. In addition, the PRC requires absolute novelty in order for an invention to be patentable. Pursuant to this requirement, generally, with limited exceptions, any prior written or oral publication in or outside the PRC, demonstration or use in the PRC before the patent application filing prevents an invention from being patented in the PRC. Patents issued in the PRC are not enforceable in Hong Kong, Taiwan or Macau, each of which has an independent patent system. The fact that a patent application is pending is no guarantee that a patent will be granted and, even if granted, the scope of a patent may not be as broad as that of the initial application.

When a patent infringement dispute arises, the patent holder or an interested party who believes the patent is being infringed may either file a civil lawsuit or file a complaint with the relevant authorities in charge of the patent administration. A PRC court may grant the patent holder's or the interested party's request for a preliminary injunction before the legal proceeding. Pursuant to the Patent Law, an infringer shall be subject to various civil liabilities, which include ceasing the infringement and compensating the actual loss suffered by patent owners. If it is difficult to calculate the actual loss suffered by the patent owner, the illegal income received by the infringer as a result of the infringement or if it is difficult to calculate the illegal income, a reasonable amount calculated with reference to the patent royalties shall be deemed as the actual loss. The compensation amount shall also include the reasonable expenses incurred by the patent owner for stopping the infringement. If damages cannot be established by any of the above methods the court can decide the amount of the actual loss up to RMB1,000,000. In addition, an infringer who counterfeits patents of third parties shall be subject to administrative penalties or criminal liabilities if applicable. Typically, a patent holder in the PRC has the burden of proving that the patent is being infringed. However, if the holder of a production process patent alleges infringement of such patent, the alleged infringing party which produces the same kind of products has the burden of proving that there has been no infringement.

We do not have registered patents in China.

Copyright

Copyrights are protected by the Copyright Law of the PRC which was promulgated in 1990 and amended in 2001 and February 2010 and the Regulation for the Implementation of the Copyright Law

of the PRC which came into effect in September 2002 and was amended in January 2011. The amended Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, there is a voluntary registration system administered by local Copyright Bureaus and the China Copyright Protection Center. The amended Copyright Law also requires registration of a copyright pledge.

Copyrights shall vest on the authors, unless otherwise provided under the laws. If a work constitutes "work for hire", the employer, instead of the employee, is considered the legal author of the work and will enjoy the copyrights of such "work for hire" other than rights of authorship. "Works for hire" include, (1) drawings of engineering designs and product designs, maps, computer software and other categories, which are created mainly with the materials and technical resources of the legal entity or organization with responsibilities being assumed by such legal entity or organization; (2) those works the copyrights of which are, in accordance with the laws or administrative regulations or under contractual arrangements, enjoyed by a legal entity or organization. The actual creator may enjoy the rights of authorship of such "work for hire." A copyright owner may transfer its copyrights to others or permit others to use its copyrighted works. Use of copyrighted works of others generally requires a licensing contract with the copyright owner. The protection period for copyrights in the PRC varies, with 50 years as the minimum. The protection period for a "work for hire" where a legal entity or organization owns the copyright (except for the right of authorship) is 50 years, expiring on December 31 of the fiftieth year after the first publication of such work.

In China, holders of computer software copyrights enjoy protections under the Copyright Law. Various regulations relating to the protection of software copyrights in China have promulgated. Under these regulations, computer software that is independently developed and exists in a physical form is protected, and software copyright owners may license or transfer their software copyrights to others. Registration of software copyrights, exclusive licensing and transfer contracts with the Copyright Protection Center of China or its local branches is encouraged. Such registration is not mandatory under Chinese law, but can enhance the protections available to the registered copyrights holders.

Where copyright or a copyright-related right is infringed, the infringer shall make compensation according to the actual losses incurred by the right owner. Where the actual losses are difficult to calculate, the compensation may be paid according to the illegal incomes obtained by the infringer. The compensation amount shall also include the reasonable expenses incurred by the right owner for preventing the infringement. Where neither the actual losses incurred by the right owner nor the illegal gains obtained by the infringer is determinable, the court may render a ruling to award compensation in an amount not more than RMB500,000.

We do not have registered computer software copyrights in China.

Trademark

Trademarks are protected by the PRC Trademark Law adopted in 1982 and subsequently amended in 1993 and 2001 as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council in 2002. The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten year term. Trademark license agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. Trademark license agreements must be filed with the Trademark Office or its regional offices.

Under the Trademark Law, any of the following acts is deemed as an infringement to the right to exclusive use of a registered trademark: (i) using a trademark identical with or similar to the registered trademark of the same kind of commodities or similar commodities without a license from the registrant of that trademark; (ii) selling the commodities that infringe upon the right to exclusive use of a registered trademark; (iii) forging, manufacturing without authorization the marks of a registered trademark of others, or selling the marks of a registered trademark forged or manufactured without authorization; (iv) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; or (v) causing other damage to the right to exclusive use of a registered trademark of another person. In the event of any of the foregoing acts, the infringer would be imposed a fine, ordered to stop the infringement acts immediately and give the infringed party compensation. The compensation shall equal to the amount of the benefits gained by the infringing party or of the losses suffered by the infringed party during the existence of, and caused by, the infringement, including any reasonable expenses incurred by the infringed party in stopping the infringement. If it is difficult to determine the amount of the benefits gained by the infringing party or the losses suffered by the infringed party, the court may render a judgment awarding damages not more than RMB500,000.

Selling goods without awareness of such goods' infringement of the exclusive right to use a trademark shall be exempted from liability for compensation insofar as the seller is able to prove that the goods were lawfully obtained and can indicate the supplier's identity.

All of our logos are registered trademarks in China, including *Lightinthebox* and *ouku*.

Domain Names

In September 2002, China Internet Network Information Center, or the CNNIC, issued the Implementing Rules for Domain Name Registration setting forth detailed rules for registration of domain names. On November 5, 2004, Ministry of Industry and Information Technology of the People's Republic of China, or the MIIT, promulgated the Measures for Administration of Domain Names for the Chinese Internet, or Domain Name Measures. The Domain Name Measures regulate the registration of domain names, such as the first tier domain name ".cn." In February 2006, CNNIC issued the Measures on Domain Name Disputes Resolution and its implementing rules, pursuant to which CNNIC can authorize a domain name dispute resolution institution to decide disputes. These regulations require owners of Internet domain names to register their domain names with qualified domain name registrars approved by the MIIT and obtain registration certificates from such registration agencies. A registered domain name owner has the exclusive right to use its domain name. Unregistered domain names may not receive proper legal protections and may be misappropriated by unauthorized third parties.

We have registered domain names for all of our websites, including *www.lightinthebox.com*, *www.ouku.com* and *www.miniinthebox.com*.

Regulations Relating to Foreign Currency Exchange

Foreign Exchange Relating to Export Businesses

Foreign exchange activities relating to import and export trading in China are primarily governed by the following regulations:

- the Foreign Currency Administration Rules (2008), or the Exchange Rules;
- the Administrative Measures for the Verification and Cancellation of Export Proceeds in Foreign Exchange and its implementing rules (2003); and
- the Administration Rules for the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

These foreign exchange regulations, along with certain other ancillary notices issued by the SAFE, lay out the legal framework for the administration of foreign exchange for the export of commodities in

international trade. Under these foreign exchange regulations, the exporter, in order to receive the proceeds of the export in foreign exchange and settle the same into Renminbi, must apply with the local branch of the SAFE for a certificate of verification and cancellation of export proceeds in foreign exchange unless otherwise provided under the applicable laws and regulations The exporter must also apply with the competent tax authorities for a tax exemption or refund where a tax exemption refund is applicable.

We source all of our products from suppliers in the PRC. However, we use sourcing agents located in Hong Kong to settle payments and delivery with many of our suppliers. Our payments are made directly to such agents and thus are not subject to the jurisdictions of PRC foreign exchange laws and regulations. These agents should remit the purchase price of the commodities in foreign exchange to the PRC suppliers. Following receipt of the payment, the PRC suppliers shall go through the relevant procedures with the local branch of the SAFE as mentioned above to settle the foreign exchange into Renminbi. However, we cannot assure you that all our sourcing agents or the PRC suppliers will fully comply with these foreign exchange laws and regulations.

Foreign Exchange Relating to Foreign Invested Enterprises

Under current Chinese regulations, Renminbi are freely convertible for trade and service-related transactions denominated in foreign currency, but not for direct investment, loans or investments in securities outside China without the prior approval of the SAFE or its local branches.

Foreign-invested enterprises in China may execute foreign exchange transactions without the SAFE approval for trade and service-related transactions denominated in foreign currency by providing commercial documents evidencing these transactions. They may also retain foreign currency, subject to a cap approved by the SAFE, to satisfy foreign currency-denominated liabilities or to pay dividends. Foreign exchange transactions related to direct investment, loans and investment in securities outside China are still subject to limitations and require approval from the SAFE.

Furthermore, on August 29, 2008, the SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or Circular 142. Pursuant to Circular 142, Renminbi capital derived from the settlement of a foreign-invested enterprise's foreign currency capital must be used within the business scope approved by the applicable government authority and cannot be used for domestic equity investment, unless specifically provided for otherwise. Documents certifying the purposes of the settlement of foreign currency capital into Renminbi, including a business contract, must also be submitted for the settlement of such foreign currency. In addition, foreign-invested enterprises may not change how they use such capital without the SAFE's approval and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans. Violation of Circular 142 can result in severe penalties, including heavy fines as set forth in the Foreign Exchange Administration Rules. Furthermore, the SAFE promulgated a circular on November 19, 2010, or Circular 59, which tightens the regulation over settlement of net proceeds from overseas offerings like this offering and requires that the settlement of net proceeds must be consistent with the description in the prospectus for the offering. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from this offering to our PRC subsidiary and convert the net proceeds into Renminbi, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Regulations on Dividend Distributions

The principal regulations governing dividend distributions of wholly foreign owned companies include:

- the Companies Law (2005);
- the Wholly Foreign Owned Enterprise Law (2000); and
- the Wholly Foreign Owned Enterprise Law Implementing Rules (2001).

Under these regulations, wholly foreign owned companies in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the aggregate amount of these funds reaches 50% of the company's registered capital. Wholly foreign owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Regulations on Tax

PRC Enterprise Income Tax

The PRC enterprise income tax is calculated based on the taxable income determined under the applicable EIT Law and its implementation rules. On March 16, 2007, the National People's Congress of China enacted the New EIT Law, which became effective on January 1, 2008. On December 6, 2007, the State Council promulgated the implementation rules to the New EIT Law, which also became effective on January 1, 2008. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the New EIT Law, or the Transition Preferential Policy Circular, which became effective simultaneously with the New EIT Law. The New EIT Law imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under the old EIT Law and regulations. Under the New EIT Law and the Transition Preferential Policy Circular, qualified enterprises established before March 16, 2007 that already enjoyed preferential tax treatments will continue to enjoy them (i) in the case of preferential tax rates, for a maximum of five years starting from January 1, 2008 and during the five-year period, the tax rate will gradually increase from their current preferential tax rate to 25%, or (ii) in the case of preferential tax exemption or reduction for a specified term, until the expiration of such term. For enterprises that are not profitable enough to enjoy the preferential tax exemption or reduction referred to in (ii) above, the preferential duration shall commence from 2008.

Prior to the effectiveness of the New EIT Law on January 1, 2008, domestic companies were generally subject to an enterprise income tax at a statutory rate of 33%.

The New EIT Law and its implementation rules permit "high and new technology enterprises strongly supported by the state" holding independent ownership of core intellectual property and meeting certain other criteria, as stipulated in the implementation rules and other regulations, to enjoy a reduced enterprise income tax rate of 15%. The State Administration of Taxation, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Rules for the Certification of High and New Technology Enterprises delineating the specific criteria and procedures for the certification of "high and new technology enterprises" on April 14, 2008. The New EIT Law and its implementation rules also provide that "software enterprises" enjoy a two-year income tax exemption starting from the first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years.

Uncertainties exist with respect to how the New EIT Law applies to our tax residency status. Under the New EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," which means that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes, although the dividends paid to one resident enterprise from another may qualify as "tax-exempt income." Though the implementation rules of the New EIT Law define "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise," the only detailed guidance currently available for the definition of "de facto management body" as well as the determination of

offshore incorporated PRC tax resident and its administration are set forth in Circular 82 and Bulletin No. 45 issued by the SAT, which provide guidance on the administration as well as determination of the tax residency status of Chinese-controlled offshore-incorporated enterprise, defined as an enterprise that is incorporated under the law of a foreign country or territory and that has a PRC company or PRC corporate group as its primary controlling shareholder. Although we do not have a PRC enterprise or enterprise group as our primary controlling shareholder and are therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of Circular 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in Circular 82 to evaluate the tax residency status of our legal entities organized outside the PRC.

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions set forth in Circular 82 are met:

- the primary location of the day-to-day operational management is in the PRC;
- decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC;
- the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

In addition, Bulletin No. 45 provided clarification on the resident status determination, post-determination administration, and competent tax authorities. It also specifies that when provided with a copy of PRC resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain PRC-sourced income such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

We do not believe that we meet all of the conditions above. We are a company incorporated outside the PRC. As a holding company, our key assets and records, including the resolutions of our board of directors and the resolutions of their respective shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC "resident enterprise" by the PRC tax authorities. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes if the criteria for "de facto management body" as set forth in the Circular 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body" as applicable to our offshore entities, we will continue to monitor our tax status. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Although we believe we are not a PRC resident enterprise for enterprise income tax purposes, substantial uncertainty regarding our status still exists. In the event that our company or our Hong Kong subsidiary is considered to be a PRC resident enterprise, (1) our company or our Hong Kong subsidiary would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income; and (2) dividend income that our Hong Kong subsidiary receives from our PRC subsidiary, however, may be exempt from the PRC withholding tax since such income is exempted under the New EIT Law

for PRC resident enterprise recipients. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

Under Notice on Strengthening the Management of Enterprise Income Tax Collection of Proceeds from Equity Transfers by Non-resident Enterprises issued by the SAT, or Circular 698, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5%, or (ii) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the PRC competent tax authority of the PRC resident enterprise this Indirect Transfer within 30 days from the date when the equity transfer agreement was made. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. Circular 698 is retroactively effective on January 1, 2008. There is uncertainty as to the application of Circular 698. Circular 698 may be determined by the tax authorities to be applicable to our private equity financing transactions where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under Circular 698 and we may be required to expend valuable resources to comply with Circular 698 or to establish that we should not be taxed under the general anti-avoidance rule of the New EIT Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Value Added Tax

Our PRC subsidiary, VIEs and Shanghai Ouku are subject to value added tax, or VAT, at a rate of 17% on revenue from sale of products in the PRC and is entitled to a refund for VAT already paid or borne on the goods purchased by it and utilized in the production of goods that have generated gross sales proceeds.

Dividends Withholding Tax

Under the old EIT Law effective prior to January 1, 2008, dividends paid to foreign investors by foreign-invested enterprises would be exempt from PRC withholding tax. We are a Cayman Islands holding company and substantially all of our income may come from dividends we receive from our subsidiary, Light In The Box Limited, a Hong Kong registered company and its PRC subsidiary and VIEs. Approximately 5.6% of our net revenues in 2010 was generated from sales via our websites and third-party online marketplace platforms targeting consumers in China. Pursuant to the New EIT Law and its implementation rules, dividends generated after January 1, 2008 and distributed to us by Lanting Jishi, our PRC subsidiary directly held by Light In The Box Limited, may be subject to withholding tax at a rate of up to 10%. Pursuant to the Double Taxation Avoidance Arrangement, dividends that Light in The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that the conditions and requirements under the Double Tax Avoidance Arrangement have been satisfied, and subject to the assessment and approval of our relevant local tax authority.

Regulations on Offshore Investment by PRC Residents

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, or Circular 75, issued on October 21, 2005, and the Implementation Rules relating to the Circular 75 issued on May 20, 2011, (i) a PRC citizen residing in the PRC or non-PRC citizen primarily residing in the PRC due to his or her economic tie to the PRC, who is referred to as a "PRC resident" in Circular 75, must register with the local branch of the SAFE before it establishes or controls an overseas special purpose company, for the purpose of overseas equity financing; (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas special purpose company, or engages in overseas financing after contributing assets or equity interests into an special purpose company, such PRC resident shall register his or her interest in the special purpose company and the change thereof with the local branch of the SAFE; and (iii) when the special purpose company undergoes a material event outside of China not involving inbound investments, such as change in share capital, creation of any security interests on its assets or merger and division, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. PRC residents who are shareholders of special purpose companies established before November 1, 2005 were required to register with the local branch of the SAFE before March 31, 2006.

Under Circular 75, failure to comply with the registration procedures above may result in penalties, including imposition of restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas special purpose company. See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us."

In addition, PRC subsidiaries of an offshore special purpose company are required to coordinate and supervise the filing of foreign exchange registrations by the offshore holding company's shareholders who are PRC residents in a timely manner. If these shareholders fail to comply, the PRC subsidiaries of the offshore parent company may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company and the offshore parent company may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the above foreign exchange registration requirements could result in liabilities for such PRC subsidiaries under PRC laws for evasion of foreign exchange restrictions, including (i) requirement by the SAFE to return the foreign exchange remitted overseas within a period specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at such PRC subsidiaries who are held directly liable for the violations may be subject to administrative sanctions.

Regulations on Employee Stock Option Plans

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, setting forth the respective requirements for foreign exchange transactions by individuals (both PRC and non-PRC citizens) under either the current account and the capital account. In January 2007, the SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified the approval requirements for certain capital account transactions, such as a PRC citizen's participation in

employee stock ownership plans or share option plans of overseas listed companies. On March 28, 2007, the SAFE promulgated the Stock Option Rules. In February 2012, the SAFE promulgated the Stock Option Notice. This Stock Option Notice replaced the previous Stock Option Rules. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participant, especially in respect of the required application documents and the absence of strict requirements on offshore and onshore custodian banks, as were stipulated in the Stock Option Rules. The purpose of the Stock Option Notice is to regulate the foreign exchange administration of PRC resident individuals who participate in employee stock incentive plans of overseas listed companies.

According to the Stock Option Notice, if a PRC resident individual participates in stock incentive plans of an overseas listed company, which includes employee stock ownership plan share option plan and other incentive plans permitted by relevant laws and regulations, a PRC domestic qualified agent or the PRC subsidiary of such overseas listed company must, among other things, file, on behalf of such resident, an application with the SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or share option exercises as PRC resident individuals may not directly use overseas funds to purchase shares or exercise share options. With the approval from the SAFE or its local counterpart, the PRC domestic qualified agent or the PRC subsidiary shall open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of shares, any dividends issued on the stock and any other income or expenditures approved by the SAFE or its local counterpart. In addition, within three months after any substantial changes to any such stock incentive plan, including, for example, any changes due to a merger or acquisition or changes to the domestic or overseas custodian agent, the domestic agent must update the registration with SAFE.

Under the Foreign Currency Administration Rules (1996), as amended in 2008, the foreign exchange proceeds of domestic entities and individuals can be remitted into China or deposited abroad, subject to the terms and conditions to be issued by the SAFE. However, to date, the SAFE has not issued any implementing rules in respect of depositing the foreign exchange proceeds abroad. Currently, the foreign exchange proceeds from the sales of shares can be converted into Renminbi or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If share options are exercised on a noncash basis, the PRC domestic individuals are required to remit the proceeds to special foreign exchange accounts.

Furthermore, a notice concerning the individual income tax on earnings from employee stock options jointly issued by the Ministry of Finance and the SAT, and its implementing rules, provide that domestic companies that implement employee share option programs shall (1) file the employee share option plans and other relevant documents to the local tax authorities having jurisdiction over them before implementing such employee share option plans; (2) file share option exercise notices and other relevant documents with the local tax authorities having jurisdiction over them before exercise by the employees of the share options and clarify whether the shares issuable under the employee share options mentioned in the notice are the shares of publicly listed companies; and (3) withhold taxes from the PRC employees in connection with the PRC individual income tax.

On October 27, 2008, our board of directors adopted the Amended and Reinstated 2008 Share Incentive Plan, pursuant to which we may issue employee stock options to our qualified employees and directors on a regular basis. In the application documents submitted to the Shenzhen office of the SAFE in connection with the registration of the overseas investment in our company by our PRC resident shareholders under Circular 75, we indicated that 6.08% of the share capital of our company are reserved for employee stock options and service incentive shares. We and our PRC employees who have participated in the Amended and Reinstated 2008 Share Incentive Plan will be subject to the Stock Option Rules when our company becomes an overseas listed company. However, we cannot

assure you that our PRC individual beneficiary owners and the stock options holders can successfully register with the SAFE in full compliance with Stock Option Rules. See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us."

Labor Laws and Social Insurance

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees in order to establish an employment relationship. All employers must compensate their employees equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with appropriate workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result fines or other administrative sanctions or, in the case of serious violations, criminal liability.

In addition, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

Regulations on Overseas Listing

In 2006, six PRC regulatory agencies jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules. This rule requires that, if an overseas company established or controlled by PRC domestic companies or citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC domestic companies or citizens, such acquisition must be submitted to the Ministry of Commerce, rather than local regulators, for approval. In addition, this regulation requires that an overseas special purpose vehicle, or SPV, formed for overseas listing purposes and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange.

While the application of the new regulations remain unclear, based on their understanding of current PRC laws, regulations and new procedures announced on September 21, 2006, our PRC counsel, TransAsia Lawyers, has advised us that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- we established our PRC subsidiary by means of direct investment other than by merger or acquisition of the equity or assets of PRC domestic companies; and
- no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation.

See "Risk Factors—Risks Related to Doing Business in China—Any requirement to obtain prior approval required under the M&A Rules and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain this approval, if required, could have a material adverse effect on our business, financial condition and results of operations as well as the trading price of the ADSs and could also create uncertainties for this offering."

Regulations on Concentration in Merger and Acquisition Transactions

The M&A Rules also establish procedures and requirements that could make some merger and acquisitions of Chinese companies by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered.

According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including controlling entities through contractual arrangements.

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information relating to our directors and executive officers upon closing of this offering. The business address of each of our directors and executive officers is LightInTheBox Holding Co., Ltd., Building 2, Area D, Floor 1-2, Diantong Times Square, No. 7 Jiuxianqiao North Road, Chaoyang District, Beijing 100020, People's Republic of China.

Name	Age	Position/Title
Quji (Alan) GUO	37	Chairman of the board and chief executive officer
Xin (Kevin) WEN	32	Director and co-president
Liang ZHANG	36	Director and co-president
Jun LIU	40	Director and senior vice president of operations
Jin-Choon (Richard) LIM	55	Director
Bo FENG	43	Director
Ye YUAN	33	Director
Shujun LI	41	Director(1)
Zheng (Richard) XUE	42	Chief financial officer
Liang LU	38	Chief technology officer

Notes:

(1) Mr. LI will resign from our board of directors upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Quji (Alan) GUO is our co-founder, chairman and chief executive officer who joined our company in 2008. Prior to joining our company, Mr. GUO served as the chief strategist and the special assistant to the president of Google China from 2005 to 2008, where he was instrumental for building Google's China operation and led many of its strategic product and business initiatives, including the launch of Google Music, the first advertiser-sponsored free music download service in China, as well as certain strategic investments. Prior to joining Google China, he was a product manager with Google in the United States. In 2004, he worked for the corporate business development team at Amazon participating in the acquisition of Joyo.com, the predecessor of Amazon's China operation. From 2001 to 2003, he was a software design engineer at the headquarters of Microsoft Corporation, participating in the development of MSN, IE and Windows. Mr. GUO received his bachelor's degree from the University of Science and Technology of China in 1999, his master's degree in electrical engineering from the University of Illinois at Urbana-Champaign in 2001, and his MBA degree from Stanford University in 2005. Mr. GUO is a holder of a number of patents in software and Internet technologies in the United States.

Xin (Kevin) WEN is a co-founder of our company and has served as our director and co-president, responsible for marketing, product management and user experience since 2007. Mr. WEN was also responsible for our technology development from 2007 to 2010. From 2005 to 2007, Mr. WEN was a vice president of product and business development and the board secretary of Bokee.com, a blog service provider in China, where he built the company's research and development team and user experience team. In 2003, Mr. WEN co-founded Blogdriver.com, one of the first blog service providers in China, and served as its chief executive officer from 2003 to 2004. Mr. WEN studied at University of Texas at Austin.

Liang ZHANG is a co-founder of our company and has served as our director and co-president responsible for sourcing and supply chain since 2007. Mr. ZHANG was also responsible for our operations from 2007 to 2009. From 2001 to 2006, Mr. ZHANG founded and served as the chief executive officer of Zhongrun Ltd., a supplier for large Chinese online retail companies such as

Dangdang.com and Amazon China, including its predecessor Joyo.com. He was a marketing manager at Netease.com Inc. from 1999 and 2001 and a program manager at Samsung Electronics from 1998 to 1999. Mr. ZHANG received his bachelor's degree in business management from Nankai University in 1998.

Jun LIU is our director and senior vice president of operations who joined our company in 2009. From 2005 to 2009, Mr. LIU founded and was the chief executive officer of Feloo.com, an education information website in China. From 2002 to 2005, Mr. LIU held various senior management positions, including as vice president of marketing and operations, in the predecessor of Amazon China, Joyo.com. From 2000 to 2001, Mr. LIU was a senior software development manager at Dangdang.com. From 1997 to 1999 Mr. LIU was a software development manager at Bertelsmann China. Mr. LIU received his bachelor's degree in environmental science from East China Normal University in 1994 and his MBA degree from Tongji University in 2005.

Jin-Choon (Richard) LIM has been our director since 2009. Mr. LIM is a founder and the managing director of GSR Ventures. Prior to founding GSR Ventures in 2005, Mr. LIM was involved in founding three venture-backed companies in the United States. From 1988 to 1992, he was an executive of Lotus Development Corporation and from 1983 to 1986, was an executive of the National University Hospital of Singapore. Mr. LIM received his bachelor's degree from National University of Singapore in 1981 and his MBA degree from Stanford University in 1988. Mr. LIM brings to the board his in-depth knowledge of international capital markets and experience leading multinational corporations.

Bo FENG has been our director since 2008. Mr. FENG is currently a partner at Ceyuan Ventures, which he has co-founded in 2004. Prior to that, he was the founder and had been a partner of Chengwei Ventures since 1999. Mr. Feng also served as the chief representative of ChinaVest since 1997 and vice president of Robertson, Stephens & Company since 1994. Mr. FENG studied at the College of Marin from 1988 to 1991. Mr. FENG brings to the board his experience with fast-growing companies in China in various industries and his knowledge of Chinese regulation.

Ye YUAN has been our director since 2008. Mr. YUAN joined Ceyuan Ventures in 2005 and has been a partner since 2009. Mr. YUAN currently serves as a director of Letao Inc., China Medonline Inc. and Wisdom Alliance Limited. From 2003 to 2005, Mr. YUAN worked at the audit department of KPMG (Beijing) Accounting LLP and Latitude Capital. Mr. YUAN received his bachelor's degree in finance from University of International Business and Economics in China in 2002 and his master's degree from the University of Windsor in Canada in 2003. Mr. YUAN brings to the board a deep understanding of finance and accounting.

Shujun LI has been our director since 2010. Mr. LI has been the managing partner of a venture capital investment firm, Trustbridge Partners since 2006. From 2002 to 2006, Mr. LI was a member of the senior management team and the chief financial officer of Shanda Interactive Entertainment Limited, an operator of online games in China, where he also served several other management roles. In 2001, he was a fund manager responsible for the establishment of Zhongrong Fund Management Company. From 1997 to 2000, Mr. LI served as a senior manager at the international business department of China Southern Securities Co. Ltd. Mr. LI currently serves as a non-executive director of Boshiwa International Holding Limited, and an independent director and the chairman of the audit committee of Qihoo 360 Technology Co. Ltd., a New York Stock Exchange listed company that provides Internet and mobile security products in China, Mr. LI received his bachelor's degree from Hebei Normal University in China in 1994 and his master's degree in economics from Nankai University in China in 1998. Mr. LI brings to the board his extensive experience as the chief financial officer of a publically listed company in the United States and his knowledge of sound corporate governance principles.

Zheng (Richard) XUE has been our chief financial officer since September 2011. Prior to joining our company, Mr. XUE served as the chief financial officer of ATMU Inc., a leading independent automated teller machine operator in China from September 2010 to September 2011. In 2009, he was an advisor at Asia Alternatives Management LLC. From 2006 to 2009, Mr. XUE was a venture partner of Softbank China & India Holdings, a wholly-owned subsidiary of Softbank Corp and manager of Bodhi Investments LLC, which focuses on early stage and selected pre-IPO opportunities in China. He was the chief financial officer of Target Media Holdings Ltd., a leading out-of-home flat-panel display advertising network operator in China from 2005 to 2006. From 2003 to 2005, Mr. XUE served as director, chief financial officer and vice president of strategy and business development of eLong, Inc., a Nasdaq listed company providing online travel services in China. Prior to that, Mr. XUE worked in investment banking in the United States and China for more than five years. Mr. XUE currently serves as an independent director and a member of the audit committee and compensation committee of Yingli Green Energy Holding Company Limited, a New York Stock Exchange listed Chinese manufacturer of vertically integrated photovoltaic products. Mr. XUE studied applied physics at Tsinghua University in China, received his bachelor of science degree in applied physics from University of Illinois in 1993 and his MBA degree from the University of Chicago in 1997.

Liang LU has been our chief technology officer since 2011. From 2010 to 2011, Mr. LU served as the general manager of Wasu Taobao Digital Technology Ltd., a joint venture between Taobao.com, China's largest online retail platform, and Wasu Media Internet Ltd. He was a senior director of Taobao Ltd. from 2007 to 2010 and was the chief technology officer of Bokee Ltd., a blog service provider in China, from 2004 to 2007. Mr. LU received his bachelor's degree from University of Science and Technology of China in 1996, his master's degree in physics from China Academy of Science in 2000 and his Ph.D. degree in physics from Southern Methodist University in 2005.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of our board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (1) dies or becomes bankrupt or makes any arrangement or composition with his creditors generally; or (2) is found a lunatic or becomes of unsound mind. We do not have service contracts with any of our directors that would provide our directors with benefits upon their termination.

Board of Directors

Our board of directors will consists of eight directors. of our existing directors will resign from our board upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. directors will join the board upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Pursuant to our third amended and restated memorandum and articles of association and second amended and restated shareholders agreement entered into in connection with the issuance of our Series C convertible redeemable preferred shares, we have provided rights to certain of our shareholders to appoint directors to our board of directors. Our ordinary shareholders have the right to appoint three of our directors, one of which must be Mr. Quji (Alan) GUO. Our Series A convertible preferred shareholders, Ceyuan Entities, have the right to appoint two of our directors, our majority Series B convertible preferred shareholder, GSR Ventures III, L.P., has the right to appoint one director and our majority Series C convertible redeemable preferred shareholder, Trustbridge Parnters III, L.P., has the right to appoint one director. Our third amended and restated memorandum and articles of association and second amended and restated shareholders agreement also stipulates that one other director shall be appointed which should initially be Mr. Jun LIU. However, such rights

granted to our existing shareholders to appoint directors will terminate upon the closing of this offering.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including registering such shares in our share register.

Board Committees

Our board of directors will establish an audit committee, a compensation committee and a corporate governance and nominating committee upon the completion of this offering. We have adopted a charter for each of these committees. Each committee's members and functions are as follows.

Audit Committee

Our audit committee will initially consist of , and . will be the chairman of our audit committee and satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. satisfies the requirements for an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual and will meet the criteria for independence set forth in Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act.

The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm;
- reviewing any audit problems or difficulties and management's response with our independent registered public accounting firm;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;

- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and our internal auditor and independent registered public accounting firm; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee will initially consist of and . will be the chairperson of our compensation committee. and satisfy the requirements for an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual.

The compensation committee is responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to the board with respect to the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and setting the compensation level of our chief executive officer based on such evaluation; and
- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

Our corporate governance and nominating committee will initially consist of and . will be the chairman of our corporate governance and nominating committee. and satisfy the requirements for an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual and will meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act.

The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- conducting annual reviews of the Board's independence, qualifications and experiences in light of the availability of potential Board members; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our internal rules and procedures.

Corporate Governance

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers and employees. We will make our code of business conduct and ethics publicly available on our website.

In addition, our board of directors has adopted a set of corporate governance guidelines. The guidelines reflect certain guiding principles with respect to our board's structure, procedures and committees. The guidelines are not intended to change or interpret any law, or our amended and restated memorandum and articles of association.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of our company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third party.

Qualification

There is no requirement for our directors to own any shares in our company in order for them to qualify as a director.

Employment Agreements

We have entered into employment agreements with each of our executive officers. We may terminate their employment for cause. In the event of termination for cause, we have no further obligations or liabilities to such executive officer other than to pay any accrued but unpaid compensation through the date of termination and we are not required to provide any prior notice of such termination. For purposes of these agreements, the term cause means: (a) the executive officer commits willful misconduct or gross negligence in performance of his duties hereunder ("Malfeasance") and fails to correct such Malfeasance within a reasonable period specified by us after we have sent the executive officer a written notice demanding correction within such a period; (b) the executive officer has committed Malfeasance and has caused serious losses and damages to us; (c) the executive officer seriously violates our internal rules and fails to correct such violation within a reasonable period specified by us after we have sent the executive officer a written notice demanding correction within such a period; (d) the executive officer has seriously violated the internal rules of and has caused serious losses and damages to us; (e) the executive officer is convicted by a court or has pleaded guilty of theft, fraud or other criminal offense; or (f) the executive officer seriously breaches his/her duty of loyalty to us or our affiliate under the laws of the Cayman Islands, the PRC or other relevant jurisdictions. We may terminate their employment at any time, without cause, upon 30-day prior written notice to the executive officer. Executive officers may terminate their employment with us at any time, without cause, upon three months written notice to us. If any severance pay is mandated by law, executive officers will be entitled to such severance pay in the amount mandated by law when his or her employment is terminated. However, an executive officer will not be entitled to any severance pay if his/her employment is terminated by him/her for any reason. In addition, we have been advised by our PRC counsel that notwithstanding any provision to the contrary in our employment agreements, we may still be required to make severance payments upon termination without cause to comply with the PRC Labor Law, the labor contract law and other relevant PRC regulations, which entitle employees to severance payments in case of early termination of "de facto employment relationships" by PRC entities without statutory cause regardless of whether there exists a written employment agreement with such entities.

Compensation of Directors and Executive Officers

In 2012, we and our subsidiaries paid an aggregate cash compensation and benefits in kind of approximately $1.2 million to our directors and executive officers as a group. We set aside approximately $0.2 million for pensions, retirement or other benefits for our officers and directors in 2012. For information regarding options and restricted shares granted to officers and directors, see "—Share Incentive Plan."

Share Incentive Plan

We adopted our Amended and Reinstated 2008 Share Incentive Plan, or the Plan, on October 27, 2008. The Plan is intended to promote our success and to increase shareholder value by providing an additional means to attract, motivate, retain and reward selected directors, officers, employees and other eligible persons. An aggregate of 4,444,444 ordinary shares were reserved for issuance under the Plan. As of the date of this prospectus, we have granted, after forfeitures, 1,626,371 restricted shares and options to purchase 1,778,250 ordinary shares, with 1,039,823 ordinary shares available for future grants. As of the date of this prospectus, we have 992,733 unvested restricted shares and 382,925 unvested share options outstanding under the Plan. As of the date of this prospectus, options to purchase 1,778,250 ordinary shares of our company were outstanding.

The following table summarizes the share options granted to our employees under the Plan that were outstanding as of the date of this prospectus:

Name	Number of Ordinary Shares Underlying Outstanding Options	Exercise Price ($/Share)	Grant Date	Expiration Date
Our employees	298,750	0.50	December 31, 2008	
	83,000	0.50	March 31, 2009	
	482,000	0.01	June 30, 2009	The earlier of
	29,000	0.50	June 30, 2009	(1) the tenth
	133,000	0.96	June 30, 2009	anniversary of the
	128,000	0.96	September 30, 2009	date of grant, or
	65,000	0.96	December 31, 2009	(2) the fifth
	164,000	0.96	March 31, 2010	anniversary of the
	59,000	0.96	June 30, 2010	completion date of
	54,750	0.96	October 31, 2010	this offering.
	162,750	4.25	July 31, 2011	
	119,000	4.29	October 1, 2011	

We have historically determined the exercise price of shares granted under the Plan based on a number of factors, such as the type of awards, the length of time in which such employees were with our company, the function of such employees and the price of our preferred share issuances. Certain employees who joined our company near its inception were issued options with lower exercise prices than other employees. In addition, employees who we consider to be our key personnel may also be issued options with a lower exercise price.

In addition, as of the date of this prospectus, a total of 1,626,371 restricted shares were granted to certain of our executive officers and other employees under the Plan.

The following paragraphs summarize the principal terms of the Plan.

Types of Awards and Exercise Prices. The Plan permits the grant of several kinds of awards, including among others, options, restricted shares, restricted share units, share appreciation rights and dividend equivalent rights.

Plan Administration. The Plan administrator is the chairman of our board or, in the case of administration with respect to directors and officers, a committee consisting of at least two non-employee directors designated by the board, and, with respect to consultants and other employees, a committee consisting of one or more directors of the company designated by the board. The plan administrator designates the eligible optionees and determines the award type, award period, grant date, performance requirements and such other provisions and terms not inconsistent with the plan in the award agreement.

Award Agreement. Options and other awards granted under the Plan are and will be evidenced by an award agreement that sets forth the terms, provisions, limitations and performance requirements for each grant.

Eligibility. At the discretion of the board of directors, we may grant awards to employees, officers, directors or consultants of our company.

Term of Awards. The term of each award shall be the term stated in the award agreement, provided that the term of an incentive share option shall be no more than ten years from the date of grant, subject to certain exceptions.

Acceleration of Awards upon Corporate Transaction. The plan administrator may upon or in anticipation of a corporate transaction, accelerate awards or modify the terms of the awards.

Vesting Schedule. The plan administrator may determine the vesting schedule and may provide additional vesting conditions in the award agreement to each optionee.

Amendment and Termination. Our board of directors may at any time by resolutions amend, suspend or terminate the Plan, subject to certain exceptions. Unless earlier terminated by the board or directors, the Plan will terminate on October 26, 2018.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers;
- each person known to us to beneficially own 5% and more of our ordinary shares; and
- each selling shareholder.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of this offering, including through the exercise of any option, warrant or other right, the vesting of restricted shares or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

The calculations in the table below assume there are ordinary shares outstanding as of the date of this prospectus, 42,174,290 ordinary shares into which all of our outstanding preferred shares will automatically convert upon completion of this offering, ordinary shares into which all of our outstanding convertible notes will automatically convert upon the completion of this offering, and ordinary shares outstanding immediately after the closing of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs, excluding ordinary shares issuable upon the exercise of outstanding share options, unvested restricted ordinary shares and ordinary shares reserved for issuance under our share incentive plan.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Being Sold in This Offering		Ordinary Shares Beneficially Owned After This Offering	
Name	Number	Percent	Number	Percent	Number	Percent
Directors and Executive Officers:						
Quji (Alan) GUO[1]	10,555,555	13.5%				
Xin (Kevin) WEN[2]	7,038,889	9.0%				
Liang ZHANG[3]	7,038,889	9.0%				
Jun LIU[4]	5,222,221	6.7%				
Ye YUAN[5]	20,686,277	26.4%				
Bo FENG[6]	20,686,277	26.4%				
Jin-Choon (Richard) LIM[7]	16,094,261	20.6%				
Shujun LI[8]	5,356,111	6.8%				
Zheng (Richard) XUE	*	*				
Liang LU	*	*				
All directors and executive officers as a group	72,571,296	92.7%				
Principal Shareholders:						
Ceyuan Entities[9]	20,686,277	26.4%				
GSR Ventures III, L.P.[10]	16,094,261	20.6%				
Wincore Holdings Limited[11]	10,555,555	13.5%				
Vitz Holdings Limited[12]	7,038,889	9.0%				
Clinet Investments Limited[13]	7,038,889	9.0%				
Trustbridge Partners III, L.P.[14]	5,356,111	6.8%				
Focus China Holdings Limited[15]	5,333,334	6.8%				
Fulltrend Holdings Group Limited[16]	5,222,221	6.7%				
Selling Shareholders:						

Notes:

† Each selling shareholder named above acquired its shares in offerings which were exempted from registration under the Securities Act because they involved offshore sales to non-U.S. persons. As of the date of this prospectus, none of our outstanding ordinary shares is held by record holders in the United States.

* Less than 1% of our total outstanding shares.

(1) Represents 10,555,555 ordinary shares held by Wincore Holdings Limited. Wincore Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer. The registered address of Wincore Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(2) Represents 7,038,889 ordinary shares held by Vitz Holdings Limited. Vitz Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xin (Kevin) WEN, our director and co-president. The registered address of Vitz Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(3) Represents 7,038,889 ordinary shares held by Clinet Investments Limited. Clinet Investments Limited, a British Virgin Islands company, is wholly owned by Mr. Liang ZHANG, our director and co-president. The registered address of Clinet Investments Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(4) Represents 5,222,221 ordinary shares held by Fulltrend Holdings Limited. Fulltrend Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Jun LIU, our director and senior vice president of operations. The registered address of Fulltrend Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(5) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are collectively referred to in this prospectus as the Ceyuan Entities. For a description of the beneficial ownership of our ordinary shares by the Ceyuan Entities, see Note 9 below. Mr. Ye YUAN disclaims beneficial ownership of our ordinary shares held by the Ceyuan Entities, except to the extent of his pecuniary interest in these shares.

(6) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are collectively referred to in this prospectus as the Ceyuan Entities. For a description of the beneficial ownership of our ordinary shares by the Ceyuan Entities, see Note 9 below. Mr. Bo FENG disclaims beneficial ownership of our ordinary shares held by the Ceyuan Entities, except to the extent of his pecuniary interest in these shares.

(7) Represents 16,094,261 ordinary shares issuable upon the conversion of all Series B and Series C preferred shares held by GSR Ventures III, L.P., a United States limited partnership. Ordinary shares beneficially owned by GSR Ventures III, L.P. also include ordinary shares issuable upon the conversion of convertible notes in the principal amount of $3,430,000. For a description of the beneficial ownership of our ordinary shares by GSR Ventures III, L.P., see Note 10 below. Mr. Jin-Choon (Richard) LIM disclaims beneficial ownership of our ordinary shares held by GSR Ventures III, L.P., except to the extent of his pecuniary interest in these shares.

(8) Represents 5,356,111 ordinary shares issuable upon the conversion of all Series C convertible redeemable preferred shares held by Trustbridge Partners III, L.P., a Cayman Islands limited partnership. For a description of the beneficial ownership of our ordinary shares by Trustbridge partners III, L.P., see Note 14 below. Mr. Shujun LI disclaims beneficial ownership of our ordinary shares held by Trustbridge Partners III, L.P., except to the extent of his pecuniary interest in these shares.

(9) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are under the common control of Ceyuan Ventures Management II, LLC, which is the general partner of Ceyuan Ventures II, L.P. and sole director of Ceyuan Ventures Advisors II, LLC. Mr. Bo FENG, Mr. Christopher Wadsworth, Yanxi Holding Co., Ltd., Mr. Weiguo ZHAO, NewMargin Fund Management Company Limited and Mr. John S. Wadsworth Jr. collectively hold 100% shares of Ceyuan Ventures Management II, LLC. Mr. Ye YUAN has the voting and dispositive power over the shares held by Yanxi Holding Co., Ltd. Mr. Tao FENG has the voting and dispositive power over the shares held by NewMargin Fund Management Company Limited. The registered address of Ceyuan Entities is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies.

(10) Represents 16,094,261 ordinary shares issuable upon the conversion of all Series B and Series C preferred shares held by GSR Ventures III, L.P., a United States limited partnership. Ordinary shares beneficially owned by GSR Ventures III, L.P.

also include ordinary shares issuable upon the conversion of convertible notes in the principal amount of $3,430,000. The general partner of GSR Ventures III, L.P. is GSR Partners III, L.P.. The General Partner of GSR Partners III, L.P. is GSR Partners III, Ltd. The director of GSR Partners III, Ltd. is Mr. Jin-Choon (Richard) LIM. The registered address of GSR Ventures III, L.P. is 101 University Ave, 4th Floor, Palo Alto, CA 94301, USA.

(11) Wincore Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer. The registered address of Wincore Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(12) Vitz Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xin (Kevin) WEN, our director and co-president. The registered address of Vitz Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(13) Clinet Investments Limited, a British Virgin Islands company, is wholly owned by Mr. Liang ZHANG, our director and co-president. The registered address of Clinet Investments Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(14) Represents 5,356,111 ordinary shares issuable upon the conversion of all Series C convertible redeemable preferred shares held by Trustbridge Partners III, L.P., a Cayman Islands exempted limited partnership. The general partner of Trustbridge Partners III, L.P. is TB Partners GP3 L.P. The general partner of TB Partners GP3 L.P. is TB Partners GP Limited. Shujun LI, Feng GE, Donglei ZHOU, Hongyan GUAN and David LIN hold voting and investment power for Trustbridge Partners III, L.P. The registered address of Trustbridge Partners III, L.P. is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands.

(15) Represents 5,333,334 ordinary shares held by Focus China Holdings Limited. Focus China Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xiaoping XU, a founding angel. The registered address of Focus China Holdings Limited is Trinity Chambers, P.O. Box 4301, Road Town, Tortola, British Virgin Islands.

(16) Fulltrend Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Jun LIU, our director and senior vice president of operations. The registered address of Fulltrend Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

Immediately after the completion of this offering, we will have one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our amended and restated memorandum and articles of association, Wincore Holdings Limited, Clinet Investments Limited and Vitz Holdings Limited will be entitled to three votes per share, and each other holder is entitled to one vote per share. Such change of control events include: (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company. See "Description of Share Capital—Ordinary Shares—Voting Rights." Each of Wincore Holdings Limited, Clinet Investment Limited and Vitz Holdings Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and % voting rights, respectively, and an aggregate of % of voting rights in such matters related to a change of control.

As of the date of this prospectus, none of our outstanding ordinary shares were held by record shareholders in the United States. We are not aware of any arrangement that may at a subsequent date, result in a change of control of our company. Each selling shareholder named above acquired its shares in offerings which were exempted from registration under the Securities Act because such offerings involved either private placements or offshore sales to non-U.S. persons.

RELATED PARTY TRANSACTIONS

As of December 31, 2009, we had receivables from Mr. Xin (Kevin) WEN of $424,000. The amount represented sales made by Mr. Xin (Kevin) WEN on behalf of us on certain third-party online marketplace platforms. The cash received was deposited in Mr. Xin (Kevin) WEN's personal accounts pending transfer to us as of December 31, 2009. Such amount was subsequently transferred to us in 2010.

Employment Agreements

See "Management—Employment Agreements."

Share Options

See "Management—Share Incentive Plan."

Private Placements

See "Description of Share Capital—History of Securities Issuances."

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association and the Companies Law (2012 Revision) of the Cayman Islands, which is referred to as the Companies Law below.

As of the date of this prospectus, our authorized share capital is $50,000 divided into (i) 707,825,710 ordinary shares of par value $0.000067 each and (ii) 42,174,290 preferred shares of par value $0.000067 each, 15,000,000 of which are designated as Series A convertible preferred shares, 17,522,725 of which are designated as Series B convertible preferred shares and 9,651,565 of which are designated as Series C convertible redeemable preferred shares. As of the date of this prospectus, there are 36,108,965 ordinary shares issued and outstanding in accordance with our register of members, which excludes 633,638 vested but not yet legally issued restricted shares. All of our issued and outstanding preferred shares will automatically convert into 42,174,290 ordinary shares immediately upon the completion of this initial public offering. All of the outstanding principal amount of our convertible notes will automatically convert into ordinary shares immediately upon the completion of this initial public offering.

Our fourth amended and restated memorandum and articles of association will become effective upon completion of this offering and will replace our pre-offering third amended and restated memorandum and articles of association in its entirety. The following are summaries of material provisions of our fourth amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our shareholders or board of directors subject to the Companies Law and to the articles of association.

Voting Rights

Each holder of ordinary shares is entitled to one vote on a show of hands or, on a poll, each holder is entitled to have one vote for each share registered in his name on the register of members, on all matters upon which the ordinary shares are entitled to vote, except on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, where Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, is entitled to three votes for each share registered in his name on the register of members, and each other holder is entitled to one vote for each share registered in his name on the register of members. Each of Wincore Holdings Limited, Vitz Holdings Limited and Clinet Investments Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and % voting rights, respectively, and an aggregate of % of voting rights in such matters related to a change of control. Voting at any meeting of shareholders is by

show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Maples and Calder, our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Law and not inconsistent with common law. Maples and Calder has confirmed that the inclusion in the articles of provisions giving weighted voting rights to specific shareholders generally or on specific resolutions is not prohibited by the Companies Law. Further, weighted voting provisions have been held to be valid as a matter of English common law and therefore it is expected that such would be upheld by a Cayman Islands court.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of votes attached to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of votes cast attached to the ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions contained in our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- the ordinary shares transferred are fully paid and free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- the transfer is not to more than four joint holders.

If our directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Law and other applicable law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner, including out of capital, as may be determined by the board of directors.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

General Meetings of Shareholders

Shareholders' meetings may be convened by a majority of our board of directors or our chairman. Additionally, on the requisition of shareholders representing not less than 40% of the voting rights entitled to vote at general meetings, the board shall convene an extraordinary general meeting. Advance notice of at least ten days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a meeting of shareholders consists of at least two shareholders present or by proxy, representing not less than one-third in nominal value of the total issued voting shares in our company.

Election and Removal of Directors

Unless otherwise determined by our company in the general meeting, our articles provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a casual vacancy on the board or, subject to authorization by the members in the general meeting, as an addition to the existing board, but so that the number of directors so appointed will not exceed any maximum number determined from time to time by the members in general meeting. Any director appointed by the board to fill a casual vacancy will hold office until the next annual general meeting of members after his appointment and be subject to re-election at such meeting.

Our articles provide that persons standing for election as directors at a duly constituted general meeting with requisite quorum are appointed by shareholders by a simple majority of the votes cast on the resolution.

A director may be removed with or without cause by special resolution. The notice must contain a statement of the intention to remove the director and must be served on the director not less than ten days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

Proceedings of Board of Directors

Our articles provide that our business is to be managed and conducted by our board of directors. The quorum necessary for the board meeting may be fixed by the board and, unless so fixed at another number, will be a majority of the directors.

Our articles provide that the board may from time to time at its discretion exercise all powers of our company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our company and, subject to the Companies Law, issue debentures, bonds and other securities of our company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will in our articles provide our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements. See "Where You Can Find More Information."

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- 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 our share capital by the amount of the shares so cancelled.

We may by special resolution reduce our share capital or any capital redemption reserve in any manner permitted by law.

Exempted Company

We are an exempted company with limited liability under the Companies Law of the Cayman Islands. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable or bearer shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. Upon the closing of this offering, we will be subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this prospectus, we currently intend to comply with the New York Stock Exchange rules in lieu of following home country practice after the closing of this offering. The New York Stock Exchange rules require that every company listed on the New York Stock Exchange hold an annual general meeting of shareholders. In addition, our articles of association allow directors to call a special meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States.

Mergers and Similar Arrangements

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) a "consolidation" means the combination of two or more constituent companies into a combined 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 authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, 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 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.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders or creditors (representing 75% by value) with whom the arrangement is to be made and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;

- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;

- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or *ultra vires*;
- the act complained of, although not *ultra vires*, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

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, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that (i) on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement

involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share held by him, and the remaining shareholders will be entitled to one vote per share held; and (ii) authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation

or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Neither Cayman Islands law nor our articles of association allow our shareholders to requisition a shareholders' meeting. However, on the requisition of shareholders representing not less than 40% of the voting rights entitled to vote at general meetings, the board shall convene an extraordinary general meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. However, our articles of association require us to call such meetings every year.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our articles of association, directors may be removed by special resolution.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Law of the Cayman Islands and our memorandum and articles of association, our company may be dissolved, liquidated or wound up by a special resolution, or by an ordinary resolution on the basis that our company is unable to pay its debts as they fall due.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. As permitted by Cayman Islands law, our memorandum and articles of association may only be amended by special resolution or the unanimous written resolution of all shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find More Information."

History of Securities Issuances

The following is a summary of our securities issuances since our inception.

Ordinary Shares

We were incorporated in the Cayman Islands as an exempted limited liability company on March 28, 2008. We issued one ordinary share to the incorporation agent, which was transferred on the same day to Mr. Chit (Jeremy) CHAU, a current shareholder.

In October 2008, we issued 10,555,555 ordinary shares, par value $0.000067 per share, to Wincore Holdings Limited, a company wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer, 7,038,889 ordinary shares, par value $0.000067 per share, to Vitz Holdings Limited, a company wholly owned by Mr. Xin (Kevin) WEN, our director and co-president, 7,038,889 ordinary shares, par value $0.000067 per share, to Clinet Investments Limited, a company wholly owned by Mr. Liang ZHANG, our director and co-president, 5,333,334 ordinary shares, par value $0.000067 per share, to Focus China Holdings Limited, a company wholly owned by Mr. Xiaoping XU, 920,076 ordinary shares, par value $0.000067 per share, to Kingmax Holdings Group Limited, a company wholly owned by Mr. Chit (Jeremy) CHAU, and 5,222,221 ordinary shares, par value $0.000067 per share, to Fulltrend Holdings Limited, a company wholly owned by Mr. Jun LIU, our director and senior vice president of operations.

We issued ordinary shares to Mr. GUO, Mr. WEN and Mr. ZHANG in October 2008, and these ordinary shares were entered into our register of members. These ordinary shares then became restricted pursuant to a restricted share agreement entered into in connection with the issuance of our preferred shares. Such restricted shares are referred to as founders' nonvested shares. Pursuant to the restricted share agreement, 20% of such founders' nonvested shares were vested at the closing of our Series A convertible preferred shares issuance in October 2008, another 20% of such founders' nonvested shares were vested on the one-year anniversary of our Series A closing, and the remaining founders' nonvested shares were vested in 1/36th increments every 30 days thereafter, with the last increment vested on October 7, 2012.

Preferred Shares

In October 2008, we issued 14,443,500 Series A convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $4,812,500, and 556,500 Series A convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $187,500.

In June 2009, we issued 3,151,454 Series B convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $2,026,904, 121,424 Series B convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $78,095 and 14,249,847 Series B convertible preferred shares, par value $0.000067 per share, to GSR Ventures III, L.P. at an aggregate subscription price of $9,165,000.

In October 2010, we issued 2,323,862 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $8,427,148, 89,537 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $324,693, 1,844,414 Series C convertible redeemable preferred shares, par value $0.000067 per share, to GSR Ventures III, L.P. at an aggregate subscription price of $6,688,501, 37,641 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Banean Holdings Ltd, at an aggregate subscription price of $136,500 and 5,356,111 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Trustbridge Partners III, L.P. at an aggregate subscription price of $19,423,158.

Preferred shares are convertible at the option of the holder at any time into ordinary shares as determined by dividing their issuance prices by their conversion prices as set forth in our third amended and restated memorandum and articles of association. Their conversion prices are initially their issuance prices per preferred share. All preferred shares automatically convert into ordinary shares at their respective then effective applicable conversion price upon the closing of a qualified initial public offering, as defined in our third amended and restated memorandum and articles of association or with the written consent of holders of more than two thirds of the outstanding preferred shares, including consent of holders of a majority of the outstanding Series C convertible redeemable preferred shares. Upon the completion of this offering, all of our preferred shares will convert into 42,174,290 ordinary shares.

Share Options and Restricted Shares

We adopted our Amended and Reinstated 2008 Share Incentive Plan, or the Plan, in October 2008. Under the Plan, we granted options to purchase an aggregate of 2,744,000 ordinary shares to our employees from December 31, 2008 to October 1, 2011. We have also granted to two executive officers and certain employees an aggregate of 1,626,371 restricted shares from December 31, 2008 to October 1, 2011. As of the date of this prospectus, options to purchase 1,778,250 ordinary shares of our company were outstanding. See "Management—Share Incentive Plan."

Convertible Notes

On March 23, 2012, pursuant to a convertible note purchase agreement, we issued convertible notes due September 22, 2013 in the aggregate principal amount of US$8,000,000 to existing shareholders Ceyuan Ventures II L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., and Banean Holdings Ltd. The convertible notes bear interest at 12% per annum, uncompounded and computed on the basis of the actual number of days elapsed, or 15% per annum upon an event of default, uncompounded and computed on the basis of the actual number of days elapsed. The convertible notes will be automatically converted into the number of ordinary shares equivalent to the outstanding amount of the convertible notes divided by the applicable conversion price immediately upon the completion of our initial public offering. The conversion price shall be equal to the per share issuance price of the ordinary share issued for our initial public offering, provided that in the event the total pre-money valuation of our company prior to our initial public offering, without taking into account the convertible notes or the ordinary shares, is greater than $350 million, the note conversion price shall be equal to $350 million divided by the total number of outstanding equity shares of our company prior to such qualified financing event which shall include any shares issued or reserved for issuance under any benefit plan of our company. The conversion price shall be multiplied by 95% as the applicable conversion discount if a qualified financing event takes place after three months but on or before six months from the convertible note issuance date, by 90% as the applicable conversion discount if a qualified financing event takes place after six months but on or before 12 months from the convertible note issuance date and by 85% as the applicable conversion discount if a qualified financing event takes place after 12 months from the convertible note issuance date. Based on the mid-point of the estimated range of the initial public offering price, the convertible notes will be automatically converted into ordinary shares upon the completion of this initial public offering. All interest accrued under the convertible notes is to be paid in cash after this offering from the proceeds of this offering and our existing cash balance.

In the event of maturity prior to the completion of this initial public offering and absent an event of default, all of the outstanding amount of the convertible notes shall be converted into such number of Series C preferred shares, the number of which is equivalent to the outstanding amount of the convertible notes divided by the maturity conversion price of $225 million divided by the total number of our outstanding equity shares on the maturity date, which shall include any shares issued or reserved

for issuance under any benefit plan of our company, but excluding such Series C preferred shares converted upon maturity. All interest accrued under the convertible notes will also become due and payable in cash. In the event of default, the noteholders may, jointly but not severally, convert all outstanding principal amount of the convertible notes into ordinary shares or seek repayment from us for all outstanding principal amount and accrued interest, subject to the terms of the convertible notes.

Registration Rights

Under the second amended and restated shareholders agreement entered into on September 28, 2010, we have granted certain registration rights to holders of our registrable securities, which include our ordinary shares issued or issuable upon conversion of our preferred shares. Set forth below is a description of the registration rights.

Demand registration rights. At any time after 180 days after the completion of this offering, holders of at least 25% of the registrable securities then outstanding have the right to demand that we file a registration statement. We, however, are not obliged to effect a demand registration if we have already effected (i) three demand registrations or (ii) two demand registrations or F-3 registration within the prior six months. We have the right to defer the filing of a registration statement up to 90 days if our board of directors determines in good faith that such registration and offering would be materially detrimental to us and our shareholders, provided that we may not utilize this right more than once in any 12-month period.

Piggyback registration rights. If we propose to register any of our shares under the Securities Act for its own account any of its equity securities, or for the account of any holder of equity securities any of such holder's equity securities, in connection with the public offering of such securities, we must offer holders of registrable securities an opportunity to include in the registration all or any part of their registrable securities that each such holder may request to be registered.

Form F-3 registration. Holders of our registrable securities then outstanding have the right to request that we file a registration statement under Form F-3 when we are eligible to use Form F-3. We also have the right to postpone a registration pursuant to this request up to 60 days if our board of directors determines in good faith that it would be materially detrimental to us and our shareholders for such Form F-3 registration. We may not utilize this right more than once in any 12-month period. There is no limit on the number of the registration made pursuant to this request so long as the anticipated gross offering proceeds (before deduction of underwriting discounts and commissions) exceed $1,000,000; provided that we are not obliged to effect any such registration if (i) Form F-3 is not available for such offering by the holders, (ii) we have already effective two registrations within twelve months preceding such request, or (iii) the request is made within 90 days after we have effected a registration.

Expenses of registration. We will pay all expenses (other than underwriting discounts and commissions and stock transfer taxes) in connection with the demand registration, Form F-3 registration and piggyback registration including all registration and filing fees, printers' and accounting fees, the reasonable legal fees, charges and expenses incurred by one counsel selected by the initiating holders. The holders participating in the registration on Form F-3 shall bear all expenses in connection with such registration if the registration request is subsequently withdrawn at the request of the initiating holders.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent shares (or a right to receive shares) deposited with the principal Hong Kong office of The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at *http://www.sec.gov.*

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Shares your ADSs represent.

- ***Cash.*** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to

the United States. If that is not possible or if any government approval is needed and can not be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation". It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

- ***Shares.*** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.

- ***Rights to purchase additional shares.*** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to ADS holders. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

If the depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

- ***Other Distributions.*** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives reasonably satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you*.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary to vote the number of deposited shares their ADSs represent. The depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they much reach the depositary by a date set by the depositary.

Otherwise, you won't be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

The depositary will try, as far as practical, subject to the laws of the Cayman Islands and of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. The depositary will only vote or attempt to vote as instructed.

We can not assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$.05 (or less) per ADS	• Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
$.05 (or less) per ADS per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees.

From time to time, the depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American Depositary Shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:	Then:
• Change the nominal or par value of our shares	The cash, shares or other securities received by the depositary will become deposited securities.
• Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
• Distribute securities on the shares that are not distributed to you	The depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also deliver new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.
• Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended*.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders if 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only

obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- reasonably satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.

- When you owe money to pay fees, taxes and similar charges.
- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash, U.S. government securities or other collateral that the depositary determines, in good faith, will provide similar liquidity and security; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is reasonably appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depositary may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder communications; inspection of register of holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

SHARES ELIGIBLE FOR FUTURE SALE

Upon closing of this offering, we will have ADSs outstanding representing approximately % of our ordinary shares (or ADS outstanding representing approximately % of our ordinary shares, if the underwriters exercise in full their option to purchase additional ADSs). All of the ADSs sold in this offering and the ordinary shares they represent will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Rule 144 of the Securities Act defines an "affiliate" of a company as a person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, our company. All outstanding ordinary shares prior to this offering are "restricted securities" as that term is defined in Rule 144 because they were issued in a transaction or series of transactions not involving a public offering. Restricted securities, in the form of ADSs or otherwise, may be sold only if they are the subject of an effective registration statement under the Securities Act or if they are sold pursuant to an exemption from the registration requirement of the Securities Act such as those provided for in Rules 144 or 701 promulgated under the Securities Act, which rules are summarized below. Restricted ordinary shares may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Act. This prospectus may not be used in connection with any resale of the ADSs acquired in this offering by our affiliates.

Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or ADSs, and while our application has been made to list the ADSs on the New York Stock Exchange, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by ADSs.

Lock-up Agreements

We, our officers, directors, holders of our ordinary shares and all of our option holders have agreed, subject to some exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our ordinary shares, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, in the form of ADSs or otherwise, for a period of 180 days after the date this prospectus becomes effective. After the expiration of the 180-day period, the ordinary shares or ADSs held by the selling shareholders, our directors, executive officers or our other existing shareholders or certain option holders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

Rule 144

In general, under Rule 144 as currently in effect, a person who has beneficially owned our restricted securities for at least six months is entitled to sell the restricted securities without registration under the Securities Act, subject to certain restrictions. Persons who are our affiliates (including persons beneficially owning 10% or more of our outstanding shares) may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately ordinary shares immediately after this offering; and

- the average weekly trading volume of the ADSs on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Such sales are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us. The manner-of-sale provisions require the securities to be sold either in "brokers' transactions" as such term is defined under the Securities Act, through transactions directly with a market maker as such term is defined under the Exchange Act or through a riskless

principal transaction as described in Rule 144. In addition, the manner-of-sale provisions require the person selling the securities not to solicit or arrange for the solicitation of orders to buy the securities in anticipation of or in connection with such transaction or make any payment in connection with the offer or sale of the securities to any person other than the broker or dealer who executes the order to sell the securities. If the amount of securities to be sold in reliance upon Rule 144 during any period of three months exceeds 5,000 shares or other units or has an aggregate sale price in excess of $50,000, three copies of a notice on Form 144 should be filed with the SEC. If such securities are admitted to trading on any national securities exchange, one copy of such notice also must be transmitted to the principal exchange on which such securities are admitted. The Form 144 should be signed by the person for whose account the securities are to be sold and should be transmitted for filing concurrently with either the placing with a broker of an order to execute a sale of securities or the execution directly with a market maker of such a sale.

Persons who are not our affiliates and have beneficially owned our restricted securities for more than six months but not more than one year may sell the restricted securities without registration under the Securities Act subject to the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than one year may freely sell the restricted securities without registration under the Securities Act.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in the United States in reliance on Rule 701 under the Securities Act, or Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of-sale requirements. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Registration Rights

Upon closing of this offering, the holders of   of our ordinary shares or their transferees (or the holders of   of our ordinary shares or their transferees, if the underwriters exercise in full the option to purchase additional ADSs) will be entitled to request that we register their ordinary shares under the Securities Act, following the expiration of the lock-up agreements described above.

TAXATION

The following is a general summary of the material Cayman Islands, People's Republic of China and U.S. federal income tax consequences relevant to an investment in the ADSs and ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material Cayman Islands tax consequences of the ownership of our ordinary shares and ADSs represents the opinion of Maples and Calder, our Cayman Islands counsel. To the extent that the discussion relates to matters of People's Republic of China tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material People's Republic of China tax consequences of the ownership of our ordinary shares and ADSs represents the opinion of TransAsia Lawyers, our PRC counsel. To the extent that the discussion relates to matters of United States federal income tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material United States federal income tax consequences to United States Holders of the ownership of our ordinary shares and ADSs represents the opinion of Simpson Thacher & Bartlett LLP, our United States counsel. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the ADSs and ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of the ADSs and ordinary shares. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. 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. The Cayman Islands is not party to any double tax treaties applicable to payments made to or by us. There are no exchange control regulations or currency restrictions in the Cayman Islands.

People's Republic of China Taxation

The New EIT Law and its Implementation Rules, both of which became effective on January 1, 2008, provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its foreign investor, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business in China through Lanting Jishi, which is 100% owned by Light In the Box Limited, our wholly owned subsidiary located in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangements on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Double Taxation Avoidance Arrangement, dividends that Light In The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that: (a) Light In The Box Limited is determined by the relevant PRC tax authorities to be a "non-resident enterprise" under the New EIT Law; (b) Light In The Box Limited is the beneficial owner of the PRC sourced income; (c) Light In The Box Limited holds at least 25% of the equity interest of Lanting Jishi and (d) all other conditions and requirements under the Double Tax Avoidance Arrangement shall be satisfied.

Under the New EIT Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered to be PRC tax resident enterprises for tax purposes. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%.

The Implementation Rules of the New EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how "domicile" may be interpreted under the New EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders which are non-resident enterprises as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

Furthermore, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our shares or ADSs and the gains realized from the transfer of our shares or ADSs to be income derived from sources within the PRC, such dividends we pay to our overseas shareholders or ADS holders who are non-resident individuals and such gains realized by such shareholders from the transfer of our shares or ADSs may be subject to PRC individual income tax at a rate of 20%, unless any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

Material United States Federal Income Tax Considerations

The following summary describes the material United States federal income tax consequences to United States Holders (as defined below) of the ownership of our ordinary shares and ADSs as of the date hereof. Subject to the qualifications, assumptions and limitations set forth herein, this discussion of the material United States federal income tax consequences to United States Holders of the ownership of our ordinary shares and ADSs represents the opinion of Simpson Thacher & Bartlett LLP, our United States counsel. Except where noted, this summary deals only with ordinary shares and ADSs held as capital assets. As used herein, the term "United States Holder" means a holder of an ordinary share or ADS that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a U.S. expatriate;
- a tax-exempt organization;
- a person holding our ordinary shares or ADSs as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our voting stock;
- a person who acquired ordinary shares or ADSs pursuant to the exercise of any employee share option or otherwise as compensation;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership holds our ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ordinary shares or ADSs, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. If you are considering the purchase, ownership or disposition of our ordinary shares or ADSs, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs you generally will be treated, for United States federal income tax purposes, as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

Taxation of Dividends

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the ADSs or ordinary shares (including amounts withheld to reflect PRC withholding taxes) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on ordinary shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. We have applied to list the ADSs on the New York Stock Exchange. Provided that the listing is approved, United States Treasury Department guidance indicates that the ADSs will be readily tradable on an established securities market in the United States. Thus, we believe that dividends we pay on ordinary shares represented by the ADSs will meet the conditions required for the reduced tax rate. Since we do not expect that our ordinary shares will be listed on an established securities market, we do not believe that dividends that we pay on our ordinary shares that are not represented by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that the ADSs will be considered readily tradable on an established securities market in later years. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we may be eligible for the benefits of the income tax treaty between the United States and the PRC (the "Treaty"), and if we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by ADSs, would be eligible for the reduced rates of taxation whether or not such shares are readily tradable on an established securities market in the United States. See "Taxation—People's Republic of China Taxation." Non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, you may be subject to PRC withholding taxes on dividends paid to you with respect to the ADSs or ordinary shares. See "—People's Republic of China Taxation." In that case, subject to certain conditions and limitations, PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or ordinary shares will be treated as foreign-source income and will generally constitute passive category income. However, in certain circumstances, if you have held the ADSs or ordinary shares for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for any PRC withholding taxes imposed on dividends paid on the ADSs or ordinary shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs or ordinary shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits would generally not give rise to foreign source income and you would generally not be able to use the foreign tax credit arising from any PRC withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to determine our earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Passive Foreign Investment Company

Based on the past and projected composition of our income and valuation of our assets, including goodwill, we do not believe that we were a PFIC for 2012, and we do not expect to become one in the current year or the foreseeable future, although there can be no assurance in this regard. Moreover, as the determination of our PFIC status is based on an annual determination that cannot be made until the close of a taxable year, and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income we earn, our United States counsel expresses no opinion with respect to our PFIC status.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or

- at least 50% of the value (determined on a quarterly basis) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, it is not entirely clear how the contractual arrangements between us and our VIEs will be treated for purposes of the PFIC rules. If it is determined that we do not own the stock of our VIEs for United States federal income tax purposes, we may be treated as a PFIC.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. Because we have valued our goodwill based on the market value of our equity, a decrease in the price of the ADSs may also result in our becoming a PFIC. The composition of our income and our assets will also be affected by how, and how quickly, we spend the cash raised in this offering. Under circumstances where the cash is not deployed for active purposes, our risk of becoming a PFIC may increase. If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of ADSs or ordinary shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the

shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares,
- the amount allocated to the current taxable year, and any taxable year in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

In addition, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. Furthermore, unless otherwise provided by the United States Treasury Department, each United States Holder of a PFIC is required to file an annual report containing such information as the United States Treasury Department may require.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC or we make direct or indirect equity investments in other entities that are PFICs, a United States Holder would be treated as owning a proportionate amount (by value) of the shares of such the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such stock is regularly traded on a qualified exchange. Under current law, the mark-to-market election may be available to United States Holders of ADSs if the ADSs are listed on the New York Stock Exchange, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. It should also be noted that it is intended that only the ADSs and not the ordinary shares will be listed on the New York Stock Exchange. Consequently, if you are a United States Holder of ordinary shares that are not represented by ADSs, you generally will not be eligible to make a mark-to-market election if we are or were to become a PFIC.

If you make an effective mark-to-market election, you will include in each year that we are a PFIC as ordinary income the excess of the fair market value of your ADSs at the end of your taxable year over your adjusted tax basis in the ADSs. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, any gain you recognize upon the sale or other disposition of your ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

Your adjusted tax basis in the ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If you make a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election. You are urged to consult your tax advisors about the availability of the mark-to-market election, and whether making the election would

be advisable in your particular circumstances. Any distributions we make would generally be subject to the rules discussed above under "—Taxation of Dividends," except the reduced rates of taxation on any dividends received from us would not apply.

Alternatively, you can sometimes avoid the PFIC rules described above by electing to treat us as a "qualified electing fund" under Section 1295 of the Code. However, this option likely will not be available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or ordinary shares if we are considered a PFIC in any taxable year.

Taxation of Capital Gains

For United States federal income tax purposes and subject to the discussion under "—Passive Foreign Investment Company" above, you will recognize taxable gain or loss on any sale or exchange of ADSs or ordinary shares in an amount equal to the difference between the amount realized for the ADSs or ordinary shares and your tax basis in the ADSs or ordinary shares. Such gain or loss will generally be capital gain or loss. Capital gains of non-corporate United States Holders derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss for foreign tax credit limitation purposes. However, if we are treated as a PRC "resident enterprise" for PRC tax purposes and PRC tax was imposed on any gain, and if you are eligible for the benefit of the Treaty, you may elect to treat such gain as PRC source gain. If you are not eligible for the benefits of the Treaty or you fail to make the election to treat any gain as PRC source, then you may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources. You are urged to consult your tax advisors regarding the tax consequences if any PRC tax is imposed on gain on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit and the election to treat any gain as PRC source, under your particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of the ADSs or ordinary shares and the proceeds from the sale, exchange or redemption of the ADSs or ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service in a timely manner.

Additional Reporting Requirements

Certain United States Holders who are individuals are required to report information relating to an interest in the ADSs or ordinary shares, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions). United States Holders should consult their tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the ADSs and ordinary shares.

UNDERWRITING

We are offering the ADSs described in this prospectus through a number of underwriters. Credit Suisse Securities (USA) LLC and Stifel, Nicolaus & Company, Incorporated are acting as joint bookrunners for the offering and as representatives of the underwriters. Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of ADSs indicated below:

Name	Number of ADSs
Credit Suisse Securities (USA) LLC	
Stifel, Nicolaus & Company, Incorporated	
Pacific Crest Securities LLC	
Oppenheimer & Co. Inc.	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives", respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and the independent accountants. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. The underwriters are not required, however, to take or pay for the ADSs covered by the underwriters' option to purchase additional ADSs described below.

The underwriters propose to offer the ADSs directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per ADS. Any such dealers may resell ADSs to certain other brokers or dealers at a discount of up to $ per ADS from the initial public offering price. After the initial public offering of the ADSs, the offering price and other selling terms may be changed by the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the ADSs offered in this offering.

The underwriters have an option to purchase from us and the selling shareholders up to additional ADSs to cover sales of ADSs by the underwriters which exceed the number of ADSs specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional ADSs. If any ADSs are purchased with this option, the underwriters will purchase the ADSs in approximately the same proportion as shown in the table above. If any additional ADSs are purchased, the underwriters will offer the additional ADSs on the same terms as those on which the ADSs are being offered.

The table below shows the per ADS and total underwriting discounts and commissions that we and the selling shareholders will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

Underwriting Discounts and Commissions	No Exercise	Full Exercise
Per ADS	$	$
Total by us	$	$
Total by the selling shareholders	$	$

We have applied to list the ADSs on the New York Stock Exchange under the symbol "LITB."

We have agreed that, subject to certain restrictions, we will not without the prior written consent of the representatives, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; or

- file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (other than a registration statement on Form S-8);

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise.

Each of our directors, executive officers, existing shareholders and option holders has agreed that, subject to certain restrictions, such director, officer, shareholder or option holder will not, without the prior written consent of the representatives, during the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; or

- make any demand for or exercise any right with respect to, the registration of any ordinary shares, ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs;

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling ADSs in the open market for the purpose of preventing or retarding a decline in the market price of the ADSs while this offering is in progress. These stabilizing transactions may include making short sales of the ADSs, which involves the sale by the underwriters of a greater number of ADSs than they are required to purchase in this offering, and purchasing ADSs on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional ADSs referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional ADSs, in whole or in part, or by purchasing ADSs in the open market. In making this determination, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market compared to the price at which the underwriters may purchase ADSs through their option to purchase additional ADSs. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase ADSs in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ADSs, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase ADSs in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those ADSs as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs, and, as a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange or otherwise.

Prior to this offering, there has been no public market for the ADSs. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded securities of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the underwriters can assure investors that an active trading market will develop for our ordinary shares, or that the shares will trade in the public market at or above the initial public offering price.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act. If we or the selling shareholders are unable to provide this indemnification, we and the selling shareholders will contribute to payments that the underwriters may be required to make for these liabilities.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to ADSs offered by this prospectus to our directors, officers, employees, business associates and related persons. We will pay all fees and disbursements of counsel incurred by the underwriters in connection with offering the ADSs to such persons. Any sales to these persons will be made through a directed share program. The number of ADSs available for sale to the general public will be reduced to the extent such persons purchase such reserved ADSs. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same basis as the other ADSs offered by this prospectus. We have agreed to indemnify the underwriters for against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of directed shares.

The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, New York 10010, United States of America. The address of Stifel, Nicolaus & Company, Incorporated is One Montgomery Street, 37th Floor, San Francisco, CA 94104, United States of America.

Electronic Offer, Sale and Distribution of ADSs

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The underwriters may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that may make Internet distributions on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs, where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia. This prospectus is not a product disclosure statement, prospectus or other type of disclosure document for the purposes of Corporations Act 2001 (Commonwealth of Australia) (the "Act") and does not purport to include the information required of a product disclosure statement, prospectus or other disclosure document under Chapter 6D.2 of the Act. No product disclosure statement, prospectus, disclosure document, offering material or advertisement in relation to the offer of the ADSs has been or will be lodged with the Australian Securities and Investments Commission or the Australian Securities Exchange.

Accordingly, (1) the offer of the ADSs under this prospectus may only be made to persons: (i) to whom it is lawful to offer the ADSs without disclosure to investors under Chapter 6D.2 of the Act under one or more exemptions set out in Section 708 of the Act; and (ii) who are "wholesale clients" as that term is defined in section 761G of the Act; (2) this prospectus may only be made available in Australia to persons as set forth in clause (1) above; and (3) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (1) above, and the offeree agrees not to sell or offer for sale any of the ADSs sold to the offeree within 12 months after their issue except as otherwise permitted under the Act.

Canada. The ADSs may not be offered, sold or distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada, except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distribution is made, and only through a dealer duly registered under the applicable securities laws of that province or territory or in accordance with an exemption from the applicable registered dealer requirements.

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares to any member of the public in the Cayman Islands.

European Economic Area. In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive, or a Relevant Member State, from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of the ADSs to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and the competent authority in that Relevant Member State has been notified, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the ADS to the public in that Relevant Member State at any time,

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive; or

(d) in any other circumstances that do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of ADSs shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of the above provision, the expression "an offer of ADSs to the public" in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong. The ADSs may not be offered or sold by means of this document or any other document other than (i) in circumstances that do not constitute an offer or invitation to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) or the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances that do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Israel. In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

(a) a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;

(b) a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;

(c) an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(d) a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(e) a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;

(f) a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(g) an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;

(h) a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);

(i) an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and

(j) an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

Japan. The underwriters will not offer or sell any of the ADSs directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except, in each case, pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

People's Republic of China. This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Singapore. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with

the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 by a relevant person that is:

(a) a corporation (that is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the ADSs under Section 275 except:

(1) to an institutional investor (for corporations, under 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Taiwan. The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

Switzerland. The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

United Arab Emirates and Dubai International Financial Centre. This offering of the ADSs has not been approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), the Emirates Securities and Commodities Authority or any other relevant licensing authority in the UAE, including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (the "DFSA"), a regulatory authority of the Dubai International Financial Centre

(the "DIFC"). This offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended), DFSA Offered Securities Rules and the Dubai International Financial Exchange Listing Rules, respectively, or otherwise.

The ADSs may not be offered to the public in the UAE and/or any of the free zones. The ADSs may be offered and this prospectus may be issued, only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned. The ADSs will not be offered, sold, transferred or delivered to the public in the UAE or any of its free zones.

United Kingdom. An offer of the ADSs may not be made to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000, as amended, or the FSMA, except to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances that do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or the FSA.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) may only be communicated to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which Section 21 of FSMA does not apply to the company.

All applicable provisions of the FSMA with respect to anything done by the underwriters in relation to the ADSs must be complied with in, from or otherwise involving the United Kingdom.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the ADSs by us and the selling shareholders. With the exception of the SEC registration fee and the Financial Industry Regulatory Authority filing fee, all amounts are estimates.

SEC registration fee	$
New York Stock Exchange listing fee	
Financial Industry Regulatory Authority filing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
Total	

These expenses will be borne by us, except for underwriting discounts and commissions, which will be borne by us and the selling shareholders in proportion to the numbers of ADSs sold in the offering by us and the selling shareholders, respectively.

LEGAL MATTERS

We are being represented by Simpson Thacher & Bartlett LLP with respect to certain legal matters of United States federal securities and New York State law. Certain legal matters of United States federal securities and New York State law in connection with this offering will be passed upon for the underwriters by Kirkland & Ellis International LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Certain legal matters as to PRC law will be passed upon for us by TransAsia Lawyers and for the underwriters by Han Kun Law Offices. Simpson Thacher & Bartlett LLP may rely upon TransAsia Lawyers with respect to matters governed by PRC law. Kirkland & Ellis International LLP may rely upon Han Kun Law Offices with respect to matters governed by PRC law.

EXPERTS

Our consolidated financial statements and the related financial statement schedule of LightInTheBox Holding Co., Ltd. included in this prospectus have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP(1), an independent registered public accounting firm, as stated in their report appearing herein. Such report expresses an unqualified opinion on the financial statements and financial statement schedule. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given on their authority as experts in accounting and auditing.

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(1) At the direction of the government of the People's Republic of China in accordance with the Scheme of the Localization Restructuring of Chinese-Foreign Cooperative Accounting Firms, Deloitte Touche Tohmatsu CPA Limited has restructured to a new partnership and changed its name to Deloitte Touche Tohmatsu Certified Public Accountants LLP, effective from January 1, 2013. Deloitte Touche Tohmatsu Certified Public Accountants LLP has succeeded Deloitte Touche Tohmatsu CPA Limited for all purposes and assumed all of the obligations and rights of Deloitte Touche Tohmatsu CPA Limited with effect from January 1, 2013.

The offices of Deloitte Touche Tohmatsu Certified Public Accountants LLP are located at 8/F, Deloitte Tower, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, People's Republic of China.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. A related registration statement on F-6 will be filed with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon closing of this offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Additional information may also be obtained over the Internet at the SEC's website *at www.sec.gov*.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

LIGHTINTHEBOX HOLDING CO., LTD.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
LIGHTINTHEBOX HOLDING CO., LTD.

We have audited the accompanying consolidated balance sheets of LightInTheBox Holding Co., Ltd. (the "Company"), its subsidiaries, its variable interest entities (the "VIEs") and its VIE's subsidiary (collectively the "Group") as of December 31, 2011 and 2012, and the related consolidated statements of operations, comprehensive loss, changes in equity (deficit), and cash flows for each of the three years in the period ended December 31, 2012, and the related financial statement schedule included in Schedule I. These consolidated financial statements and financial statement schedule are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2011 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to such consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China
April 17, 2013

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	As of December 31,		
	2011	**2012**	**Pro forma (Unaudited)**
ASSETS:			
Current assets			
Cash	$ 6,786	$ 19,972	$ 19,972
Restricted cash	849	1,217	1,217
Accounts receivable	72	249	249
Inventories, net	4,965	5,753	5,753
Prepaid expenses and other current assets	4,999	10,562	10,562
Total current assets	17,671	37,753	37,753
Property and equipment, net	1,902	1,792	1,792
Long-term deposit	67	293	293
TOTAL ASSETS	$ 19,640	$ 39,838	$ 39,838
LIABILITIES:			
Current Liabilities:			
Accounts payable (including accounts payable of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $202 and $61 as of December 31, 2011 and December 31, 2012, respectively)	$ 5,130	$ 9,150	$ 9,150
Advance from customers (including advance from customers of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $125 and $13 as of December 31, 2011 and December 31, 2012, respectively)	3,457	7,098	7,098
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $1,516 and $524 as of December 31, 2011 and December 31, 2012, respectively)	8,615	12,811	12,811
Convertible notes, net of discount due to beneficial conversion feature (including convertible notes of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of nil and nil as of December 31, 2011 and December 31, 2012, respectively)	—	7,788	7,788
Total current liabilities	17,202	36,847	36,847
TOTAL LIABILITIES	17,202	36,847	36,847
Commitments and contingencies (Note 24)			
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $52,500)	38,500	41,471	—
EQUITY:			
LightInTheBox Holding Co., Ltd. Shareholders' equity			
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $5,000)	5,000	5,000	—
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $11,270)	11,270	11,270	—
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 32,198,411 and 36,680,558 shares issued and outstanding as of December 31, 2011 and December 31, 2012, respectively)	2	2	2
Additional paid-in capital	5,668	10,459	68,200
Accumulated deficit	(57,980)	(65,181)	(65,181)
Accumulated other comprehensive loss	(22)	(30)	(30)
TOTAL DEFICIT	(36,062)	(38,480)	2,991
TOTAL LIABILITIES, SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES AND DEFICIT	$ 19,640	$ 39,838	$ 39,838

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Net revenues	$ 58,694	$ 116,230	$ 200,010
Cost of goods sold	41,580	77,465	116,465
Gross profit	17,114	38,765	83,545
Operating expenses:			
Fulfillment	3,517	7,124	10,088
Selling and marketing	22,607	38,465	53,418
General and administrative	12,347	16,660	22,369
Impairment loss on goodwill and intangible assets	—	1,928	—
Total operating expenses	38,471	64,177	85,875
Loss from operations	(21,357)	(25,412)	(2,330)
Interest income (expense) and other	13	3	(1,881)
Loss before income taxes	(21,344)	(25,409)	(4,211)
Income taxes (expenses) benefit	(579)	878	(19)
Net loss	(21,923)	(24,531)	(4,230)
Accretion for Series C convertible redeemable preferred shares	700	2,800	2,971
Net loss attributable to ordinary shareholders	(22,623)	(27,331)	(7,201)
Net loss per ordinary share—basic	$ (0.62)	$ (0.76)	$ (0.20)
Net loss per ordinary share—diluted	$ (0.62)	$ (0.76)	$ (0.20)
Share-based compensation expense included in			
Fulfillment	$ 12	$ 13	$ 10
Selling and marketing	31	90	117
General and administrative	1,418	1,990	2,568
Total	$ 1,461	$ 2,093	$ 2,695

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Net loss	$ (21,923)	$ (24,531)	$ (4,230)
Other comprehensive income (loss):			
Foreign currency translation adjustment	36	(57)	(8)
Total comprehensive loss	$ (21,887)	$ (24,588)	$ (4,238)

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 01, 2010	15,000,000	$ 5,000	17,522,725	11,270	22,295,077	$ 1	$ 2,114	$ (1)	$ (8,026)	$ 10,358
Vesting of nonvested shares	—	—	—	—	4,951,667	1	—	—	—	1
Share-based compensation	—	—	—	—	—	—	1,461	—	—	1,461
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Net loss	—	—	—	—	—	—	—	—	(21,923)	(21,923)
Foreign currency translation adjustment	—	—	—	—	—	—	—	36	—	36
Balance at December 31, 2010	15,000,000	5,000	17,522,725	11,270	27,246,744	2	3,575	35	(30,649)	(10,767)
Vesting of nonvested shares	—	—	—	—	4,951,667	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,093	—	—	2,093
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,800)	(2,800)
Net loss	—	—	—	—	—	—	—	—	(24,531)	(24,531)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(57)	—	(57)
Balance at December 31, 2011	15,000,000	5,000	17,522,725	$ 11,270	32,198,411	2	5,668	(22)	(57,980)	(36,062)
Vesting of nonvested shares	—	—	—	—	4,482,147	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,695	—	—	2,695
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,971)	(2,971)
Net loss	—	—	—	—	—	—	—	—	(4,230)	(4,230)
Beneficial conversion feature of convertible notes	—	—	—	—	—	—	2,096	—	—	2,096
Foreign currency translation adjustment	—	—	—	—	—	—	—	(8)	—	(8)
Balance at December 31, 2012	15,000,000	$ 5,000	17,522,725	$ 11,270	36,680,558	$ 2	$ 10,459	$ (30)	$ (65,181)	$ (38,480)

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Net loss	$ (21,923)	$ (24,531)	$ (4,230)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	401	899	1,031
Share-based compensation	1,461	2,093	2,695
Bad debt provision	35	—	—
Write-off of rental deposit	—	—	242
Inventory provision	122	515	218
Impairment loss on intangible assets	—	1,022	—
Deferred tax liability	—	(272)	—
Amortization of debt discount	—	—	1,140
Interest on convertible notes	—	—	744
Impairment loss on goodwill	—	906	—
Changes in operating assets and liabilities:			
Accounts receivable	334	(8)	(176)
Inventories	(3,868)	(508)	(1,003)
Prepaid expenses and other current assets	(2,690)	(9)	(5,807)
Accounts payable	1,603	1,727	4,020
Advance from customers	2,518	(118)	3,641
Accrued expenses and other current liabilities	2,082	4,154	5,109
Long-term deposit	(12)	74	(225)
Net cash (used in) provided by operating activities	(19,937)	(14,056)	7,399
Cash flows from investing activities			
Purchase of property and equipment	(892)	(1,582)	(917)
Increase in restricted cash	(424)	(252)	(367)
Maturity of term deposits	5,150	—	—
Purchase of Shanghai Ouku, net of cash acquired of $388	(1,549)	—	—
Net cash provided by (used in) investing activities	2,285	(1,834)	(1,284)
Cash flows from financing activities			
Proceeds from issuance of convertible notes	—	—	8,000
Payment of professional fees related to initial public offering	—	(602)	(930)
Payment of deferred consideration for Shanghai Ouku acquisition	—	(185)	—
Proceeds from issuance of Series C convertible redeemable preferred shares	35,000	—	—
Net cash provided by (used in) financing activities	35,000	(787)	7,070
Net increase (decrease) in cash	17,348	(16,677)	13,185
Effect of exchange rate changes on cash	10	24	1
Cash at beginning of year	6,081	23,439	6,786
Cash at end of year	$ 23,439	$ 6,786	$ 19,972
Supplemental cash flow information:			
Income taxes (paid) received	$ (579)	$ 606	$ (12)

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

LightInTheBox Holding Co., Ltd. (the "Company" or "LightInTheBox"), incorporated in the Cayman Islands in March 2008 by the five founding shareholders, together with its consolidated subsidiaries, consolidated variable interest entities ("VIEs") and VIE's subsidiary (collectively referred to the "Group") is primarily involved in online retailing to sell and deliver products to consumers around the world.

As of December 31, 2012, details of the Company's subsidiaries, its VIEs and VIE's subsidiary are as follows:

	Later of acquisition/ Incorporation	Place of incorporation	Percentage of legal ownership
Subsidiaries			
Light In The Box Limited	June 13, 2007	Hong Kong	100%
Lanting Jishi Trade (Shenzhen) Co., Ltd. ("WFOE" or "Lanting Jishi")	October 21, 2008	People's Republic of China	100%
LightInTheBox (UK) Limited	May 26, 2009	United Kingdom	100%
VIEs:			
Shenzhen Lanting Huitong Technologies Co., Ltd. ("Lanting Huitong")	June 24, 2008	People's Republic of China	Consolidated VIE
Beijing Lanting Gaochuang Technologies Co., Ltd. ("Lanting Gaochuang")	December 6, 2011	People's Republic of China	Consolidated VIE
VIE's (Lanting Huitong's) wholly owned subsidiary:			
Shanghai Ouku Network Technologies Co., Ltd. ("Shanghai Ouku")	August 24, 2010	People's Republic of China	VIE's subsidiary

History of the Group and corporate reorganization

The Group commenced its operation in June 2007, with the establishment of Light In The Box Limited in June 2007 in Hong Kong by the same five founding shareholders of the Company. Light In The Box Limited subsequently became the Company's subsidiary through a share for share exchange in April 2008 which has been accounted for in a manner akin to a pooling of interest as if the Company had been in existence and owned Light In The Box Limited since June 2007.

Lanting Jishi was established in October 2008 in the People's Republic of China (the "PRC") as a wholly owned subsidiary of Light In The Box Limited.

LightInTheBox (UK) Limited was established in May 2009. It has been a dormant company without significant business activities since its inception.

Acquisition

On May 24, 2010, Lanting Huitong, a VIE of the Company, completed the acquisition of Shanghai Ouku, a Chinese e-commerce business. The total consideration was $2,167 in cash.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

The VIE arrangements

The PRC regulations currently limit direct foreign ownership of business entities providing value-added telecommunications services, advertising services and Internet services in the PRC where certain licenses are required for the provision of such services. To comply with these PRC regulations, the Company currently conducts certain aspects of its business in the PRC through Lanting Huitong, and Lanting Gaochuang, both of them are VIEs.

Lanting Huitong was established by the shareholders of the Company in June 2008 in the PRC. Through the contractual arrangements (as described below) among Lanting Jishi, Lanting Huitong and the respective shareholders of Lanting Huitong, Lanting Huitong became the Group's variable interest entity.

In order to obtain the benefit granted to domestic enterprises that are held by Chinese nationals who have previously studied overseas, the Chief Executive Officer ("CEO") and Lanting Huitong established Lanting Gaochuang in December 2011, each holding 51% and 49% of Lanting Gaochuang, respectively, in the China Beijing Wangjing Overseas Students Pioneer Park, or the Wangjing Pioneer Park.

Through a series of contractual arrangements (as described below) among Lanting Jishi, Lanting Gaochuang and the respective shareholders of Lanting Gaochuang, Lanting Gaochuang became the Group's variable interest entity.

Agreements that provide Lanting Jishi effective control over Lanting Huitong and Lanting Gaochuang (collectively, the "VIEs")

Powers of Attorney: Each registered shareholder of the VIEs has executed a power of attorney appointing Lanting Jishi or its designee to be his or her attorney and irrevocably authorizing them to vote on his or her behalf on all of the matters concerning the VIEs that may require shareholders' approval. The powers of attorney will be valid as long as the registered shareholders remain as shareholders of the VIEs.

Equity disposal agreement: The agreements granted Lanting Jishi or its designated party exclusive options to purchase, when and to the extent permitted under PRC law, all or part of the equity interests in the VIEs. The exercise price for the options to purchase all or part of the equity interests will be the minimum amount of consideration permissible under the then applicable PRC law. The agreement will be valid until Lanting Jishi or its designated party purchases all the shares from shareholders of the VIEs. The equity disposal agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Spousal consent letters: Pursuant to spousal consent letters, the spouse of certain shareholders of Lanting Huitong acknowledged that certain equity interests of Lanting Huitong held by and registered in the name of his/her spouse will be disposed of pursuant to the equity disposal and share pledge agreements. These spouses understand that such equity interests are held by their respective spouse on behalf of Lanting Jishi, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interests constitute communal property

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

of marriage. The spousal consent letters will be valid until the liquidation of Lanting Huitong, unless terminated earlier at Lanting Jishi's sole discretion.

Loan Agreement: Under the loan agreement entered into in December 2011 between Lanting Jishi and the CEO, Lanting Jishi extended a loan in the amount of $41 (RMB255,000) to the CEO to be contributed as 51% of the registered capital of Lanting Gaochuang. Under this agreement, the CEO agrees that without prior written consent from Lanting Jishi, Lanting Gaochuang may not enter into any transaction that could materially affect its assets, liabilities, interests or operations, and there will be no earnings distribution in any form by Lanting Gaochuang before such loan has been repaid. This loan can only be repaid by transferring all of the CEO's equity interest in Lanting Gaochuang to Lanting Jishi or a third party designated by Lanting Jishi, and submitting all proceeds from such transaction to Lanting Jishi. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the contract expiration date.

Agreements that transfer economic benefits to Lanting Jishi

Business operation agreements: The registered shareholders of the VIEs and the VIEs agreed that the VIEs may not enter into any transaction that could materially affect the assets, liabilities, interests or operations of the VIEs, without prior written consent from Lanting Jishi or other party designated by Lanting Jishi. In addition, directors, supervisors, chairman, general managers, financial controllers or other senior managers of the VIEs must be Lanting Jishi's nominees. Lanting Jishi is entitled to any dividend declared by the VIEs. The business operation agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Exclusive technical support and consulting service agreements: Lanting Jishi agreed to provide the VIEs with technology support and consulting services. The VIEs agreed to pay a service fee equal to substantially all of the net income of the VIEs. The exclusive technical support and consulting service agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Share pledge agreement: The registered shareholders of the VIEs pledged all of their respective equity interests in favor of Lanting Jishi to secure the obligations of the VIEs, and shareholders' obligations of the VIEs under the various agreements of the VIEs, including the business operation agreements, the exclusive technical support and consulting service agreements described above. If the VIEs or any of the respective registered shareholders of the VIEs breaches any of their respective contractual obligations under these agreements, Lanting Jishi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The registered shareholders of the VIEs agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interests in the VIEs, without Lanting Jishi's prior written consent. Unless terminated at Lanting Jishi's sole discretion, each share pledge agreement will be valid till the completion of all the contractual obligations of the VIEs, or any of the shareholders of the VIEs under the various agreements, including the business operation agreements, the technical support and consulting service agreements and equity disposal agreements.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Since the Company, through Lanting Jishi, its wholly owned subsidiary, has (1) the power to direct the activities of Lanting Huitong and Lanting Gaochuang that most significantly affect their economic performance and (2) the right to receive the benefits from them, the Company is the primary beneficiary of both entities and has consolidated them as VIEs since their respective inceptions.

The Group believes that Lanting Jishi's contractual arrangements with the VIEs are in compliance with the PRC law and are legally enforceable. The shareholders of the VIEs are also shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Group's ability to enforce these contractual arrangements and if the shareholders of the VIEs were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the VIEs not to pay the service fees when required to do so. The Company's ability to control the VIEs also depends on the power of attorney Lanting Jishi has to vote on all matters requiring shareholder approval in the VIEs. As noted above, the Company believes this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the PRC government could:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- revoke the benefits provided by the Wangjing Pioneer Park;
- require the Group to restructure the operations in such a way as to compel the Group to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIE and its subsidiaries or the right to receive their economic benefits, the Group would possibly no longer be able to consolidate the VIE.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

The following consolidated financial information of the Group's VIE and its subsidiaries was included in the accompanying consolidated financial statements as of and for the years ended:

	As of December 31, 2011	As of December 31, 2012
Total assets	$ 4,762	$ 2,232
Total liabilities	$ 4,705	$ 1,874

	Years ended December 31,		
	2010	2011	2012
Net revenues	$ 4,648	$ 5,010	$ 2,743
Net loss	$ (1,201)	$ (1,078)	$ (204)

	Years ended December 31,		
	2010	2011	2012
Net cash provided by operating activities	$ 1,449	$ 1,119	$ 200
Net cash used in investing activities	$ (1,616)	$ (894)	$ (298)

There are no consolidated VIEs' assets that are collateral for the VIEs' obligations and can only be used to settle the VIEs' obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a history of loss, resulting in its total liabilities and mezzanine equity exceeding its total assets by $38,480 as of December 31, 2012. The Company incurred net loss of US$21,923, US$24,531 and US$4,230 in the years ended December 31, 2010, 2011 and 2012 and operating cash outflows of US$19,937 and US$14,056 in the years ended December 31, 2010 and 2011, respectively. In view of these matters, the Company's ability to continue as a going concern is dependent upon the Company's ability to generate positive cash flows from operations and to achieve a level of revenue growth. The Company generated operating cash inflows of US$7,399 in 2012. In addition, the Company's current assets exceeded its current liabilities by $906 as of December 31, 2012 and the Company's series C convertible redeemable preferred shareholders do not have the right to redeem the shares before September 28, 2014, the fourth anniversary of the issuance date. Accordingly, management believes that the Company has the ability to fulfill its financial obligations as they fall due for at least the next 12 months and will continue as a going concern. As a result, the accompanying consolidated financial statements have been prepared on a going concern basis, and do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities that might be necessary if the Group is unable to continue as a going concern.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its VIEs and VIE's subsidiaries. All inter-company transactions and balances are eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of revenues and expenses in the financial statements and accompanying notes. Actual results may differ from these estimates. The Group bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group's financial statements include revenue recognition, inventories, impairment of goodwill and intangible assets, fair value of ordinary shares, share-based compensation and income taxes.

Cash

Cash consists of cash on hand and demand deposits with financial institutions and other accounts that have the general characteristics of demand deposits.

Restricted cash

Restricted cash consists of cash which is held under the Company's name in an escrow account as deposits withheld by third party payment processing agencies and the deposits fluctuate with the volume of payment processed.

Accounts receivable

Accounts receivable represents money collected by the delivery service providers on behalf of the Company, as a result of completed sales transactions in the PRC under cash-on-delivery terms, and has not been remitted back to the Company. As of December 31, 2011 and 2012, there was no allowance for doubtful accounts due to the nature of the receivables which is cash collected from customers and in-transit to the Company.

Inventories

Inventories are accounted for using the First-in-first-out method, and are valued at the lower of cost or market value. Adjustments are recorded to write down the cost of inventory to the estimated market value due to slow-moving merchandise and broken assortments, which is dependent upon factors such as historical trends with similar merchandise, inventory aging, and historical and forecasted consumer demand. Write downs are recorded in cost of goods sold in the consolidated statements of operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

	Useful lives
Leasehold improvements	Lesser of the lease term or estimated useful life of the assets
Furniture, fixtures and office equipment	5 years
Software and IT equipment	3 years

Acquired intangible assets, net

Intangible assets, other than goodwill, resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets acquired.

Identifiable intangible assets are carried at cost less accumulated amortization. Amortization of finite-lived intangible assets (except customer base) is computed using the straight-line method over the following estimated average useful lives. The amortization of customer base is based on the estimated attrition pattern of the acquired customers.

	Useful lives
Trademark/Domain name	Indefinite life
Technology Platform	1 Year
Non-compete Agreement	2 Years
Customer Base	4.3 Years

Impairment of long-lived assets and intangible assets with definite life

Long-lived assets, such as property and equipment and definite-lived intangible assets, are stated at cost less accumulated depreciation or amortization.

The Group evaluates the recoverability of long-lived assets, including identifiable intangible assets, with determinable useful lives, whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The Group measures the carrying amount of long-lived asset against the estimated undiscounted future cash flows associated with it. Impairment exists when the sum of the expected future net cash flows is less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. Fair value is estimated based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Group to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Goodwill and Indefinite-lived intangible assets

Goodwill and intangible assets deemed to have indefinite useful lives are not amortized, but tested for impairment annually or more frequently if event and circumstances indicate that they might be impaired.

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. The Group performs a two-step goodwill impairment test. The first step compares the fair values of each reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill is not considered impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. In estimating the fair value of each reporting unit the Group estimates the future cash flows of each reporting unit, the Group has taken into consideration the overall and industry economic conditions and trends, market risk of the Group and historical information. The Company recorded an impairment loss of nil, $906 and nil for the years ended December 31, 2010, 2011 and 2012, respectively (see Note 8).

An intangible asset that is not subject to amortization is tested for impairment at least annually or if events or changes in circumstances indicate that the asset might be impaired. Such impairment test compares the fair values of assets with their carrying value amounts and an impairment loss is recognized if and when the carrying amounts exceed the fair values. The estimates of fair values of intangible assets not subject to amortization are determined using various discounted cash flow valuation methodologies. Significant assumptions are inherent in this process, including estimates of discount rates. The Company recorded an impairment loss of nil, $1,010 and nil for the years ended December 31, 2010, 2011 and 2012, respectively (see Note 7).

Business combinations

The assets acquired, the liabilities assumed, and any noncontrolling interest of the acquiree at the acquisition date, if any, are measured at their fair values as of that date. Goodwill is recognized and measured as the excess of the total consideration transferred plus the fair value of any noncontrolling interest of the acquiree, if any, at the acquisition date over the fair values of the identifiable net assets acquired. Acquisition costs are expensed when incurred. Consideration transferred in a business acquisition is measured at the fair value as of the date of acquisition. For shares issued in a business combination, if any, the Group would estimate the fair value as of the date of acquisition.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is stated net of value added tax and return allowances.

The Group recognizes revenue from the sale of apparel, electronics, communication devices and other products through its websites and other online platforms.

The Company recognizes revenue when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

The Group defers revenue and the related product costs for shipments that are in-transit to the customer. Payments received in advance of delivery are classified as advances from customers. The Group recognizes the revenue at the time the end customers receive the products, which is typically within a few days of shipment. Amounts collected by delivery service providers but not remitted to the Group are classified as accounts receivable on the consolidated balance sheets.

Certain employees of the Group register in supplemental online outlets under their own name as these websites require registration using identity cards of individuals to sell the Group's product on behalf of the Group. The Company has contractual arrangements with these employees which require them to transfer customers' payments received to the Company for the sale of the products. The Group evaluates the sales transactions performed by certain employees on behalf of the Group to determine whether to recognize the revenues on a gross or net basis. The determination is based upon an assessment as to whether the Group acts as a principal or agent when selling the products. All of the revenues involving employees performing sales transactions on the supplemental online outlets on behalf of the Group are currently accounted for on a gross basis since the Group is the primary obligor, has general and physical inventory risk, has the latitude in establishing prices, discretion in supplier selection and the credit risks.

In arrangements whereby certain suppliers place the products at the Group's premises, the risk and rewards of ownership of the products passed to the Group upon confirmation of orders by the Group's customers. All of the revenues involving these arrangement are accounted for on a gross basis since the Group is the primary obligor, has physical inventory risk, latitude in establishing prices, discretion in supplier selection and credit risks.

The Group periodically provides incentive offers to its customers to encourage purchases. Current discount offers, when accepted by its customers, are treated as a reduction to the purchase price of the related transaction, are included as a net amount in revenue.

Promotional free products, which cannot be redeemed for cash are normally shipped together with current qualified sales. Cost of these promotional items or free products are recorded as cost of sales when the revenue of the current qualified sales is recognized.

The Group has established a membership program whereby a registered member earns certain points for visiting one of the Group's websites. Points can only be redeemed in connection with a future purchase. Such points, when redeemed, are charged as costs of sales at the time of future

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

purchase. Since the points are earned not based on past sales transactions, no accrual is made at the time when earned by the registered members.

The Group allows customers to return goods within a period of time subsequent to the delivery of the goods purchased. The return period varies depending on reasons for the return, which normally ranges from 7 days to 30 days. The Group estimates return allowance based on historical experience. The estimation of return allowances is adjusted to the extent that actual returns differ, or are expected to differ. Changes in the estimated return allowance are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of net revenues in that period.

Outbound shipping charges to customers are included as a part of the revenues. Outbound shipping-related costs are included in the cost of goods sold. Shipping costs incurred for sales of products and recognized as cost of goods sold were $11,440, $24,589 and $40,694 for the years ended December 31, 2010, 2011 and 2012, respectively.

Value Added Tax (VAT) on sales is calculated at 17% on revenue from sale of products in the PRC and paid after deducting input-VAT on purchases. The net VAT balance between input-VAT and output-VAT is reflected in the accounts under prepaid expenses and other current liabilities.

Cost of goods sold

Cost of sales consists of the purchase price of consumer products sold by the Group on its websites, inbound and outbound shipping charges, packaging supplies and inventory write-down. Shipping charges to receive products from its suppliers are included in inventory cost, and recognized as cost of sales upon sale of products to its customers.

Fulfillment

Fulfillment costs represent those costs incurred in operating and staffing the Group's fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting, and warehousing inventories; picking, packaging, and preparing customer orders for shipment; payment processing and related transaction costs.

Selling and marketing

Selling and marketing expenses consist primarily of search engine marketing and advertising, affiliate market program expenditure, public relations expenditures; and payroll and related expenses for personnel engaged in selling, marketing and business development. The Group pays to use certain relevant key words relating to its business on major search engines and the fee is on a "cost-per-click" basis. The Group also pays commissions to participants in its affiliate program when customer referrals result in product sales, and the Group classifies such costs as selling and marketing expenses in the consolidated statements of operations. Advertising includes fees paid to on-line advertisers who assist the Group to advertise at targeted websites. Such fees are paid at fixed rate or calculated based on volume directed to the Group's website.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General and administrative

General and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions such as accounting, finance, tax, legal, and human relations; costs associated with the use by these functions of facilities and equipment, such as depreciation expense and rent; professional fees and other general corporate costs. Also included in general and administrative expenses are payroll and related expenses for employees involved in application development, category expansion, editorial content, and systems support, as well as server charges and costs associated with telecommunications.

General and administrative expenses also include credit losses relating to fraudulent credit card activities which resulted in chargebacks from the payment processing agencies. The Group estimates chargebacks based on historical experience. The estimation of chargebacks is adjusted to the extent that actual chargebacks differ, or are expected to differ. Changes in estimated chargebacks are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of general and administrative expenses in that period.

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial instruments of the Group primarily consist of cash, restricted cash, receivable from processing agencies, accounts payable, convertible notes and preferred shares. The carrying values of cash, restricted cash, receivable from processing agencies and accounts payable approximate their fair values due to short-term maturities. The fair value of convertible notes is not readily available. The carrying amounts of convertible notes are measured at amortized cost adopting the effective interest method.

Foreign currency translation

The functional currency of the Company, Light In The Box Limited and LightInTheBox (UK) Limited is the United States dollar ("US dollar"). The financial records of the Group's subsidiaries and VIE entities located in the PRC are maintained in their local currencies, the Renminbi ("RMB"), which are also the functional currencies of these entities.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of operations.

The Group's entities with functional currency of RMB, translate their operating results and financial position into the U.S. dollar, the Group's reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income (loss).

Income taxes

Deferred income taxes are provided using the asset and liability method. Under this method, deferred income taxes are recognized for tax credits and net operating losses available for carry forwards and significant temporary differences. Deferred tax assets and liabilities are classified as current or non-current based upon the classification of the related asset or liability in the financial statements or the expected timing of their reversal if they do not relate to a specific asset or liability. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws and regulations applicable to the Group as enacted by the relevant tax authorities.

The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2010, 2011 or 2012, respectively.

Comprehensive income (loss)

Comprehensive income (loss) includes net income (loss) and foreign currency translation adjustments and is reported in the consolidated statements of comprehensive loss.

Share-based compensation

Share-based payment transactions with employees, such as share options are measured based on the grant date fair value of the equity instrument. The Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the options that are vested at that date, over the requisite service period of the award, which is generally the vesting period of the award. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of share-based compensation expense to be recognized in future periods.

Operating leases

Leases where the rewards and risks of ownership of assets primarily remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease periods.

Earnings (loss) per share

Basic earnings (loss) per ordinary share is computed by dividing net income (loss) attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

The Group's Series A convertible preferred shares, Series B convertible preferred shares and Series C convertible redeemable preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Nonvested shares are also participating securities as they enjoy identical dividend rights as ordinary shares. Accordingly, the Group uses the two-class method whereby undistributed net income is allocated on a pro rata basis to each participating share to the extent that each class may share in income for the period. Undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss allocated to the ordinary and nonvested shares.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Diluted earnings (loss) per ordinary share reflect the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had convertible preferred shares, convertible redeemable preferred shares, stock options, nonvested shares and convertible notes, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted income per share, the effect of the convertible preferred shares, convertible redeemable preferred shares and convertible notes is computed using the as-if-converted method; and the effect of the stock options and nonvested shares is computed using the treasury stock method.

Significant risks and uncertainties

The Group participates in an industry with rapid changes in regulations, customer demand and competition and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations, or cash flows: advances and trends in e-commerce industry; changes in certain supplier and vendor relationships; regulatory or other PRC related factors; risks associated with the Group's ability to keep and increase the market coverage

Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash, accounts receivable and advances to suppliers. The Group places its cash with financial institutions in Hong Kong. Accounts receivable primarily comprise amounts receivable from product delivery service providers. These amounts are collected from customers by the service providers upon product delivery. With respect to advances to product suppliers, the Group performs on-going credit evaluations of the financial condition of its suppliers.

Foreign currency risk

The RMB is not a freely convertible currency. The PRC State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China foreign exchange trading system market. The Group's cash denominated in RMB amounted to $645 and $683 at December 31, 2011 and 2012, respectively.

Pro forma information (unaudited)

The unaudited pro forma balance sheet information as of December 31, 2012 assumes the automatic conversion of all of the outstanding Series A convertible preferred shares, Series B convertible preferred shares and Series C convertible redeemable preferred shares into ordinary shares at the conversion ratio of one for one. Unaudited pro forma net income (loss) per share for the year ended December 31, 2012 is not presented because the effect of the conversion of preferred shares using a conversion ratio of one for one would have resulted in an anti-dilutive effect on net income (loss) per share applicable to ordinary shareholders.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly adopted accounting pronouncements

In May 2011, the FASB issued an authoritative pronouncement on fair value measurement. The guidance is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair value measurement principles in US GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments, mainly including:

- Highest-and-best-use and valuation-premise concepts for nonfinancial assets—the guidance indicates that the highest-and-best-use and valuation-premise concepts only apply to measuring the fair value of nonfinancial assets.

- Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk—the guidance permits an exception to fair value measurement principles for financial assets and financial liabilities (and derivatives) with offsetting positions in market risks or counterparty credit risk when several criteria are met. When the criteria are met, an entity can measure the fair value of the net risk position.

- Premiums or discounts in fair value measure—the guidance provides that premiums or discounts that reflect size as a characteristic of the reporting entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (for example, a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement.

- Fair value of an instrument classified in a reporting entity's shareholders' equity—the guidance prescribes a model for measuring the fair value of an instrument classified in shareholders' equity; this model is consistent with the guidance on measuring the fair value of liabilities.

- Disclosures about fair value measurements—the guidance expands disclosure requirements, particularly for Level 3 inputs. Required disclosures include:

    - For fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation process in place (e.g., how the entity decides its valuation policies and procedures, as well as changes in its analyses of fair value measurements, from period to period), and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.

    - The level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed.

The guidance is to be applied prospectively and effective for interim and annual periods beginning after December 15, 2011, for public entities. Early application by public entities is not permitted. The adoption of this guidance did not have a significant effect on the Company's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2011, the FASB issued an authoritative pronouncement to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance should be applied retrospectively. For public entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. In December 2011, the FASB issued an authoritative pronouncement related to deferral of the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This guidance allows the FASB to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. While the FASB is considering the operational concerns about the presentation requirements for reclassification adjustments and the needs of financial statement users for additional information about reclassification adjustments, entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before the pronouncement issued in June 2011. The Group adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on the Company's consolidated financial statements.

In September 2011, the FASB issued an authoritative pronouncement related to testing goodwill for impairment. The guidance is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. The pronouncement permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The adoption of this guidance did not have a significant effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

In December 2011, the Financial Accounting Standards Board ("FASB") has issued an authoritative pronouncement related to Disclosures about Offsetting Assets and Liabilities. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Group is in the process of evaluating the effect of adoption of this guidance on its consolidated financial statements.

In July 2012, the FASB issued an authoritative pronouncement related to testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the guidance, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If the entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is not more likely than not (i.e., a likelihood of more than 50 percent) impaired, the entity would not need to calculate the fair value of the asset. The guidance does not revise the requirement to test indefinite-lived intangible assets annually for impairment. In addition, the guidance does not amend the requirement to test these assets for impairment between annual tests if there is a change in events or circumstances; however, it does revise the examples of events and circumstances that an entity should consider in interim periods. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The Group does not expect the adoption of this guidance to have a significant impact on its consolidated financial statements.

In February 2013, the FASB issued an authoritative pronouncement related to Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, to improve the transparency of reporting these reclassifications. Other comprehensive income includes gains and losses that are initially excluded from net income for an accounting period. Those gains and losses are later reclassified out of accumulated other comprehensive income into net income. The amendments in this ASU do not change the current requirements for reporting net income or other comprehensive income in financial statements. All of the information that this ASU requires already is required to be disclosed elsewhere in the financial statements under U.S. GAAP.

The new amendments will require an organization to:

- Present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income—but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period.

- Cross-reference to other disclosures currently required under U.S. GAAP for other reclassification items (that are not required under U.S. GAAP) to be reclassified directly to net income in their entirety in the same reporting period. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is initially transferred to a balance sheet account (e.g., inventory for pension-related amounts) instead of directly to income or expense.

The amendments apply to all public and private companies that report items of other comprehensive income. Public companies are required to comply with these amendments for all

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reporting periods (interim and annual). The amendments are effective for reporting periods beginning after December 15, 2012, for public companies. Early adoption is permitted. The Group does not expect the adoption of this guidance to have a significant effect on its consolidated financial statements.

3. ACQUISITION

Acquisition of Shanghai Ouku Network Technologies Co., Ltd.

On May 24, 2010, Lanting Huitong, a consolidated VIE, acquired Shanghai Ouku Network Technologies Co., Ltd. ("Shanghai Ouku"), a Chinese e-commerce business. The acquisition allowed the Group to extend its brand to the Chinese market and provide synergies with the existing business.

The total consideration of the acquisition was $2,167 and goodwill of $887 was recorded resulting from the acquisition. The consideration was fully paid by the end of 2011.

The acquisition of Shanghai Ouku was recorded using the acquisition method of accounting and, accordingly, the acquired assets and liabilities were recorded at their fair market value at the date of acquisition. The purchase price allocation of the transaction, based on the initial consideration, was determined by the Group with the assistance of American Appraisal China Limited, an independent valuation firm. The total purchase price of $2,167 was allocated as follows:

	US$	Useful lives
Cash	$ 388	
Other current assets	1,291	
Other current liabilities	(1,239)	
Non-current assets	24	
Intangible assets		
Trademark/Domain name	964	Indefinite life
Technology Platform	86	1 year
Non-compete Agreement	8	2 years
Customer Base	30	4.3 years
Goodwill	887	
Deferred tax liabilities	(272)	
Total	$ 2,167	

The tangible and intangible assets valuation for the acquisition described above was based on a valuation analysis provided by American Appraisal China Limited. The valuation analysis utilizes and considers generally accepted valuation methodologies such as the income, market and cost approach. The Company has incorporated certain assumptions which include projected cash flows and replacement costs.

The goodwill is mainly attributable to intangible assets that cannot be recognized separately as identifiable assets under US GAAP, and comprises of (a) the assembled work force and (b) the expected but unidentifiable business growth as a result of the synergy resulting from the acquisition.

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3. ACQUISITION (Continued)

The intangible assets and goodwill totaling $1,928 were fully impaired during the year ended December 31, 2011 (see notes 7 and 8).

The following unaudited pro forma information summarizes the effect of the acquisition, as if the acquisition of Shanghai Ouku had occurred as of January 1, 2010. This unaudited pro forma information is presented for information purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Group consummated the acquisition on January 1, 2010, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	2010 (unaudited)
Pro forma revenue	$ 62,848
Pro forma net loss	$ (22,205)
Pro forma loss per ordinary share—basic	$ (0.61)
Pro forma loss per ordinary share—diluted	$ (0.61)

4. INVENTORIES

Inventories consisted of the following:

	As of December 31,	
	2011	2012
Merchandise available for sale	$ 5,636	$ 6,642
Less: inventories provision for slow-moving and obsolescence	(671)	(889)
Total inventories	$ 4,965	$ 5,753

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5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Components of other current assets which are included in the prepaid expenses and other current assets are as follows:

	As of December 31,	
	2011	2012
Receivable from processing agencies(1)	$ 3,010	$ 7,633
Deferred offering cost	—	1,188
Prepayment to suppliers	892	1,032
Rental deposits and prepaid rents	432	337
Receivable from employees(2)	90	128
Value-added tax ("VAT") recoverable	144	74
Staff advance	66	57
Others	365	113
Total	$ 4,999	$ 10,562

(1) Receivables from processing agencies represented cash that had been received from customers but held by the processing agencies as of December 31, 2011 and 2012. The receivables were collected by the Company subsequent to the respective period end.

(2) Receivable from employees mainly represents sales made by employees on behalf of the Company on certain third party Internet platforms which the cash received is currently with the employees' personal accounts pending transfer to the Group.

6. PROPERTY AND EQUIPMENT, NET

The components of property and equipment are as follows:

	As of December 31,	
	2011	2012
Leasehold improvements	$ 1,150	$ 1,663
Furniture, fixtures and office equipment	972	1,183
Software and IT equipment	1,266	1,450
Property and equipment, gross	3,388	4,296
Less: Accumulated depreciation	(1,486)	(2,504)
Property and equipment, net	$ 1,902	$ 1,792

Depreciation expense incurred for the years ended December 31, 2010, 2011 and 2012 are $342, $846 and $1,031, respectively.

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7. ACQUIRED INTANGIBLE ASSETS, NET

Intangible assets are as follows:

	As of December 31, 2011
Intangible assets not subject to amortization:	
Trademark/Domain Name	$ 1,010
Intangible assets subject to amortization:	
Technology Platform	90
Non-compete Agreement	9
Customer Base	32
Less: Accumulated amortization	
Technology Platform	90
Non-compete Agreement	7
Customer Base	22
Less: Accumulated impairment loss	
Trademark/Domain Name	1,010
Technology Platform	—
Non-compete Agreement	2
Customer Base	10
Intangible assets, net	$ —

During the year ended December 31, 2012, there were no activities with respect to intangible assets.

The Company's intangible assets arose from the acquisition of Shanghai Ouku. Shanghai Ouku has incurred losses and failed to meet the forecast set by management. As of December 31, 2011, the Company performed an assessment of impairment for indefinite-lived intangible asset by comparing the fair value with its carrying value. The fair value of the indefinite-lived intangible asset is determined based on the relief-from-royalty-method with reference to royalty rates of comparable assets. Based on the assessment, the Group determined the excess in the carrying value of indefinite-lived intangible asset over its fair value and recognized an impairment loss of $1,010 for the year ended December 31, 2011. The Company also evaluated the recoverability of its intangible assets with definite life and recognized an impairment loss of $12 for the year ended December 31, 2011.

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8. GOODWILL

The Group has only one reporting unit which has goodwill, and the changes in carrying amounts of goodwill for the years ended December 31, 2011 were as follows:

	2011
Gross amount:	
Beginning balance	$ 887
Foreign exchange adjustment	19
Ending balance	906
Accumulated impairment loss:	
Beginning balance	—
Charge for the year	(906)
Ending balance	(906)
Goodwill, net	$ —

During the year ended December 31, 2012, there were no activities with respect to goodwill.

For the purpose of performing goodwill impairment test, management determined Shanghai Ouku is a single reporting unit, as it operates and manages www.ouku.com and other websites targeting consumers in the PRC, and prepares its own financial information.

As of December 31, 2011, management performed an assessment of goodwill impairment and compared the fair value of Shanghai Ouku to its carrying value. The Company estimated the fair value using the discounted cash flow method under the income approach. The discounted cash flows were based on five years financial forecasts developed by management for planning purposes. Cash flows beyond the forecasted period were estimated using a terminal value calculation. Based on the assessment, the Group determined the excess in the carrying value of goodwill over the implied fair value of goodwill and recognized an impairment loss of $906 for the year ended December 31, 2011.

9. LONG-TERM DEPOSIT

Long-term deposit represents rental deposits and deposits required by the payment collection agencies to maintain an active trading account, and such amount will only be returned upon closing the account with the payment processing agencies.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2011	2012
Accrued payroll and staff welfare	$ 4,009	$ 6,345
Individual income tax payable	2,363	3,702
Business tax payable	472	398
Accrued professional fees	523	636
Accrued advertising fees	435	911
Credit card processing charges	255	370
Accrued sales return(1)	292	116
Accrued chargebacks(2)	85	85
Other accrued expenses	181	248
Total	$ 8,615	$ 12,811

(1) Accrued sales return represents the gross profit effect of estimated sales return at the end of each of the respective years assuming products returned had no value to the Company. Movements during the respective years are as follows:

	2011	2012
Balance at January 1	$ 113	$ 292
Allowance for sales return made in the year	4,520	5,336
Utilization of accrued sales return	(4,341)	(5,512)
Balance at December 31	$ 292	$ 116

(2) Chargeback represents credit losses relating to fraudulent credit card activities which resulted in chargebacks from the payment processing agencies. For the years ended December 31, 2010, 2011 and 2012, the Group incurred chargeback of $280, $447 and $604 respectively, which was included in the general and administrative expenses.

11. CONVERTIBLE NOTES

On March 23, 2012, the Company issued convertible notes of $8 million with a term of 18 months to certain holders of Series C redeemable convertible preferred shares. The total principal amount of $8 million was received in March 2012. The convertible notes bear interest at 12% per annum, or 15% per annum upon an event of default, uncompounded and computed on the basis of the actual number of days elapsed.

The convertible notes will be automatically converted into the same class of equity securities upon the completion of a qualified financing event, including a qualified initial public offering ("IPO") if such qualified financing event occurs within the 18 months term. The conversion price shall be equal to the per share issuance price of the equity securities issued for the qualified financing event; provided that in the event the total pre-money valuation of the Company prior to such financing event, without taking into account the convertible notes or the equity securities issued, is greater than $350 million,

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11. CONVERTIBLE NOTES (Continued)

the conversion price shall be equal to $350 million divided by the total number of outstanding equity shares of the Company prior to such financing event which shall include any shares issued or reserved for issuance under any benefit plan of the Company. The conversion price shall be multiplied by 95% as the applicable conversion discount if the Company's qualified financing event takes place after three months but on or before six months from the convertible note issuance date, by 90% as the applicable conversion discount if the Company's qualified financing event takes place after six months but on or before 12 months from the convertible note issuance date and by 85% as the applicable conversion discount if the Company's qualified financing event takes place after 12 months from the convertible note issuance date. All interest accrued under the convertible notes is to be paid in cash after a qualified financing event or at maturity.

In case there is no qualified financing event occurring during the 18 months term, the convertible notes will be automatically converted into Series C redeemable convertible preferred shares upon maturity. The maturity conversion price shall be equal to $255 million divided by the total number of outstanding equity shares of the Company on the maturity date which shall include any shares issued or reserved for issuance under any benefit plan of the Company, but excluding the maturity conversion shares.

A beneficial conversion feature ("BCF") of $2,096 was resulted as the estimated maturity conversion price as of December 31, 2012 was lower than the fair value of the ordinary shares on March 23, 2012, which was recognized as additional paid-in capital with a corresponding entry in debt discount. The debt discount will be amortized over the term of the convertible notes using effective interest method. During the year ended December 31, 2012, the amortized discount of $1,140 was included as part of interest income (expense) and other in the consolidated statements of operations. The embedded feature of interest rate reset upon an event of default in the convertible notes is a derivative but not subject to bifurcation as it is clearly and closely related to the economic risks and characteristics of the convertible notes.

In the case of a qualified financing event occurring before maturity, the BCF will be reassessed and any unamortized balance of the debt discount will be recognized as expenses in the consolidated statement of operations. In addition, all interest accrued under the convertible notes will become due and payable in cash.

The carrying amount of the convertible notes was as follows:

	As of December 31, 2012
Principal	$ 8,000
Debt discount	(2,096)
Accumulated amortization of debt discount	1,140
Accrued interest	744
Carrying amount	$ 7,788

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11. CONVERTIBLE NOTES (Continued)

Amortization of debt discount and interest expense recognized related to the convertible notes was as follows:

	For the year Ended December 31, 2012
Interest at coupon rate	$ 744
Amortization of debt discount	1,140
Total expense recognized	$ 1,884

12. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES

On October 27, 2008, the Company issued 15,000,000 Series A convertible preferred shares ("Series A preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $5,000, at an issuance price of $0.33 per Series A share. As a part of this financing transaction, Series A preferred share investors required three of the Group's founding shareholders to place all of their 24,633,333 ordinary shares under restriction. (see Note 16, Nonvested Shares for more details).

The Company has determined that there was no beneficial conversion feature attributable to the Series A preferred shares because the initial and subsequent adjusted conversion price of Series A preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series A preferred shares. Series A preferred shares are not redeemable.

On June 26, 2009, the Company issued 17,522,725 Series B convertible preference shares ("Series B preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $11,270, at an issuance price of $0.643 per Series B preferred share.

The Company has determined that there was no beneficial conversion feature attributable to the Series B preferred shares because the initial and subsequent adjusted conversion price of Series B preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series B preferred shares. Series B preferred shares are not redeemable.

Key terms of the Series A and Series B preferred shares are summarized as follows:

Dividends

Only after full payment of dividend or distribution on the Series C preferred shares, the holders of Series B preferred shares and Series A preferred shares shall participate on an as-if converted basis with respect to any dividends payable to the ordinary shares on a pro rata and on an as-if converted basis.

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12. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, distributions to the shareholders of the Company shall be made in the following manners (after satisfaction of all creditors' claims and claims that may be preferred by law):

1. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is at least $300,000, the entire assets of the Company legally available for distribution shall be distributed to the holders of Series A preferred shares, Series B preferred shares, Series C preferred shares and ordinary shares on a pro rata basis, according to the relative number of ordinary shares held by each such holder (determined on an as-if converted basis).

2. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is less than $300,000, holders of Series C preferred shares shall be paid an amount equal to 150% of Series C preferred issuance price plus unpaid dividends if any first. Then Series B preferred shareholders shall be paid an amount equal to Series B issuance price plus unpaid dividends if any. Then Series A preferred shareholders shall be paid an amount equal to Series A issuance price plus unpaid dividends if any. Any remaining assets shall be distributed ratably among Series C preferred shareholders, Series B preferred shareholders, Series A preferred shareholders and ordinary shareholders on an as-if converted basis.

Voting rights

Each outstanding ordinary shareholder has right to one vote. Each preferred shareholder has a number of voting rights equivalent to the number of ordinary shares into which Series A, Series B and Series C preferred shares could have converted at the record date for determination of the shareholders entitled to vote on related matters.

Conversion

Series A preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series A issuance price by the Series A preferred shares conversion price. The Series A preferred shares conversion price shall initially be the Series A issuance price per ordinary share. Series B preferred share shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series B issuance price by the Series B conversion price. The Series B preferred shares conversion price shall initially be the Series B issuance price per ordinary share. Series C preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series C issuance price by the Series C conversion price. The conversion price shall initially be the Series C issuance price per ordinary share.

Applicable conversion price shall be adjusted for share dividends, subdivisions, combinations, or consolidations of ordinary shares, other distributions, reclassification, exchange and substitution. Applicable conversion price share shall also be adjusted in respect of the issuance of additional ordinary shares if the consideration per additional ordinary share issued or deemed to be issued by the

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12. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

Company is less than such applicable conversion price in effect on the date of and immediately prior to such issue.

All preferred shares shall automatically be converted into ordinary shares at the then effective applicable conversion price upon the closing of a Company qualified initial public offering or the written consent of holders of more than two thirds of the outstanding preferred shares (voting as a single class on an as-if converted basis) including consent of holders of a majority of the outstanding Series C preferred shares.

13. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES

On September 28, 2010, the Company issued a total of 9,651,565 convertible redeemable preferred shares ("Series C preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $35,000, at an issuance price of $3.626 per Series C preferred share.

The Company has determined that there was no beneficial conversion feature attributable to the Series C redeemable preferred shares because the initial and subsequent adjusted conversion price of Series C redeemable preferred shares was higher than the fair value of the Company's ordinary shares on the issue date of Series C preferred shares. The Company accreted changes in the redemption value over the period from the date of issuance to the earliest redemption date of the security.

Key terms of the Series C preferred shares do not differ from those of Series A and Series B preferred shares except redemption right which is summarized as follows:

Redemption

During a period of ten years after the fourth year anniversary of the Series C preferred shares issue date, the holders of Series C preferred shares shall have the right to redeem the Series C preferred shares.

The redemption price of each Series C preferred shares shall be equal to, subject to adjustment for combinations, consolidations, subdivisions, share splits, share dividends or the like with respect to such share, the sum of:

(i) the Series C preferred share issuance price; plus,

(ii) 8% compound interest per annum on the Series C preferred share issuance price for each Series C preferred share accreted over the period from the date of issuance to the earliest redemption date of the security; plus,

(ii) all accrued but unpaid dividends per Series C preferred share.

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13. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

Below is the movement in the carrying value of the Series C preferred shares.

	2011	2012
Balance on January 1,	$ 35,700	$ 38,500
Accretion to redemption value of Series C preferred shares	2,800	2,971
Balance on December 31,	$ 38,500	$ 41,471

14. ORDINARY SHARES

In March 2008 upon the incorporation of the Company, 35,188,889 shares were issued to the five founding shareholders.

In October 2008, the Company's three of the five founding shareholders entered into an arrangement with the investors in conjunction with the issuance of Series A preferred shares, whereby all of their 24,633,333 ordinary shares became subject to transfer restrictions. (see Note 16, Nonvested shares for more details).

In June 2007, the Light In The Box Limited issued a convertible promissory note to an investor in an amount of $200, with annual interest rate of 10%. In October 2008, the promissory note was converted to 920,076 ordinary shares pursuant to the original terms. The Company incurred no gains or losses as a result of the conversion.

Share split

In June 2009, the Board of Directors and the shareholders of the Company approved the following changes to the Company's share capital.

Each of the previously issued ordinary shares, nonvested shares, share options, Series A preferred shares, Series B preferred shares, was split into 1.5 ordinary shares, nonvested shares, share options, Series A preferred share and Series B preferred shares, respectively. All shares and per share information presented in the accompanying consolidated financial statements have reflected the share split as if the new share structure had been in place throughout the periods presented.

15. SHARE OPTIONS

On October 27, 2008, the Company adopted the 2008 Share Incentive Option Plan ("2008 Plan") for the granting of share options to employees to reward them for services to the Company and to provide incentives for future services. Pursuant to the 2008 Plan, total shares that the 2008 Plan was authorized to grant were 4,444,444 shares. The majority of the options will vest over four years where 25% of the options will vest at the end of the first year through the fourth year. The share options expire 10 years from the date of grant.

In 2008, the Company granted 590,000 shares options under the 2008 Plan to employees at an exercise price of $0.5 per share.

In 2009, the Company granted 502,000, 433,000 and 407,000 shares options under the 2008 Plan to employees at exercise prices of $0.01, $0.5 and $0.96 per share, respectively.

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15. SHARE OPTIONS (Continued)

In 2010, the Company granted 328,000 shares for option grants under the 2008 Plan to employees at exercise price of $0.96 per share.

In 2011, the Company granted 357,000, 8,000 and 119,000 shares for options under the 2008 Plan to employees at exercise prices of $4.25, $0.96 and $4.29 per share, respectively.

There were no options granted during the year ended December 31, 2012.

The fair value of each option granted was estimated on the date of grant using binomial option pricing model with the following assumptions used for grants during the applicable periods:

	2010	2011
Risk-free interest rate	3.29% - 4.24%	3.86% - 4.05%
Exercise multiple	2	2
Expected volatility	63% - 65%	58% - 61%
Expected dividend yield	0%	0%
Fair value of ordinary shares	$1.33 - $2.82	$4.02 - $4.03

(1) Risk-free interest rate

Risk-free interest rate was estimated based on the yield to maturity of China international government bonds with a maturity period close to the contractual term of the options.

(2) Exercise multiple

Exercise multiple represents the value of the underlying share as a multiple of exercise price of the option which, if achieved, results in exercise of the option.

(3) Volatility

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the contractual term of the options.

(4) Dividend yield

The dividend yield was estimated by the Group based on its expected dividend policy over the contractual term of the options.

(5) Fair value of underlying ordinary shares

The estimated fair value of the ordinary shares underlying the options as of the respective grant dates was determined based on a retrospective valuation. When estimating the fair value of the ordinary shares on the grant dates, management has considered a number of factors, including the result of a third-party appraisal prepared by American Appraisal China Limited, an independent valuation firm, and equity transactions of the Company.

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15. SHARE OPTIONS (Continued)

A summary of the stock option activity under the 2008 Plan as of December 31, 2012, and changes during the year then ended is presented below:

Grant date	Options granted	Weighted average exercise price per option	Weighted average fair value per option at grant date	Weighted average intrinsic value per option at grant date
Balance, January 1, 2010	1,932,000			
Granted	328,000	$ 0.96	$ 1.12	$ 0.86
Forfeited	(305,000)			
Balance, January 1, 2011	1,955,000			
Granted	484,000	$ 4.21	$ 1.96	$ 0.05
Forfeited	(464,000)			
Balance, January 1, 2012	1,975,000			
Forfeited	(196,750)			
Balance, December 31, 2012	1,778,250	$ 1.12		

The following table summarizes information regarding the share options granted as of December 31, 2012:

	As of December 31, 2012			
	Options Number	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Options				
outstanding	1,778,250	$ 1.12	6.92	$ 403
exercisable	1,327,750	$ 0.66	6.62	$ 294
expected to vest	382,925	$ 2.47	7.80	$ 93

The weighted average grant date fair value of options granted during the years ended December 31, 2010 and 2011 was $1.12 and $1.96, respectively. There were no options granted during the year ended December 31, 2012.

For the years ended December 31, 2010, 2011 and 2012, the Group recorded share-based compensation expense of $139, $191 and $216 related to the options under the 2008 Plan, respectively. As of December 31, 2012, there was $420 of total unrecognized compensation cost related to the options, which is expected to be recognized over a weighted-average period of 2.71 years.

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16. NONVESTED SHARES

Nonvested shares granted to founding shareholders under the restricted share agreement

In October 2008, the Company's three of the five founding shareholders who are also employees, entered into an arrangement with the investors in conjunction with the issuance of Series A preferred shares, whereby all of their 24,633,333 ordinary shares became subject to transfer restrictions. In addition, such nonvested shares are subject to repurchase by the Company upon termination of employment. The repurchase price is the par value of the ordinary shares. The founding shareholders retain the voting rights of such nonvested shares, and any additional securities or cash received as the result of ownership of such shares. This arrangement has been accounted for as a reverse stock split followed by the grant of a restricted stock award under a performance-based plan. Accordingly, the Group measured the fair value of the nonvested shares and is recognizing the amount as compensation expense over the four year deemed service period.

The founding shareholders' nonvested shares granted under the Share Plan shall vest (i) Twenty percent (20%) on the date of October 23, 2008 (the Vesting Starting Date); (ii) Twenty percent (20%) on the first anniversary of the Vesting Starting Date; (iii) After the first anniversary of the Vesting Starting Date, $^{1}/_{36}$ of the remaining shares every thirty days thereafter. Vesting will be accelerated upon a qualified IPO or change of control of the Company.

Before the founding shareholders' nonvested shares were vested and released from the repurchase rights, the holders of the nonvested shares shall entitle to all rights and privileges of those of ordinary shareholders, and shall be entitled to voting rights and dividends. Therefore, these nonvested shares are considered participating securities for the purpose of net earnings (loss) per share calculation.

Nonvested shares granted to employees under the 2008 Plan

In December 2008, the Company granted 220,000 nonvested shares to two employees. 120,000 nonvested shares became fully vested at the time of the grant, and 100,000 nonvested shares will vest over a four year period from the date of the grant.

In March 2011, the Company granted 827,278 nonvested shares to two employees. These nonvested shares will vest over a four year period from the date of the grant.

In October 2011, the Company granted 992,732 nonvested shares to one employee. These nonvested shares will vest over a four year period from the date of the grant.

There were no nonvested shares granted during the year ended December 31, 2012.

For the years ended December 31, 2010, 2011 and 2012, the Group recorded share-based compensation expenses of $1,322, $1,902 and $2,479 related to the nonvested shares, respectively. As of December 31, 2012, there was $3,877 of unrecognized compensation cost related to nonvested shares, which are expected to be recognized over a weighted-average period of 2.62 years. All founding shareholders' nonvested shares have been fully vested during 2012 and there were no unrecognized compensation costs associated with these shares as of December 31, 2012.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

16. NONVESTED SHARES (Continued)

The following table summarizes information regarding the nonvested shares granted and vested:

	Number of Shares	Weighted average grant date fair value
Shares outstanding at January 1, 2010	14,033,888	
Vested	(4,951,667)	
Outstanding at January 1, 2011	9,082,221	
Granted	1,820,010	$ 4.18
Forfeited	(413,639)	
Vested	(4,951,667)	
Outstanding at January 1, 2012	5,536,925	
Vested	(4,482,147)	
Outstanding at December 31, 2012	1,054,778	

17. INCOME TAXES

Cayman Islands

The Company is a tax-exempted company incorporated in the Cayman Islands and is not subject to tax on income or capital gains.

Hong Kong

Light In The Box Limited was established in Hong Kong and is subject to Hong Kong Profits Tax at 16.5% for the profit that is generated in Hong Kong.

PRC

Except Lanting Huitong and Lanting Gaochuang, other entities of the Group domiciled in the PRC are subject to 25% statutory income tax rates in accordance with the Enterprise Income Tax Law ("EIT Law") in the periods presented. Lanting Huitong qualified as a "software enterprise" and therefore enjoyed a two-year income tax exemption starting from the first profit making year since 2010, followed by a reduced tax rate of 12.5% for the subsequent three years. Lanting Gaochuang qualified as a "software enterprise" in 2012 and therefore is entitled to a two-year income tax exemption starting from its first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years.

For the years ended December 31, 2010, 2011 and 2012, income tax expense (benefit) included in the consolidated statements of operations were attributable to the Group's PRC subsidiary and VIEs and comprised current tax expense (benefit) of $579, $(606), $19 respectively. There was a deferred tax benefit of $272 included in income tax benefit for the year ended December 31, 2011 and no material deferred tax expense (benefit) for the years ended December 31, 2010 and 2012.

17. INCOME TAXES (Continued)

The principal components of the deferred tax assets and liabilities are as follows:

	As of December 31,	
	2011	2012
Current deferred tax assets:		
Accrued payroll	$ 244	$ 502
Accrued expenses	11	—
Less: Valuation allowance	(255)	(502)
Current deferred tax assets, net	—	—
Non-current deferred tax asset:		
Net operating loss carry forwards	8,980	8,338
Less: Valuation allowance	(8,980)	(8,338)
Non-current deferred tax asset, net	—	—
Total deferred tax asset, net	—	—

The Group had no deferred tax liabilities as of December 31, 2011 and 2012.

The Group operates through its subsidiaries and VIE entities and the valuation allowance is considered on each individual subsidiary and VIE basis. The net operating loss carry forwards of the subsidiaries and VIE registered in the PRC will expire on various dates through 2017. The Group has recognized a valuation allowance against tax loss carry forwards as the Group believes that it is more likely than not that its deferred tax assets will not be realized as it does not expect to generate sufficient taxable income in the near future.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

17. INCOME TAXES (Continued)

Reconciliation between the expense (benefit) of income taxes computed by applying the PRC tax rate to income (loss) before income taxes and the actual provision for income taxes is as follows:

	For the years ended December 31,		
	2010	2011	2012
Loss before provision of income tax	$ (21,344)	$ (25,409)	$ (4,211)
Statutory tax rate in the PRC	25%	25%	25%
Income tax at statutory tax rate.	(5,336)	(6,352)	(1,053)
Non-deductible expenses	275	672	403
Effect of income tax holiday and preferential tax rates	36	(828)	(41)
Write-off/(refund) of prepaid income tax*	579	(606)	—
Effect of income tax rate differences in jurisdictions other than the PRC	2,147	1,897	1,105
Changes in valuation allowances	2,878	4,339	(395)
Income tax expense (benefit)	$ 579	$ (878)	$ 19

* During the year of 2010, Lanting Huitong paid income tax of $579 at the request of the PRC tax authority. The Group did not expect to recover such prepaid income tax and recorded the amount as income tax expenses in 2010. In September 2011, the PRC tax authority assessed the tax payment and decided to refund the amount prepaid. The Group recorded such amount as tax refund in 2011.

The Group did not identify significant unrecognized tax benefits for the years ended December 31, 2011 and 2012. The Group did not incur any interest related to unrecognized tax benefits, did not recognized any penalties as income tax expenses and also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2012.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese Income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the New EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties occurs within the PRC. On April 22, 2009, the State Administration of Taxation (the "SAT") issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. In addition, on August 3, 2011, the SAT issued a bulletin to made clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. The Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for EIT law purposes. However, if the PRC tax

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

17. INCOME TAXES (Continued)

authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%.

If any entity within the Group that is outside the PRC were to be a non-resident for PRC tax purposes dividends paid to it out of profits earned after January 1, 2008 would be subject to a withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with the PRC. As of December 31, 2011 and December 31, 2012, the Company's subsidiaries located in the PRC recorded aggregate accumulated deficits. Accordingly, no deferred tax liability has been accrued for the Chinese dividend withholding taxes. In the future, aggregate undistributed earnings of the Company's subsidiaries located in the PRC, if any, that are taxable upon distribution to the Company, will be considered to be indefinitely reinvested, because the Group does not have any plan to pay cash dividends on its ordinary shares in the foreseeable future and intends to retain most of its available funds and any future earnings for use in the operation and expansion of its business.

In accordance with relevant the PRC tax administration laws, tax years from 2006 to 2011 of the Group's PRC entities remain subject to tax audits as of December 31, 2012, at the tax authority's discretion.

18. LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per ordinary share for the following years:

Numerator:	2010	2011	2012
Net loss attributable to LightInTheBox Holding Co., Ltd.	$ (21,923)	$ (24,531)	$ (4,230)
Accretion of Series C convertible redeemable preferred shares	(700)	(2,800)	(2,971)
Net loss attributable to ordinary shareholders of LightInTheBox Holding Co., Ltd.	(22,623)	(27,331)	(7,201)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per ordinary share—basic	(15,468)	(22,288)	(6,843)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per nonvested share—basic	(7,155)	(5,043)	(358)
Net loss per ordinary share—basic	$ (0.62)	$ (0.76)	$ (0.20)
Net loss per nonvested share—basic	$ (0.62)	$ (0.76)	$ (0.20)
Net Loss per ordinary share—diluted	$ (0.62)	$ (0.76)	$ (0.20)
Shares (denominator):			
Weighted average number of shares used in calculating net loss per ordinary share—basic	24,770,913	29,445,595	34,316,430
Weighted average number of shares used in calculating net loss per nonvested share—basic	11,458,056	6,663,370	1,792,535
Weighted average number of shares used in calculating net loss per ordinary share—diluted	36,228,969	36,108,965	36,108,965

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

As a result of the Group's net loss for the three years ended December 31, 2012, share equivalents issued under the Company's 2008 Plan, 15,000,000 Series A preferred shares, 17,522,725 Series B preferred shares, 9,651,565 Series C preferred shares and the convertible notes computed using as-if converted method were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

19. EMPLOYEE RETIREMENT BENEFIT

Full time employees in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The PRC labor regulations require the Group to make contributions based on certain percentages of the employees' basic salaries. Other than the contribution, there is no further obligation under these plans. The total contribution for such employee benefits was $1,316, $2,897 and $3,848 for the years ended December 31, 2010, 2011 and 2012, respectively.

20. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the group is required to provide for certain statutory reserves, namely general reserve, enterprise expansion reserve, and staff welfare and bonus reserve, all of which are appropriated from net profit as reported in their PRC statutory accounts. The Group's subsidiaries are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Group's subsidiaries. There are no appropriations to these reserves by the Group's PRC (mainland) subsidiaries for the years ended December 31, 2010, 2011 and 2012.

As a result of these PRC laws and regulations and the requirement that distributions by the PRC entities can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries and VIE. As of December 31, 2011 and December 31, 2012, the amounts of capital represented the amount of net assets of the relevant subsidiaries and VIE in the Group not available for distribution amounted to $3,293 and $3,293, respectively. As a result of the above restrictions, parent-only financials are presented on financial statement schedule I.

21. SEGMENT REPORTING

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group. The Group has one operating segment.

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

21. SEGMENT REPORTING (Continued)

Components of the Group's net revenues are presented in the following table:

	For the years ended December 31,		
	2010	2011	2012
Apparel	$ 19,719	$ 46,888	$ 80,274
Electronics and communication devices	26,031	36,844	42,079
Home and garden	4,077	13,509	22,454
Small accessories and gadgets	1,521	11,770	40,695
Others	7,346	7,219	14,508
Total net revenues	$ 58,694	$ 116,230	$ 200,010

The following table summarizes the Group's total net revenues generated in different geographic locations and as a percentage of total net revenues.

	For the years ended December 31,					
	2010		2011		2012	
	Revenues	%	Revenues	%	Revenues	%
Europe	$ 29,892	50.9%	$ 57,853	49.8%	$ 101,424	50.7%
North America	20,509	35.0%	32,721	28.2%	47,985	24.0%
South America	974	1.7%	4,097	3.5%	12,876	6.4%
Other countries	7,319	12.4%	21,559	18.5%	37,725	18.9%
Total net revenues	$ 58,694	100%	$ 116,230	100%	$ 200,010	100%

North America's net revenues include revenues from the United States of $18,577, $29,117 and $41,840 during the years ended December 31, 2010, 2011 and 2012, respectively. Europe's net revenues include revenues from France of $11,792, $22,448 and $32,913 during the years ended December 31, 2010, 2011 and 2012, respectively; and revenues from United Kingdom of $4,723, $6,541 and $13,577 during the years ended December 31, 2010, 2011 and 2012, respectively.

As of December 31, 2011 and December 31, 2012, substantially all of long-lived assets of the Group are located in the PRC.

22. FAIR VALUE MEASUREMENTS

The Group had no financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011 and December 31, 2012.

The Group measured the fair value of the purchased intangible assets using the "relief from royalty method", "multiple period excess earnings method" and "with & without method" under the income approach. These purchased intangible assets are considered Level 3 assets because the Group used unobservable inputs, such as forecasted financial performance of the related business and discount rates, to determine the fair value of these assets. (see note 3)

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

22. FAIR VALUE MEASUREMENTS (Continued)

Goodwill and other intangible assets are measured at fair value on a nonrecurring basis and they are recorded at fair value only when impairment is recognized. (See note 7 and note 8).

23. RELATED PARTY TRANSACTIONS

The Company entered into indemnification agreements with certain directors. These agreements require the company to indemnify such individuals, to the fullest extent permitted by law, for certain liabilities to which they may become subject as a result of their affiliation with the Company.

24. COMMITMENTS AND CONTINGENCIES

(1) Commitments

Lease commitment

The Group has operating lease agreements for warehouses and offices. Rent expenses under operating leases for the year ended December 31, 2010, 2011 and 2012 were $742, $1,716 and $2,074, respectively.

Future minimum lease payments under non-cancellable operating lease agreements as of December 31, 2012 are as follows:

Years Ending	US$
2013	1,643
2014	1,149
2015	892
2016	191
2017	191
	4,066

(2) Contingencies

The Company's PRC subsidiary, VIE and VIE's subsidiary, have not fully paid the contributions for employee benefit plans as required by applicable PRC regulations. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements, prior failure to make payments may be in violation of applicable PRC labor-related laws and the Group may be subject to fines up to maximum of $11,824 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of December 31, 2012, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Company's PRC subsidiary, VIE and VIE's subsidiary, did not withhold appropriate amount of individual income tax as required by applicable PRC tax laws. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements,

LIGHTINTHEBOX HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2011 AND 2012

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

24. COMMITMENTS AND CONTINGENCIES (Continued)

failure to withhold individual taxes may subject the Group to fines up to maximum of $11,148 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of December 31, 2012, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

25. SUBSEQUENT EVENTS

In March 2013, the Group made a payment of $3,276 to relevant tax authority related to the individual income taxes withhold and accrued as of December 31, 2012.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

BALANCE SHEETS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	As of December 31	
	2011	2012
ASSETS:		
Current assets		
Cash	$ 2,739	$ 8,082
Investments (deficit) in subsidiaries and affiliates	(301)	2,697
TOTAL ASSETS	$ 2,438	$ 10,779
Convertible notes	—	7,788
TOTAL LIABILITIES	—	7,788
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $52,500)	38,500	41,471
EQUITY:		
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $5,000)	5,000	5,000
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding as of December 31, 2011 and December 31, 2012, respectively; liquidation value of $11,270)	11,270	11,270
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 32,198,411 and 36,680,558 shares issued and outstanding as of December 31, 2011 and December 31, 2012, respectively)	2	2
Additional paid-in capital	5,668	10,459
Accumulated deficit	(57,980)	(65,181)
Accumulated other comprehensive loss	(22)	(30)
TOTAL DEFICIT	(36,062)	(38,480)
TOTAL LIABILITIES, SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES AND DEFICIT	$ 2,438	$ 10,779

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Operating expenses:			
General and administrative	$ 1,461	$ 2,093	$ 2,695
Interest income (expense) and other	—	—	1,884
Loss from operations	(1,461)	(2,093)	(4,579)
Equity in (losses) income of subsidiaries and variable interest entities	(20,462)	(22,438)	349
Net loss	$ (21,923)	$ (24,531)	$ (4,230)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Net loss	$ (21,923)	$ (24,531)	$ (4,230)
Other comprehensive income (loss):			
Foreign currency translation adjustment	36	(57)	(8)
Total comprehensive loss	$ (21,887)	$ (24,588)	$ (4,238)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 01, 2010	15,000,000	5,000	17,522,725	$ 11,270	22,295,077	$ 1	$ 2,114	$ (1)	$ (8,026)	$ 10,358
Vesting of nonvested shares	—	—	—	—	4,951,667	1	—	—	—	1
Share-based compensation	—	—	—	—	—	—	1,461	—	—	1,461
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Net loss	—	—	—	—	—	—	—	—	(21,923)	(21,923)
Foreign currency translation adjustment	—	—	—	—	—	—	—	36	—	36
Balance at December 31, 2010	15,000,000	5,000	17,522,725	11,270	27,246,744	2	3,575	35	(30,649)	(10,767)
Vesting of nonvested shares	—	—	—	—	4,951,667	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,093	—	—	2,093
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,800)	(2,800)
Net loss	—	—	—	—	—	—	—	—	(24,531)	(24,531)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(57)	—	(57)
Balance at December 31, 2011	15,000,000	$ 5,000	17,522,725	11,270	32,198,411	2	5,668	(22)	(57,980)	(36,062)
Vesting of nonvested shares	—	—	—	—	4,482,147	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,695	—	—	2,695
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,971)	(2,971)
Net loss	—	—	—	—	—	—	—	—	(4,230)	(4,230)
Beneficial conversion features of convertible notes							2,096			2,096
Foreign currency translation adjustment	—	—	—	—	—	—	—	(8)	—	(8)
Balance at December 31, 2012	15,000,000	$ 5,000	17,522,725	$ 11,270	36,680,558	$ 2	$ 10,459	$ (30)	$ (65,181)	$ (38,480)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2010	2011	2012
Cash flows from operating activities:			
Net loss	$ (21,923)	$ (24,531)	$ (4,230)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	1,461	2,093	2,695
Amortization of debt discount	—	—	1,140
Interest on convertible notes	—	—	744
Equity in losses (income) of subsidiary and variable interest entity	20,462	22,438	(349)
Net cash used in operating activities	—	—	—
Cash flows from investing activities			
Investment in subsidiaries and the VIEs	(18,196)	(15,565)	(2,657)
Cash flows from financing activities			
Proceeds from issuance of convertible notes	—	—	8,000
Proceeds from Series C convertible redeemable preferred shares financing	35,000	—	—
Net cash provided by financing activities	35,000	—	8,000
Net increase (decrease) in cash	16,804	(15,565)	5,343
Cash at beginning of year	1,500	18,304	2,739
Cash at end of year	$ 18,304	$ 2,739	$ 8,082

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

ADDITIONAL INFORMATION—FINANCIAL STATEMENT SCHEDULE I

CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. BASIS FOR PREPARATION

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the Parent Company used the equity method to account for investments in its subsidiaries and VIEs.

The condensed financial information is provided since the restricted net assets of the Group's subsidiaries, VIEs and VIEs' subsidiary were over the 25% of the consolidated net assets of the Group as of December 31, 2012.

2. INVESTMENTS IN SUBSIDIARIES AND VIES

In its consolidated financial statements, the Parent Company consolidates the results of operations and assets and liabilities of its subsidiaries, VIEs and VIE's subsidiary, and inter-company balances and transactions were eliminated upon consolidation. For the purpose of the Parent Company's stand-alone financial statements, its investments in subsidiaries, VIEs and VIE's subsidiary are reported using the equity method of accounting as a single line item and the Parent Company's share of income (loss) from its subsidiaries, VIEs and VIE's subsidiary are reported as the single line item of equity in losses of subsidiaries and variable interest entity. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the Parent Company has continued to reflect its share, based on its proportionate interest, of the losses of a subsidiary or VIE regardless of the carrying value of the investment even though the Parent Company is not obligated to provide continuing support or fund losses.

The Parent Company carried the investments (deficit) in subsidiaries and VIEs at $(301) and $2,697 at December 31, 2011 and 2012, respectively. The Parent Company's share of equity in income (losses) in subsidiaries and the VIEs recognized in years ended December 31, 2010, 2011 and 2012 was $(20,462), $(22,438) and $349, respectively.

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LightInTheBox.com

Cherished Moments

Photos From LightInTheBox Customers

Until , 2013 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. *Indemnification of Directors and Officers*

Cayman Islands law does not limit the extent to which a company's articles of association may provide indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to the public interest, such as providing indemnification against civil fraud or the consequences of committing a crime. The registrant's articles of association provide that each officer or director of the registrant shall be indemnified out of the assets of the registrant against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favor, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part, or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the registrant.

Under the form of indemnification agreements filed as Exhibit 10.2 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of underwriting agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. *Recent Sales of Unregistered Securities*

During the past three years, we have issued and sold the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Sale or Issuance	Number of Securities	Consideration (U.S. dollars)	Securities Registration Exemptions
Ceyuan Ventures II, L.P.	September 28, 2010	2,323,862 Series C convertible redeemable preferred shares	$ 8,427,148.00	Regulation S under the Securities Act
Ceyuan Ventures Advisors Fund II, LLC	September 28, 2010	89,537 Series C convertible redeemable preferred shares	$ 324,693.00	Regulation S under the Securities Act

Purchaser	Date of Sale or Issuance	Number of Securities	Consideration (U.S. dollars)	Securities Registration Exemptions
GSR Ventures III, L.P.	September 28, 2010	1,844,414 Series C convertible redeemable preferred shares	$ 6,688,501.00	Regulation S under the Securities Act
Banean Holdings Ltd	September 28, 2010	37,641 Series C convertible redeemable preferred shares	$ 136,500.00	Regulation S under the Securities Act
Trustbridge Partners III, L.P.	September 28, 2010	5,356,111 Series C convertible redeemable preferred shares	$19,423,158.00	Regulation S under the Securities Act
Ceyuan Ventures II, L.P.	March 23, 2012	Convertible note	$ 4,333,050.00	Regulation S under the Securities Act
Ceyuan Ventures Advisors Fund II, LLC	March 23, 2012	Convertible note	$ 166,950.00	Regulation S under the Securities Act
GSR Ventures III, L.P.	March 23, 2012	Convertible note	$ 3,430,000.00	Regulation S under the Securities Act
Banean Holdings Ltd	March 23, 2012	Convertible note	$ 70,000.00	Regulation S under the Securities Act
Directors, officers, advisors and employees	Various dates	Options to purchase 2,744,000 ordinary shares and 2,040,010 restricted ordinary shares	Services to our company	Rule 701 under the Securities Act

Item 8. ***Exhibits and Financial Statement Schedules***

(a) ***Exhibits***

See Exhibit Index beginning on page II-7 of this Registration Statement.

(b) ***Financial Statement Schedules.***

All supplement schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements or notes thereto.

Item 9. ***Undertakings***

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such

liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability under the Securities Act of 1933, that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, People's Republic of China, on April 17, 2013.

LIGHTINTHEBOX HOLDING CO., LTD.

By: /s/ QUJI (ALAN) GUO

Name: Quji (Alan) GUO
Title: Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Quji (Alan) Guo and Zheng (Richard) Xue, and each of them singly, as his true and lawful attorneys-in-fact and agents, each with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ QUJI (ALAN) GUO Quji (Alan) GUO	Chairman and Chief Executive Officer (principal executive officer)	April 17, 2013
/s/ XIN (KEVIN) WEN Xin (Kevin) WEN	Director	April 17, 2013
/s/ LIANG ZHANG Liang ZHANG	Director	April 17, 2013
/s/ JUN LIU Jun LIU	Director	April 17, 2013

Signature	Capacity	Date
/s/ JIN-CHOON (RICHARD) LIM Jin-Choon (Richard) LIM	Director	April 17, 2013
/s/ BO FENG Bo FENG	Director	April 17, 2013
/s/ YE YUAN Ye YUAN	Director	April 17, 2013
/s/ SHUJUN LI Shujun LI	Director	April 17, 2013
/s/ ZHENG (RICHARD) XUE Zheng (Richard) XUE	Chief Financial Officer (principal financial and accounting officer)	April 17, 2013

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SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of LightInTheBox Holding Co., Ltd. has signed this registration statement or amendment thereto in New York on April 17, 2013.

By:	/s/ DIANA ARIAS
Name:	Diana Arias
Title:	Senior Managing Officer Law Debenture Corporate Services Inc.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1	Third Amended and Restated Memorandum of Association of the Registrant, as currently in effect
3.2*	Form of Fourth Amended and Restated Memorandum of Association of the Registrant
4.1	Form of Ordinary Share Certificate
4.2*	Form of Deposit Agreement between the Registrant and The Bank of New York Mellon, as depositary, and Owners and Holders of the American Depositary Shares issued therein
4.3*	Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 4.2)
4.4	Series A Preferred Share Purchase Agreement, dated as of April 8, 2008, among the Registrant, Light In The Box Limited, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC and certain other persons named therein
4.5	Amendment to Series A Preferred Share Purchase Agreement, dated as of September 1, 2008, among the Registrant, Light In The Box Limited, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC and certain other persons named therein
4.6	Series B Preferred Share Purchase Agreement, dated as of June 26, 2009, among the Registrant, Light In The Box Limited, Lanting Jishi Trade (Shenzhen) Co. Ltd., Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P. and certain other persons named therein
4.7	Series C Preferred Share Purchase Agreement, dated as of September 28, 2010, among the Registrant, Light In The Box Limited, Lanting Jishi Trade (Shenzhen) Co. Ltd., Shenzhen Lanting Huitong Technologies Co., Ltd., Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III, L.P. and certain other persons named therein
4.8	Convertible Note Purchase Agreement, dated as of March 22, 2012, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P. and Banean Holdings Ltd
4.9	Second Amended and Restated Shareholders Agreement, dated as of September 28, 2010, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III, L.P. and certain other persons named therein
4.10	Second Amended and Restated Restricted Share Agreement, dated as of September 28, 2010, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III L.P. and certain other persons named therein
4.11	Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of September 28, 2010, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III L.P. and certain other persons named therein
5.1	Opinion of Maples and Calder regarding the issue of ordinary shares being registered
8.1	Opinion of Simpson Thacher & Bartlett LLP regarding certain U.S. federal tax matters

Exhibit No.	Description of Exhibit
8.2	Opinion of Maples and Calder regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.3	Opinion of TransAsia Lawyers regarding certain PRC tax matters
10.1	Amended and Reinstated 2008 Share Incentive Plan of the Registrant
10.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.3	Form of Employment Agreement between the Registrant and its executive officers
10.4	Exclusive Technical and Consulting Service Agreement between Lanting Jishi and Lanting Huitong
10.5	Business Operation Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.6	Equity Disposal Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.7	Share Pledge Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.8	Powers of Attorney issued by each of Lanting Huitong's shareholders
10.9	Spousal Consent Letters issued by spouses of certain shareholders of Lanting Huitong
10.10	Exclusive Technical and Consulting Service Agreement between Lanting Jishi and Lanting Gaochuang
10.11	Business Operation Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.12	Equity Disposal Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.13	Share Pledge Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.14	Loan Agreement between Mr. Quji (Alan) GUO and Lanting Jishi
10.15	Powers of Attorney issued by each of Lanting Gaochuang's shareholders
12.1	Calculation of growth in revenue attributed to repeat customers from January 1, 2008 to December 31, 2012
21.1	Subsidiaries of Registrant
23.1	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
23.2	Consent of Maples and Calder (included in Exhibit 5.1)
23.3	Consent of TransAsia Lawyers (included in Exhibit 99.2)
23.4	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 8.1)
23.5	Consent of iResearch Consulting Group
24.1	Powers of Attorney (included on the signature page in Part II of this Registration Statement)
99.1	Code of Business Conduct and Ethics of the Registrant
99.2	Opinion of TransAsia Lawyers regarding certain PRC legal matters
99.3	Revised Draft Registration Statement on Form F-1, dated August 3, 2012

* To be filed by amendment.

Exhibit 3.1

THE COMPANIES LAW (2010 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

LightInTheBox Holding Co., Ltd.

(Adopted by Special Resolution passed on September 28, 2010)

1. The name of the Company is LightInTheBox Holding Co., Ltd..

2. The Registered Office of the Company shall be at the offices of Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands or at such other place as the Directors may from time to time decide.

3. 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 (2010 REVISION) or as revised, or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.

5. The authorized share capital of the Company is US$50,000 divided into (i) 707,825,710 Ordinary Shares of par value US$1/15000 each, and (ii) 42,174,290 Preferred Shares of par value US$1/15000 each, 15,000,000 of which are designated as Series A Preferred Shares (the "**Series A Shares**"), 17,522,725 of which are designed as Series B Preferred Shares (the "**Series B Shares**") and 9,651,565 of which are designated as Series C Preferred Shares (the "**Series C Shares**").

6. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 193 of the Companies Law (2010 REVISION) and, subject to the provisions of the Companies Law (2010 REVISION) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

THE COMPANIES LAW (2010 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

THIRD AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

LightInTheBox Holding Co., Ltd.

(Adopted by Special Resolution passed on September 28, 2010)

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith,

"**Additional Ordinary Shares**"	shall have the meaning set forth in Article 16(a)(iii).
"**Affiliate**"	means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person.
"**Angel**" or "**Angels**"	means, collectively, Mr. Liu Jun (□□), Mr. Xu Xiaoping (□□□) and Mr. Chit Jeremy Chau.
"**Associate**"	means, with respect to any Person that is an individual, (1) any other Person (other than the Group Companies) of which such specified Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of Equity Securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.
"**Applicable Conversion Price**"	means the Series A Conversion Price, the Series B Conversion Price, or the Series C Conversion Price, as the case may be.

“**Articles**” means these articles of association of the Company as originally formed or as from time to time altered by Special Resolution.

“**Auditor**” means the person for the time being performing the duties of auditors of the Company (if any).

“**Board**” or “**Board of Directors**” means the board of directors of the Company.

“Ceyuan” means Ceyuan Ventures II, L.P. and/or Ceyuan Ventures Advisors Fund II, LLC.

“**Charter Documents**” means, with respect to any Person that is a legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity, as amended from time to time.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“**Company**” means the above named company.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of any Preferred Shares.

“**Convertible Securities**” shall have the meaning set forth in Article 16(a)(ii) hereof.

“**debenture**” means debenture stock, mortgages, bonds and any

other such securities of the Company whether constituting a charge on the assets of the Company or not.

“**Directors**” means the directors for the time being of the Company.

“**dividend**” includes an interim dividend and bonus issues.

“**Equity Securities**” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing.

“**Electronic Record**” has the same meaning as in the Electronic Transactions Law (2004 Revision).

“**Exempted Distribution**” means (a) a dividend payable solely in Ordinary Shares and (b) the repurchase of Ordinary Shares by the Company at no more than cost from terminated employees, officers or consultants in accordance with the Option Plan or the Share Restriction Agreements.

“**Founder**” or “**Founders**” means, collectively, Mr. Guo Quji (□□□), Mr. Zhang Liang (□□) and Mr. Wen Xin (□□).

“**Group Company**” means any of the Company and all of its direct or indirect Subsidiaries, including the HK Subsidiary, the UK Subsidiary and PRC Companies, except for Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□(□□)□□□□□□).

“**GSR**” means GSR VENTURES III, L.P. and/or Banean Holdings Ltd.

“**Indebtedness**” of any Person means, without duplication, each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued,

undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment

obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized in accordance with the applicable accounting standards, (vii) all obligations under banker's acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

"**Hong Kong**" means Hong Kong Special Administrative Region of the PRC.

"**HK Subsidiary**" means Light In The Box Limited, a company incorporated under the laws of Hong Kong.

"**Lien**" means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by contract, understanding, law, equity or otherwise.

"**Member**" has the same meaning as in the Statute.

"**Memorandum**" means the memorandum of association of the Company.

"**month**" means calendar month.

"**Ordinary Resolution**" means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a written resolution by all Members being entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members, and the effective date of the ordinary resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed. Unless a poll is demanded by at least one Member, a declaration of the chairman of the meeting that the resolution has been carried shall be conclusive evidence of the fact, without proof of the number or proportion of votes recorded in favor of or against the same. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.

"Options" shall have the meaning set forth in Article 16(a)(i) hereof.

"**Ordinary Shares**" means ordinary shares in the capital of the Company of par value of US$1/15000 each.

"**Option Plan"** shall have the meaning set forth in Article 16(a)(iii).

"**Other Director**" shall have the meaning set forth in Article 70.

"**paid-up**" means paid-up and/or credited as paid-up.

"**Person**" or "**person**" means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

"**PRC**" means the People's Republic of China, but solely for the purposes hereof excludes the Hong Kong

Special Administrative Region, Macau Special Administrative Region and the island of Taiwan.

"**PRC Companies**" means, collectively, Lanting Jishi Trade (Shenzhen) Co. Ltd. (□□□□□□(□□)□□ □□), a foreign invested commercial enterprise incorporated under the Laws of the PRC, Shenzhen Lanting Huitong Technologies. Co., Ltd. (□□□□□□□□□□□□□□), a limited liability company organized under the laws of the PRC, and Shanghai Ouku Network Technologies Co., Ltd. (□□□ □□□□□□□□□□), a domestic limited liability company incorporated under the laws of the PRC.

"**Preferred Directors**" shall have the meaning set forth in Article 70.

"**Preferred Shares**" means, collectively, the Series A Shares, the Series B Shares and the Series C Shares.

"**Qualified IPO**"	collectively means, as applicable, (i) a firm commitment underwritten public offering of the Ordinary Shares of the Company in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, with an offering price (exclusive of underwriting commissions and expenses) (x) that implies a market capitalization of the Company immediately prior to such offering of more than US$550,000,000 and that results in gross proceeds to the Company of more than US$55,000,000 if the filing date of such offering is subsequent to the third year anniversary of the Series C Original Issue Date, or (y) that implies a market capitalization of the Company immediately prior to such offering of more than US$450,000,000 and that results in gross proceeds to the Company of more than US$45,000,000 if the filing date of such offering is on or prior to the third year anniversary of the Series C Original Issue Date, or in a public offering of the Ordinary Shares of the Company substantially similar to the foregoing in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized regional or national securities exchange so long as such

offering satisfies the foregoing market capitalization and gross proceeds requirements, or any other initial public offering of the Ordinary Shares recognized upon the prior written consent of the holders of no less than ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class and on an as-converted basis) (the "**Company Qualified IPO**"); or (ii) a firm commitment underwritten public offering of the shares of the HK Subsidiary or any other Subsidiary of the Company in the PRC or other jurisdiction approved by the board of relevant Subsidiary (x) that implies a pre-offering market capitalization of such Subsidiary immediately prior to such offering of more than US$550,000,000 and that results in gross proceeds to such Subsidiary of more than US$55,000,000 if the filing date of such offering is subsequent to the third year anniversary of the Series C Original Issue Date, or (y) that implies a market capitalization of the such Subsidiary immediately prior to such offering of more than US$450,000,000 and that results in gross proceeds to the such Subsidiary of more than US$45,000,000 if the filing date of such offering is on or prior to the third year anniversary of the Series C Original Issue Date, or any other initial public offering of the shares of such Subsidiary recognized upon the prior written consent of the holders of no less than ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis) (each public offering in the foregoing subtitles (i) and (ii), the "**Qualified IPO**" collectively). It is understood that a Group Company's market capitalization immediately prior to the aforesaid public offering of its shares shall equal to the product of (x) the Group Company's market capitalization immediately following the closing of such offering as determined by the offering price (exclusive of underwriting commissions and expenses), multiplied by (y) the difference derived by one hundred percent (100%) minus the percentage of dilution to the holders of Series C Preferred Shares between the Series C Original Issue Date and the closing date of such offering. It is further understood that (i) if prior to the closing date of

the aforesaid public offering of shares of a Group Company, the Members have obtained proceeds from a Trade Sale or dividends from the Company, the market capitalization threshold for the Qualified IPO as provided above shall be reduced by an amount equal to the aggregate amount of all proceeds that the Members have obtained from all such Trade Sales and all dividends that the Members have obtained from the Company and the gross proceeds threshold for the Qualified IPO as provided above shall be reduced by an amount equal to 10% of the aggregate amount of all proceeds that the Members have obtained from all such Trade Sales and all dividends that the Members have obtained from the Company; (ii) if any Subsidiary(ies) of the Company conducts a public offering of its shares, the market capitalization threshold and gross proceeds threshold for any subsequent Qualified IPO shall be reduced respectively by an amount equal to the aggregate market capitalizations that have been effected by the Subsidiaries in previous public offerings and an amount equal to the aggregate proceeds that the Subsidiaries have obtained in previous public offerings.

"**Redemption Date**"	shall have the meaning set forth in Article 18(c).
"**Redemption Notice**"	shall have the meaning set forth in Article 18(c).
"**Redemption Period**"	shall have the meaning set forth in Article 18(a).
"**Register of Members**"	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
"**Related Party**"	means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing.
"**registered office**"	means the registered office for the time being of the Company.
"**Seal**"	means the common seal of the Company and includes every duplicate seal.

"**Secretary**"	includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.
"Securities Act"	means the Securities Act of 1933 of the United States, as amended from time to time, including any successor statutes.
"**Series A Conversion Price**"	shall have the meaning set forth in Article 15(a).
"**Series A Director**"	shall have the meaning set forth in Article 70.
"**Series A Issue Price**"	means US$1/3 per Series A Share, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A Shares.
"**Series A Original Issue Date**"	means the date of the first sale and issuance of a Series A Share.
"**Series A Preference Amount"**	shall have the meaning set forth in Article 127(b).
"**Series A Shares**"	means Series A preferred shares in the capital of the Company with a nominal or par value of US$1/15000 each having the rights, preferences, privileges and restrictions set out in these Articles.
"**Series B Conversion Price**"	shall have the meaning set forth in Article 15(a).
"**Series B Director**"	shall have the meaning set forth in Article 70.
"**Series B Issue Price**"	means US$0.64316480, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B Shares.
"**Series B Original Issue Date**"	means the date of the first sale and issuance of a Series B Share.
"**Series B Preference Amount"**	shall have the meaning set forth in Article 127(b).
"**Series B Shares**"	means Series B preferred shares in the capital of the Company with a nominal or par value of US$1/15000 each having the rights, preferences, privileges and restrictions set out in these Articles.
"**Series C Conversion Price**"	shall have the meaning set forth in Article 15(a).

"**Series C Issue Price**"	means US$3.62635490, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series C Shares.
"**Series C Original Issue Date**"	means the date of the first sale and issuance of a Series C Share.
"**Series C Preference Amount"**	shall have the meaning set forth in Article 127(b).
"**Series C Shares**"	means Series C preferred shares in the capital of the Company with a nominal or par value of US$1/15000 each having the rights, preferences, privileges and restrictions set out in these Articles.
"**Series C Redemption Price**"	shall have the meaning set forth in Article 18(b).
"**Share**" and "**Shares**"	means a share or shares in the capital of the Company and includes a fraction of a share.
"Shareholders Agreement"	means the Second Amended and Restated Shareholders Agreement, dated September 28, 2010 among the Company and certain other parties named therein, as amended from time to time.
"Share Restriction Agreement"	means the Second Amended and Restated Restricted Share Agreement, dated September 28, 2010 between the Company and certain other party named therein, as amended from time to time.
"**Share Premium Account**"	means the account of the Company which the Company is required by the Statute to maintain, to which all premiums over nominal or par value received by the Company in respect of issues of shares from time to time are credited.
"**Special Resolution**"	means a Members' resolution expressed to be a special resolution (i) passed by a majority of not less than 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; or (ii) approved in writing by all of the

Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the 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. Unless a poll is demanded by at least one Member, a declaration of the chairman of the meeting that the resolution has been carried shall be conclusive evidence of the fact, without proof of the number or proportion of votes recorded in favor of or against the same. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.

"**Statute**" means the Companies Law (2010 REVISION) of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in effect.

"**Subsidiaries**" or "**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**TBP**" means Trustbridge Partners III, L.P.

"**TBP Director**" shall have the meaning set forth in Article 70.

"**Trade Sale**" means any of the following events:

(1) any consolidation, amalgamation, scheme of arrangement or merger of any Group Company with or into any other Person or other reorganization in which the Members or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of such Group Company's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party in which in excess of fifty percent (50%) of such Group Company's voting power is transferred;

(2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related

transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or

(3) the exclusive licensing of all or substantially all of any Group Company's intellectual property to a third party.

"**UK Subsidiary**" means LIGHTINTHEBOX (UK) LIMITED.

"**Valuation**" means the aggregate equity value of the Company that a willing buyer would pay a willing seller to acquire the Company in an arm's length transaction in connection with the applicable liquidation, dissolution, or winding up; provided that if (a) a majority of the Board excluding the Preferred Directors, (b) the holders of a majority of the then outstanding Series A Shares, (c) the holders of a majority of the then outstanding Series B Shares and (d) the holders of a majority of the then outstanding Series C Shares cannot mutually agree on such equity value, such equity value shall be determined by an appraiser of international standing (such as, by way of example only, the valuation group of an international accounting firm or a global investment bank with substantial experience in valuing companies) chosen in good faith by six (6) directors out of the Board composed of the eight (8) directors.

Words importing the singular number include the plural number and vice-versa.

Words importing the masculine gender include the feminine gender.

Words importing persons include corporations.

"written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record.

Any phrase introduced by the terms "include", "including", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

References to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time.

References to Angels, Ceyuan, Founders, GSR and TBP shall include their respective successor, assigns and permitted transferees in accordance with the Shareholders Agreement.

The term "voting number" refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles.

Headings are inserted for reference only and shall be ignored in construing these Articles.

For the avoidance of doubt, each other Article herein is subject to the provisions of Article 19, and, subject to the requirements of the Statute, in the event of any conflict, the provisions of Article 19 shall prevail over any other Article herein.

2. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that only part of the shares may have been allotted.

3. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

CERTIFICATES FOR SHARES

4. (a) Each Member shall be entitled to a share certificate. Share certificates representing shares of the Company shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorized by the Directors. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the Register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorize certificates to be issued with the seal and authorized signature(s) affixed by some method or system of mechanical process.

(b) The Company shall not be bound to issue more than one certificate for shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

5. If a share certificate be defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

ISSUE OF SHARES

6. Subject to the relevant provisions, if any, in the Memorandum of Association and to any direction that may be given by the Company in general meeting, and to provisions of Article 19, and without prejudice to any special rights previously conferred on the holders of existing shares:

(a) the Directors may allot, issue, grant options over or otherwise dispose of shares of the Company with or without preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

(b) The Board may issue warrants to subscribe for any class or series of shares or other securities of the Company on such terms as it may from time to time determine. Where warrants are issued to bearer, no new warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

(c) The Directors may issue shares against payment in cash or against payment in kind (which may, in the sole determination of the Directors, include tangible assets, services or any other valuable property).

7. The Company shall maintain or cause to be maintained a Register of Members in accordance with the Statute.

TRANSFER OF SHARES

8. The instrument of transfer of any share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the Register of Members.

9. The Directors, solely subject to and in accordance with contractual commitments regarding the transfer of shares that the Company may from time to time have, may decline to register any transfer of shares in violation of such commitments. If the Directors refuse to register a transfer they shall notify the transferee within two (2) months of such refusal.

10. The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than forty-five days in any year.

REDEEMABLE SHARES

11. (a) Subject to the provisions of the Statute and in accordance with these Articles (including without limitation, Article 19), the Company may issue shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such shares shall be effected in accordance with these Articles or in such manner as the Company may, by Special Resolution, determine before the issuance of such shares.

(b) Subject to the provisions of the Statute and Article 19, the Company may purchase its own shares (including any redeemable shares), provided that the Board shall have approved the manner of purchase in writing. The Company may make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

12. (a) If at any time the share capital of the Company is divided into different classes or series of shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may, whether or not the Company is being wound-up and except where these Articles or the Statute impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class or series, be varied with the consent in writing of the holders of at least 66 2/3% of the issued shares of that class or series.

(b) The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class or series of shares except that the necessary quorum shall be one or more persons holding or representing in person or by proxy at least a majority of the issued shares of the class or series and that any holder of shares of the class or series present in person or by proxy may demand a poll.

13. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

COMMISSION ON SALE OF SHARES

14. The Company may in so far as the Statute from time to time permits pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash and/or fully or partly paid-up

shares. The Company may also on any issue of shares pay such brokerage as may be lawful.

CONVERSION OF PREFERRED SHARES

15. The holders of the Preferred Shares have conversion rights as follows:

(a) Right to Convert Preferred Shares. (i) Unless converted earlier pursuant to Article 15(b) below, each Series A Share shall be convertible, at the option of the holder thereof, at any time after the Series A Original Issue Date into such number of fully paid and non-assessable Ordinary Shares as determined by dividing the Series A Issue Price by the Series A Conversion Price (as defined below), determined as hereinafter provided, in effect at the time of the conversion. The price at which Ordinary Shares shall be issuable upon conversion of the Series A Shares (the "**Series A Conversion Price**") shall initially be the Series A Issue Price per Ordinary Share. Such initial Series A Conversion Price shall be subject to adjustment as hereinafter provided. Nothing in this Article 15(a) shall limit the automatic conversion rights of Series A Shares described in Article 15(b) below. (ii) Unless converted earlier pursuant to Article 15(b) below, each Series B Share shall be convertible, at the option of the holder thereof, at any time after the Series B Original Issue Date into such number of fully paid and non-assessable Ordinary Shares as determined by dividing the Series B Issue Price by the Series B Conversion Price (as defined below), determined as hereinafter provided, in effect at the time of the conversion. The price at which Ordinary Shares shall be issuable upon conversion of the Series B Shares (the "**Series B Conversion Price**") shall initially be the Series B Issue Price per Ordinary Share. Such initial Series B Conversion Price shall be subject to adjustment as hereinafter provided. Nothing in this Article 15(a) shall limit the automatic conversion rights of Series B Shares described in Article 15(b) below. (iii) Unless converted earlier pursuant to Article 15(b) below, each Series C Share shall be convertible, at the option of the holder thereof, at any time after the Series C Original Issue Date into such number of fully paid and non-assessable Ordinary Shares as determined by dividing the Series C Issue Price by the Series C Conversion Price (as defined below), determined as hereinafter provided, in effect at the time of the conversion. The price at which Ordinary Shares shall be issuable upon conversion of the Series C Shares (the "**Series C Conversion Price**") shall initially be the Series C Issue Price per Ordinary Share. Such initial Series C Conversion Price shall be subject to adjustment as hereinafter provided. Nothing in this Article 15(a) shall limit the automatic conversion rights of Series C Shares described in Article 15(b) below.

(b) Automatic Conversion.

Each and all (but not partial) Preferred Shares shall automatically be converted into Ordinary Shares at the then effective Applicable Conversion Price upon the closing of a Company Qualified IPO or (ii) the written consent of holders of more than two thirds of the outstanding Preferred Shares (voting as a single class on an as-converted basis) including consent of holders of a majority of the outstanding Series C Shares. In the event of the automatic conversion of the Preferred Shares pursuant to the foregoing, the person(s) entitled to receive

the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until the Register of Members of the Company has been updated.

(c) Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective Series A Conversion Price, Series B Conversion Price or Series C Conversion Price, as the case may be.

(i) In the event of an optional conversion pursuant to Article 15(a), before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares and to receive certificates therefor, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Shares to be converted and shall give written notice to the Company at such office that the holder elects to convert the same. The Company shall promptly issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. Such conversion shall be effective as soon as the Register of Members of the Company has been updated.

(ii) In the event of an automatic conversion pursuant to Article 15(b), all holders of Preferred Shares to be automatically converted will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of a Company Qualified IPO be the latest practicable date immediately prior to the closing of a Company Qualified IPO) and the place designated for automatic conversion of all such Preferred Shares pursuant to this Article 15. Such notice shall be sent by overnight courier, postage prepaid, to each record holder of the applicable Preferred Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, each holder of the relevant Preferred Shares shall surrender his or its certificate or certificates for all such Preferred Shares to the Company at the place designated in such notice, and shall promptly receive certificates for the number of Ordinary Shares to which such holder is

entitled pursuant to this Article 15 and a cheque denominated in U.S. dollars payable to such holder in the amount of any cash amounts payable as a result of a conversion into fractional Ordinary Shares. On the date fixed for conversion, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to such Preferred Shares so converted will terminate, with the exception of the rights of the holders thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any accrued but unpaid dividends thereon. All certificates evidencing Preferred Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and cancelled and the Preferred Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date.

(iii) The Directors of the Company may effect such conversion in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and applying the proceeds thereof towards payment for the new Ordinary Shares. For purposes of the repurchase or redemption, the Directors may, subject to the Company being able to pay its debts in the ordinary course of business, make payments out of its capital.

(d) Reservation of Shares Issuable Upon Conversion. The Company shall at all times keep available out of its authorized but unissued Ordinary Shares solely for the purpose of effecting the conversion of the Preferred Shares such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.

ADJUSTMENTS TO CONVERSION PRICE

16. (a) Special Definitions. For purposes of this Article 16, the following definitionsshall apply:

(i) "**Options**" mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.

(ii) "**Convertible Securities**" shall mean any evidences of indebtedness, shares (other than the Preferred Shares) or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.

(iii) "**Additional Ordinary Shares**" shall mean all Ordinary Shares (including reissued shares) issued (or, pursuant to Article 16(c), deemed to be issued) by the Company after the Series C Original Issue Date, other than:

(A) Ordinary Shares issued upon conversion of the Preferred Shares authorized herein;

(B) up to 4,444,444 (as appropriately adjusted for share splits, share dividends (which is paid for the purpose of share split), combinations, recapitalizations and similar events) Ordinary Shares (and/or options or warrants therefor) (including any of such shares which are repurchased) issued to officers, directors, employees and consultants of the Company pursuant to a employee stock option plan or other arrangement to be approved by the Board (including the affirmative vote of a majority of the Preferred Directors, which majority includes at least one Series A Director, the Series B Director and the TBP Director) (the "**Option Plan**");

(C) as a dividend or distribution on Preferred Shares or any event for which adjustment is made pursuant to Article 16(f) or 16(g) hereof;

(D) any Equity Securities issued pursuant to the acquisition of another corporation or entity by the Company duly approved in accordance with Article 19 by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity;

(E) any Equity Securities issued pursuant to the transaction(s) of the Trade Sale duly approved in accordance with Article 19 hereof;

(F) any Equity Securities issued pursuant to a Company Qualified IPO;

(G) with respect to the Series A Conversion Price, any Equity Securities for which holders of at least two thirds of the outstanding Series A Shares have agreed in writing to waive the applicable adjustment to the Series A Conversion Price provided by Article 16(d) below;

(H) with respect to the Series B Conversion Price, any Equity Securities for which holders of at least two thirds of the outstanding Series B Shares have agreed in writing to waive the applicable adjustment to the Series B Conversion Price provided by Article 16(d) below; and

(I) with respect to the Series C Conversion Price, any Equity Securities for which holders of at least two thirds of the outstanding Series C Shares have agreed in writing to waive the applicable adjustment to the Series C Conversion Price provided by Article 16(d) below.

(b) No Adjustment of Conversion Price. No adjustment in any Applicable Conversion Price shall be made in respect of the issuance of Additional Ordinary Shares unless the consideration per Additional Ordinary Share (determined pursuant to Article 16(e) hereof) issued or deemed to be issued by the Company is less than such Applicable Conversion Price in effect on the date of and immediately prior to such issue.

(c) Deemed Issue of Additional Ordinary Shares. In the event the Company at any time or from time to time after the Series C Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class or series of shares entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to clause (ii) of this Article 16(c) below) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities or the exercise of such Options, shall be deemed to be Additional Ordinary Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that, with respect to any Applicable Conversion Price, Additional Ordinary Shares shall not be deemed to have been issued unless the consideration per Ordinary Share (determined pursuant to Article 16(e) hereof) of such Additional Ordinary Shares would be less than such Applicable Conversion Price then in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Ordinary Shares are deemed to be issued:

(i) no further adjustment in such Applicable Conversion Price shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or the conversion or exchange of such Convertible Securities;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, such Applicable Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, such Applicable Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(A) in the case of Convertible Securities or Options for Ordinary Shares, the only Additional Ordinary Shares issued were Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

(B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for

the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company (determined pursuant to Article 16(e) hereof) upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(iv) no readjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing such Applicable Conversion Price to an amount which exceeds the lower of (i) such Applicable Conversion Price on the original adjustment date, or (ii) such Applicable Conversion Price that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and

(v) in the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of such Applicable Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

(d) Adjustment of Applicable Conversion Price Upon Issuance of Additional Ordinary Shares below the Applicable Conversion Price. In the event that the Company shall issue any Additional Ordinary Shares (including those deemed to be issued pursuant to Article 16(c)) without consideration or for a consideration per Ordinary Share (net of any selling concessions, discounts or commissions) (on an as-converted basis) less than any Applicable Conversion Price (as adjusted from time to time) then in effect on the date of and immediately prior to such issuance, such Applicable Conversion Price shall be reduced, concurrently with such issuance, to a price (calculated to the nearest one hundredth (1/100) of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) / (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(i) CP2 shall mean the new Applicable Conversion Price in effect immediately after such issue of Additional Ordinary Shares;

(ii) CP1 shall mean the Applicable Conversion Price in effect immediately prior to such issue of Additional Ordinary Shares;

(iii) “A” shall mean the number of Ordinary Shares outstanding immediately prior to such issue of Additional Ordinary Shares, treating for this purpose as outstanding all Ordinary Shares issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of the Preferred Shares and other Convertible Securities outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue;

(iv) “B” shall mean the number of Ordinary Shares that would have been issued if such Additional Ordinary Shares had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP1); and

(v) “C” shall mean the number of such Additional Ordinary Shares issued in such transaction.

(e) Determination of Consideration. For purposes of this Article 16, the consideration received by the Company for the issue of any Additional Ordinary Shares shall be computed as follows:

(i) *Cash and Property.* Except as provided in clause (ii) below, such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends, and after any discounts, commissions or placement fees payable by the Company to any underwriter or placement agent in connection with the issuance of such Additional Ordinary Shares;

(B) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board (including six (6) directors out of a Board composed of eight (8) directors); provided, however, that no value shall be attributed to any services performed by any employee, officer or director of any Group Company; and

(C) in the event Additional Ordinary Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both such Additional Ordinary Shares and such other shares or securities or other assets, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board (including six (6) directors out of the Board composed of eight (8) directors).

(ii) *Options and Convertible Securities.* The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article 16(c), relating to Options and Convertible Securities, shall be determined by dividing

(x) the total amount, if any, received or receivable by the Company (net of any selling concessions, discounts or commissions) as consideration for the issue of such Options or Convertible Securities (determined in the manner described in clause (e)(i) above), plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a

subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(f) Adjustments for Shares Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event the outstanding Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Ordinary Shares or if there shall be any dividend or distribution of Ordinary Shares payable to the holders of Ordinary Shares which exceeds the number of Ordinary Shares otherwise receivable by such holders had such distribution been made to all members on pro rata basis, each Applicable Conversion Prices then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Ordinary Shares, each Applicable Conversion Prices then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(g) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Ordinary Shares then and in each such event provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received in connection with such event had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Article 16 with respect to the rights of the holders of the Preferred Shares.

(h) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then and in each

such event, provision shall be made so that upon conversion of any Preferred Share thereafter, the holder thereof shall receive the kind and amount of shares and other securities and property which such holder would have received in connection with such event had the relevant Preferred Shares been converted into Ordinary Shares immediately before such event, all subject to further adjustment as provided herein, or with respect to such other securities or property, in accordance with any terms applicable thereto.

(j) No Impairment. The Company will not, by amendment of its Memorandum and Articles of Association or through any reorganization, recapitalization, transfer of assets, consolidation, merger, amalgamation, scheme of arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of Article 16 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Preferred Shares against impairment.

(k) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Applicable Conversion Price pursuant to this Article 16, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the applicable Preferred Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Applicable Conversion Price, at the time in effect, and (iii) the number of Ordinary Shares and the type and amount, if any, of other property which would be received upon the conversion of the applicable Preferred Shares, after such adjustment or readjustment.

(l) Miscellaneous.

(i) All calculations under this Article 16 shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(ii) The holders of at least fifty percent (50%) of the outstanding Series A Shares or the holders of at least fifty percent (50%) of the outstanding Series B Shares or the holders of at least fifty percent (50%) of the outstanding Series C Shares shall each have the right to challenge any determination by the Board of fair value pursuant to this Article 16 if such determination is with respect to Series A Conversion Price adjustment or Series B Conversion Price adjustment or Series C Conversion Price adjustment, respectively, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging parties.

(iii) No adjustment in any Applicable Conversion Price need be made if such adjustment would result in a change in the Applicable Conversion Price of less than US$0.01. Any adjustment of less than US$0.01 which is not made shall be carried forward and shall

be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US$0.01 or more in such Applicable Conversion Price.

NOTICES OF RECORD DATE

17. Subject to and without prejudice to Article 19, in the event that the Company shall propose at any time:

(a) to declare any dividend or distribution upon its Ordinary Shares, whether in cash, property, shares or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(b) to offer for subscription pro rata to the holders of any class or series of its shares any additional shares of any class or series or other rights;

(c) to effect any reclassification or recapitalization of its Ordinary Shares outstanding involving a change in the Ordinary Shares; or

(d) to merge or consolidate with or into any other corporation, or sell, lease or convey all or substantially all its property or business, or to liquidate, dissolve or wind up, then, in connection with each such event, the Company shall send to the holders of the Preferred Shares:

(i) at least thirty (30) days' prior written notice of the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Ordinary Shares shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (c) and (d) above; and

(ii) in the case of the matters referred to in (c) and (d) above, at least thirty (30) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Ordinary Shares shall be entitled to exchange their Ordinary Shares for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be delivered in accordance with Article 121.

REDEMPTION RIGHTS

18 (a) Subject to Article 18(c), during a period of ten (10) years after the fourth year anniversary of the Series C Original Issue Date (the "**Redemption Period**"), the holders of a majority of the issued and outstanding Series C Shares (calculated on an as-converted basis) shall have the right to require the

Company to redeem, out of funds legally available, all (but not less than all) of the Series C Shares then issued and outstanding.

(b) The amount of consideration payable on each Series C Share then due to be redeemed (the "**Series C Redemption Price**") shall equal to, subject to adjustment for combinations, consolidations, subdivisions, share splits, share dividends or the like with respect to such share, the sum of:

(i) the Series C Share Issue Price; plus,

(ii) 8% compound interest per annum on the Series C Share Issue Price for each Series C Share as of the issuance date of the Redemption Notice (as defined below in Article 18(c); plus,

(iii) all accrued but unpaid dividends per Series C Share;

provided that if the holder of such Series C Share has obtained proceeds from any Trade Sale after the two-year anniversary of the Closing Date, the total Series C Redemption Price that such holder is entitled to shall be reduced by an amount equal to the aggregate amount of proceeds that such holder has obtained from the Trade Sales.

(c) Redemption of the Series C Shares shall only be effected by the holders of a majority of the issued and outstanding Series C Shares by giving the Company not less than ninety (90) days' written notice (the "**Redemption Notice**") on each anniversary date following the fourth year anniversary of the Series C Original Issue Date during the Redemption Period. The Redemption Notice shall specify the number of Series C Shares to be redeemed, the date of the redemption (the "**Redemption Date**"), which shall be no earlier than ninetieth (90th) day after issuance date of the Redemption Notice, and the place at which the certificates for the Series C Shares are to be presented for redemption.

(d) On the Redemption Date, all the holders of Series C Shares are bound to deliver to the Company at the place stated in the Redemption Notice the certificate or certificates for those shares to be redeemed (or, in the case of lost certificates, an indemnity in a form reasonably satisfactory to the Board). Upon receipt, the Company shall pay to each holder of the Series C Shares the Series C Redemption Price.

(e) If the number of Series C Shares which could be redeemed to the extent permitted by applicable law is less than the number of Series C Shares requested to be redeemed in the Redemption Notice, the Company shall redeem such number of the Series C Shares requested to be redeemed as permitted to the maximum extent by applicable law, and the unredeemed portion of Series C Shares shall be carried forward and redeemed as soon as the Company is permitted by applicable law to redeem such unredeemed portion of Series C Shares. If the Company does not have sufficient fund (for avoidance of doubt, including fund legally up-streamed from the PRC

Companies) to redeem all of the Series C Shares requested to be redeemed in the Redemption Notice, Series C Shares requested to be redeemed in the Redemption Notice shall be redeemed on a pro rata basis among the participating holders of Series C Shares. Any unpaid balance of the due and payable Series C Redemption Price to a holder of Series C Shares shall be paid in the form of a one-year promissory note to such holder, such note to bear interest at a compound rate of fourteen percent (14%) per annum calculated from the Redemption Date, prorated if repaid earlier than the one-year limit. After the date on which the entire Series C Redemption Price plus all interests accruing under the note as contemplated herein are paid in full, such Series C Shares shall not have any right to accrue dividends or to receive any other distribution, proceeds or payment from the Company, except for payment due under such note. From the Redemption Date to the date on which the entire Series C Redemption Price plus all interests accruing under the note as contemplated herein, are paid in full, the Company and the directors shall not declare any dividend or make any distribution of proceeds or payments to any shareholders.

(f) The redemption rights under this Article 18 shall terminate upon the earlier of the consummation of a Qualified IPO or the expiration of the Redemption Period.

PROTECTIVE PROVISIONS

19. (a) Acts of the Group Companies Requiring Approval of Series A Preferred Holders and Series B Preferred Holders. The Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Member shall permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of at least two thirds (2/3) of the voting power of the outstanding Series A Shares and Series B Shares (voting as a single class on an as-converted basis) in advance:

(i) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Shares or the Series B Shares;

(ii) any action that authorizes, creates or issues (A) any class or series of Equity Securities of any Group Company having rights, preferences, privileges or powers superior to or on a parity with the Series A Shares or the Series B Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise, or (B) any other Equity Securities of any Group Company except for the Conversion Shares;

(iii) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with the Series A Shares or the Series B Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise.

(b) Acts of the Group Companies Requiring Approval of Series C Preferred Holders. The Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Member shall permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of a majority of the voting power of the outstanding Series C Shares in advance:

(i) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series C Shares;

(ii) any action that authorizes, creates or issues (A) any class or series of Equity Securities of any Group Company having rights, preferences, privileges or powers superior to or on a parity with the Series C Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise or (B) any other Equity Securities of any Group Company except for the Conversion Shares;

(iii) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with the Series C Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise.

(c) Acts Requiring Approval of Holders of Preferred Shares. The Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Member shall permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of at least two thirds (2/3) of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis) in advance, including the approval of the holders of a majority of the voting power of the outstanding Series C Shares:

(i) any purchase, repurchase, redemption or retirements of any of the voting Equity Securities of any Group Company other than pursuant to

contractual rights to repurchase shares held by employees, directors or consultants of the Company or its Subsidiaries upon termination of their employment or services in accordance with the Option Plan or the Share Restriction Agreements, or pursuant to the exercise of a contractual right of first refusal held by such Group Company, if any;

(ii) any amendment or modification to or waiver under any of the Charter Documents of any Group Company, other than amendments to resolve any conflict or inconsistency with the Shareholders Agreement in accordance with the terms of the Shareholders Agreement;

(iii) any declaration, set aside or payment of a dividend or other distribution by any Group Company except for any distribution or dividend with respect to which the sole recipient of any proceeds therefrom is the Company;

(iv) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party;

(v) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any substantial part of the assets of any Group Company;

(vi) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or arrangement of any of the Group Companies under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, which is not resulted from or a part of the Trade Sale**,** or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;

(vii) any change of the size or composition of the board of directors of any Group Company other than changes pursuant to and in compliance with Article 101 hereof; or

(viii) any investment in, or divestiture or sale by any Group Company of an interest in a Subsidiary.

(d) Acts Requiring Supermajority Approval of Shareholders. The Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to any Trade Sale, and the Members shall not permit the Company or any other Group Company to take, permit to occur, approve, authorize, or agree or commit to any Trade Sale, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the

holders of at least sixty-seven percent (67%) of the voting power of all outstanding Shares of the Company (voting as a single class and calculated on an as-converted basis), which consent must include the written consent of holders of a majority of outstanding Preferred Shares (voting together as a single class and on an as-converted basis), the written consent of holders of a majority of outstanding Series C Shares, and the written consent of a majority of outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into).

(e) Acts Requiring Approval of Preferred Directors. The Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Members shall not permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved by a majority of the board of directors of such Group Company (which majority must include the approval of at least one Series A Director, the Series B Director and the TBP Director, or their respective equivalents at the board of such Group Company):

(i) incurrence of Indebtedness or guarantees of Indebtedness in excess of RMB500,000 by any Group Company individually or in the aggregate during any fiscal year;

(ii) the purchase or lease by any Group Company of any business and/or assets valued in excess of RMB1,000,000 individually during any fiscal year;

(iii) the investment by any Group Company in any other Person in excess of RMB500,000 individually or in the aggregate during any fiscal year;

(iv) the approval of, or any deviation from or amendment of, the annual budget of any Group Company;

(v) the adoption, amendment or termination of the Option Plan or any other equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies;

(vi) any loans to employees;

(vii) the appointment or removal of the Auditors or the auditors for any Group Company, or the change of the term of the fiscal year for any Group Company;

(viii) any public offering of any Equity Securities of any Group Company, other than a Qualified IPO;

(ix) any material change to the business scope, or nature of business of any Group Company, or cessation of any business line of any Group Company;

(x) any adoption of or change to, a significant tax or accounting practice or policy or any internal financial controls and authorization policies, or the making of any significant tax or accounting election;

(xi) any other material actions or transaction which is not within the ordinary course of business of any Group Company consistent with its past practice, which is beyond the business scope of applicable Group Company as set forth in the recitals of the Shareholders Agreement and the natural development, extension or derivative of the businesses under the aforesaid business scope; and

(xii) any entering into, restatement or amendment to agreements between either the PRC Companies or any other PRC entity and any PRC Subsidiary of the Company that provide contractual control to such PRC Subsidiary over the PRC Companies or such other PRC entity and therefore allow the Company to consolidate the financial statements of the PRC Company or such other PRC entity with those of the Company and to record on the books of the Company for financial reporting purposes.

(f) Acts Requiring Special Approval of the Board. Subject to Articles 19(a) to 19(e) hereof, unless approved by the Board of the Company with affirmative votes of at least six directors out of a Board composed of eight directors, the Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to, and the Members shall not permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, any action that authorizes, creates or issues any Equity Securities of any Group Company except for the Conversion Shares.

NON-RECOGNITION OF TRUSTS

20. No person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

21. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company’s lien (if any) thereon. The Company’s lien (if any) on a share shall extend to all dividends or other amounts payable in respect of that share.

22. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen days after a notice in writing has been given to the registered holder or holders for the time being of the shares, or the person, of which the Company has notice, entitled thereto by reason of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

23. To give effect to any such sale, the Directors may authorize any person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the sale or the exercise of the Company’s power of sale under these Articles.

24. The net proceeds of such sale after payment of costs shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALL ON SHARES

25. (a) Subject to the terms of the allotment the Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether in respect of par value or premium or otherwise), and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by installments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

(b) A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

(c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

26. If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest either wholly or in part.

27. An amount payable in respect of a share on allotment or at any fixed date, whether on account of the par value or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if such amount had become payable by virtue of a call duly made and notified.

28. The Directors may issue shares with different terms as to the amount and times of payment of calls or interest to be paid.

29. (a) The Directors may, if they think fit, receive from any Member willing to advance all or any part of the monies uncalled and unpaid upon any shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.

(b) No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

FORFEITURE OF SHARES

30. (a) If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen (14) days notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

(b) If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends or other monies declared payable in respect of the forfeited share and not paid before the forfeiture.

31. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors see fit.

32. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the shares.

33. A certificate in writing under the hand of one Director or the Secretary of the Company that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The certificate shall (subject to the execution of an instrument of transfer) constitute good title to the share and the person to whom the share is sold or disposed of shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

34. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

35. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.

36. (a) Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make some person nominated by him as the transferee, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be.

(b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

37. A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION,
ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE

38. (a) Subject to the provisions of the Statute and these Articles (in particular, Article 19), the Company may by Ordinary Resolution:

(i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value;

(iv) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

(b) All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

(c) Subject to the provisions of the Statute and these Articles (in particular, with respect to the variation of rights attached to a specific class or series of shares of the Company), the Company may by Special Resolution:

(i) change its name;

(ii) alter or add to these Articles;

(iii) alter or add to the Memorandum with respect to any objects, powers or

other matters specified therein; and

(iv) reduce its share capital and any capital redemption reserve fund.

(d) Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its registered office.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

39. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors of the Company may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case forty days. If the Register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such register shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

40. In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of Members and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.

41. If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETING

42. (a) Subject to Article 42(c) hereof, if so determined by the Directors, the Company shall hold its annual general meetings and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten o'clock in the morning.

(b) At these meetings the report of the Directors (if any) shall be presented.

(c) Unless required by the Statute, the Company may but shall not be obliged to hold an annual general meeting.

43. (a) The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of the deposit of the requisition not less than one-tenth (1/10) of the then outstanding Ordinary Shares (calculated on an as-converted basis) as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.

(b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

(c) If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves

convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said twenty-one (21) days.

(d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

44. At least twenty (20) days' notice shall be given for an annual general meeting or any other general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company; provided that a general meeting of the Company shall, whether or not the notice specified in this Article 44 has been given and whether or not the provisions regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and

(b) in the case of any other general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than eighty-one percent (81%) of the then outstanding share capital of the Company (voting together as a single

class and calculated on an as-converted basis).

45. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

46. (a) Subject to Article 48, no business shall be transacted at any general meeting unless a quorum of Members is present. The holders of (i) a majority of the aggregate voting power of all of the Ordinary Shares entitled to notice of and to attend and vote at such general meeting and (ii) the holders of a majority of the aggregate voting power of all the Preferred Shares (voting as a single class and on an as-converted basis) entitled to notice of and to attend and vote at such general meeting including the holders of a majority of the voting power of the Series C Shares, together, present in person or by proxy or if a company or other non-natural Person by its duly authorised representative, shall constitute a quorum; provided always that if the Company has one Member of record the quorum shall be that one Member present in person or by proxy.

(b) A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

47. A resolution in writing (in one or more counterparts) shall be as valid and effective as if the resolution had been passed at a duly convened and held general meeting of the Company if:

(a) in the case of a Special Resolution, it is signed by all Members required for such Special Resolution to be deemed effective under the Statute; or

(b) in the case of any resolution passed other than as a Special Resolution, it is signed by Members for the time being holding Shares carrying in aggregate not less than the minimum number of votes that would be necessary to authorize or take such action at a general meeting at which all Shares entitled to vote thereon were present and voted (calculated in accordance with Article 58) (or, being companies, signed by their duly authorised representative).

48. If a notice of a meeting has been duly delivered to all Members at least twenty days prior to the meeting in accordance with the notice procedures hereunder, and within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and the Company shall deliver notice thereof to all Members at least three business days prior to such adjourned meeting

in accordance with the notice procedures hereunder, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members (or their proxies) present shall be a quorum.

49. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.

50. If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.

51. The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the

meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

52. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the Chairman or any Member or Members present in person or by proxy collectively holding at least ten percent in nominal value of the shares entitled to attend and vote at the meeting.

53. Subject to the provisions of these Articles, unless a poll be so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

54. The demand for a poll may be withdrawn.

55. Subject to the provisions of these Articles, except on a poll demanded on the election of a Chairman or on a question of adjournment, a poll shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

56. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.

57. A poll demanded on the election of a Chairman or on a question of adjournment shall

be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs and any business other than that upon which a poll has been demanded or is contingent thereon may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

58. Except as otherwise required by law or as set forth herein, the holder of any Ordinary Shares issued and outstanding shall have one vote for each Ordinary Share held by such holder, and the holder of any Preferred Shares shall be entitled to the number of votes equal to the number of Ordinary Shares into which such Preferred Share could be converted at the record date for determination of the Members entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of Members is solicited, such votes to be counted together with all other shares of the Company having general voting power and as a class except as (i) provided otherwise in these Articles and (ii) as required by law. Holders of Ordinary Shares and Preferred Shares shall be entitled to notice of any Members' meeting in accordance with these Articles.

59. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

60. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

61. No Member shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class or series of shares unless he is registered as a Member of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

62. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.

63. On a poll or on a show of hands votes may be given either personally or by proxy.

PROXIES

64. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorized in that behalf. A proxy need not be a Member of the Company.

65. The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting provided that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex, cable or telecopy confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

66. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

67. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

CORPORATE MEMBERS

68. Any corporation or other non-natural person which is a Member of record of the Company may in accordance with its constitutional documents or in the absence of such provision by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class or series of Members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of record of the Company.

SHARES THAT MAY NOT BE VOTED

69. Shares in the Company that are beneficially owned by the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

DIRECTORS

70. The Board shall consist of eight (8) directors, with the composition of the Board determined as follows: (a) the holders of a majority of the voting power of the then outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into) (voting as a separate class) shall be exclusively entitled to appoint, replace and reappoint at any time or from time to time

three (3) directors on the Board, one of which shall be GUO Quji, (b) the holders of a majority of Series A Shares shall be entitled to appoint, replace and reappoint at any time or from time to time two (2) director (each, a **"Series A Director"**) on the Board, (c) the holder(s) of a majority of Series B Shares shall be entitled to appoint, replace and reappoint at any time or from time to time one (1) director (the **"Series B Director"**) on the Board, (d) TBP shall be exclusively entitled to appoint, replace and reappoint at any time or from time to time one (1) director (the **"TBP Director"**, together with Series A Director and Series B Director collectively, the "**Preferred Directors**") on the Board, as long as TBP or any of its parent corporation, subsidiary, its fund manager or other funds managed by its fund manager holds at least one percent (1%) outstanding shares of the Company (on an as-converted and fully-diluted basis), and (e) an additional director on the Board (the "**Other Director**") who shall initially be Liu Jun (□□); provided that any change of the Other Director shall require approval of the holders of at least sixty-seven percent (67%) of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis), and the candidate to the Other Director shall be nominated mutually by the holders of a majority of the voting power of the outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into) and the holders of at least ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting together as one class and on an as-converted basis), who shall be subject to the approval by the holders of 67% of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis). Each member of the Board has one vote at any Board meeting, provided that if there is a tie in a Board voting, GUO Quji shall cast two (2) votes to break the tie.

REMUNERATION OF DIRECTORS

71. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid their reasonable traveling, hotel and other expenses properly incurred by them in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

72. Subject to Article 19, the Directors may award special remuneration to any Director of the Company for any service other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

DIRECTORS' INTERESTS

73. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

74. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

75. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Member or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

76. No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid; provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.

77. A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the Directors or any committee thereof that a Director or alternate Director is a Member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

NO MINIMUM SHAREHOLDING

78. No shareholding qualification is required for Directors.

ALTERNATE DIRECTORS

79. Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him. An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his

absence. An alternate Director shall cease to be alternate Director if his appointor ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

POWERS AND DUTIES OF DIRECTORS

80. Subject to the provisions of the Statute, the Memorandum and the Articles (including Article 19) and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

81. Subject to Article 19, all cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

82. The Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

83. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

84. Subject to Article 19, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

DELEGATION OF DIRECTORS' POWERS

With respect to Articles 85-90, subject in each case to Article 19:

85. The Directors (acting as a Board) may delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him; provided that an alternate Director may not act as a managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.

86. The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine; provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

87. The Directors may appoint such officers as they consider necessary on such terms, at such remuneration as may be determined by the Directors and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors or Members.

88. The Directors may delegate any of their powers to any committee consisting of one or more Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

89. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

90. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents.

PROCEEDINGS OF DIRECTORS

91. The quorum necessary for the transaction of the business of the Directors shall be six (6) the directors then in office, provided that such quorum shall include at least one Series A Director, the Series B Director and the TBP Director. An alternate Director

or proxy appointed by a Director shall be counted in a quorum at a meeting if his appointor is not present. If a notice of a board meeting has been duly delivered to all directors at least seven (7) days prior to the meeting in accordance with the notice procedures hereunder, and within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the directors may determine, and the Company shall deliver a notice thereof to each director at least two (2) business days prior to such adjourned meeting in accordance with the notice procedures hereunder, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the adjourned meeting, any six (6) directors present shall be a quorum.

92. Except as otherwise provided by these Articles, the Directors may regulate their meetings as they think fit; provided however that the board meetings shall be held at least once every three (3) months, unless otherwise such board meeting has been waived by six (6) directors out of a Board composed of eight (8) directors, and that a written notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting shall be sent to all Directors entitled to receive notice of the meeting at least seven (7) days before the meeting and a copy of the minutes of the meeting shall be sent to such Persons at least three (3) days prior to the next regularly scheduled board meeting. Questions arising at any meeting shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote. In case of an equality of votes, the Chairman shall not have a second or casting vote.

93. A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least seven (7) days' notice in writing to every Director and alternate Director which notice shall set forth the time and place of the meeting and the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.

94. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

95. The Directors may elect a Chairman of their Board and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their members to be Chairman of the meeting.

96. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be

afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

97. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the Chairman of the meeting is at the start of the meeting.

98. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee of Directors, as the case may be, duly convened and held.

99. A Director, but not an alternate Director, may be represented at any meetings of the Board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the Director. The provisions of Articles 64-67 shall *mutatis mutandis* apply to the appointment of proxies by Directors.

VACATION OF OFFICE OF DIRECTOR

100. Subject to Article 101, the office of a Director shall be vacated:

(a) if he gives notice in writing to the Company that he resigns the offices of Directors;

(b) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) if he is found a lunatic or becomes of unsound mind.

Notwithstanding the foregoing, there shall be no vacancy for any directors of the Board which is caused by the removal of any director. Subject to Article 101 below, (i) upon retirement or resignation of a Director, the Member or a specified group of Members originally appointed such Director shall use its best efforts to designate a candidate to the Board to replace such Director within fifteen (15) days after the retirement or resignation of such Director, in accordance with the same procedures set forth in Article 70; (ii) the Member or Members shall not remove any director it/they originally appointed before designating a candidate to the Board to replace such director, in accordance with the same procedures set forth in this Agreement and the Memorandum and Articles. Notwithstanding anything to the contrary hereof, if there is any vacancy to the Board as a result of the retirement, resignation or removal of a

director, then to the extent such vacancy still exists, and further to the extent the required time limit for replacing such director as specified above does not expire (in case of retirement or resignation of a director), the Board with any such foregoing vacancy shall not pass or adopt any resolutions which will unfairly or adversely affect any underrepresented Member(s) of the Company who is entitled to appoint director(s) to the Board.

APPOINTMENT AND REMOVAL OF DIRECTORS

101. Any Director who shall have been elected by a Member or a specified group of Members may be removed during the aforesaid term of office, either for or without cause, by, and only by, the affirmative vote of such Member or such specified group, except for the Other Director who shall be only removed by the holders of at least sixty-seven percent (67%) of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis). Any vacancy in the Board of Directors caused as a result of such removal or one or more of the events set out in Article 100 of any such Director who shall have been elected by a Member or specified group of Members, may be filled by, and only by, the vote of such specified group given at a special meeting of such Members or by an action by written consent, unless otherwise agreed upon among such Members; provided that any replacement director shall be reasonably acceptable to the majority of the Board in good faith (whose consent shall not be unreasonably withheld or delayed), provided further that the said approval process by the majority of the Board shall in no event deprive a Member or specified group of Members of their right to appoint a replacement director in accordance with Article 70.

PRESUMPTION OF ASSENT

102. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SEAL

103. (a) The Company may, if the Directors so determine, have a Seal which shall, subject to paragraph (c) hereof, only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors, in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for the purpose.

(b) The Company may have a duplicate Seal or Seals each of which shall be a facsimile of the Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

(c) Subject to Article 19, a Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

104. Subject to Article 19, the Directors may appoint such officers of the Company as they consider necessary, all for such terms, at such remuneration to be determined by the Directors and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

105. (a) Subject to the Statute, Article 19 and consent of two thirds of the voting power of all outstanding Shares of the Company (voting as a single class and calculated on an as-converted basis), the Board (with consent of a majority of Directors) may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorize payment of the same out of the funds of the Company lawfully available therefor and in accordance with the provisions of this Article 105.

(b) Except for an Exempted Distribution, no dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to the Ordinary Shares at any time unless a distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each issued and outstanding Series C Share (calculated on an as-converted basis), such that the distribution declared, paid , set aside or made to the holder thereof shall be equal to the distribution that such holder would have received if such Series C Share had been converted into Ordinary Shares immediately prior to the record date for such distribution, or if no such record date is established, the date such distribution is made.

(c) Only after full payment of such dividend or distribution on the Series C Shares pursuant to Article 105(a) above, the holders of Series B Shares and Series A Shares shall be entitled to receive, prior to any holders of Ordinary Shares, such dividend or distribution on a pro rata and pari passu basis, such that the distribution declared, paid, set aside or made to the holder thereof shall be equal to the distribution that such holder would have received if such Series B Shares and Series A Shares had been converted into Ordinary Shares

immediately prior to the record date for such distribution, or if no such record date is established, the date such distribution is made.

(d) Only after full payment of such dividend or distribution on the Preferred Shares pursuant to Article 105(a) and Article 105(b) above, any additional dividend or distribution shall be paid among all holders of the Ordinary Shares.

106. The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

107. No dividend or distribution shall be payable except out of the profits of the Company, realized or unrealized, or out of the Share Premium Account or as otherwise permitted by the Statute.

108. Subject to the special rights of certain class or classes or series of shares as to dividends or distributions, if dividends or distributions are to be declared on a class or series of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class or series outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.

109. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

110. Subject to Article 19, the Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members on the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

111. Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.

112. No dividend or distribution shall bear interest against the Company.

CAPITALIZATION

113. Subject to these Articles (including Article 19), the Directors may capitalize any sum standing to the credit of any of the Company’s reserve accounts (including Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorize any person to enter on behalf of all of the Members interested into an agreement with

the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

114. The Directors shall cause proper books of account to be kept with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;

(b) all sales and purchases of goods by the Company;

(c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not 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 explain its transactions.

115. 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 not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or these Articles or authorized by the Directors or by the Company in general meeting.

116. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

117. Subject to Article 19, the Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.

118. The Directors may before the first annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the Members in general meeting in which case the Members at that meeting may appoint Auditors. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Directors.

119. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

120. Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.

NOTICES

121. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex, facsimile or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, shall be sent by next-day or second-day courier service.

122. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been received on the third business day following the day on which the notice was posted.

(b) Where a notice is sent by cable, telex, or facsimile, service of the notice shall be deemed to be effected by properly addressing, and sending such notice and shall be deemed to have been received on the same day that it was transmitted with transmission confirmation.

(c) Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it

was sent with delivery receipts, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

123. A notice may be given by the Company to the joint holders of record of a share by giving the notice to the joint holder first named on the Register of Members in respect of the share.

124. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

125. Notice of every general meeting shall be given in any manner hereinbefore authorized to every person shown as a Member in the Register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

WINDING UP

126. Subject to these Articles (including Article 127), 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 Statute, divide amongst the Members 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 or series of Members. 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 as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

LIQUIDATION PREFERENCE.

127. In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, distributions to the Members of the Company shall be made in the following manner (after satisfaction of all creditors' claims and claims that may be preferred by law):

(a) If the Valuation of the Company immediately prior to such liquidation, dissolution or winding up is at least US$300,000,000, the entire assets of the Company legally available for distribution to its Members shall be distributed to the holders of Series A Shares, Series B Shares, Series C Shares and Ordinary Shares on a pro rata basis, according to the relative number of Ordinary Shares held by each such holder (determined on an as if converted basis).

(b) If the Valuation of the Company immediately prior to such liquidation, dissolution or winding up is less than US$300,000,000, then:

(i) The holders of the Series C Shares shall be entitled to receive for each Series C Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of each other class or series of shares by reason of their ownership of such shares, the amount equal to 150% of the Series C Issue Price, plus all accrued or declared but unpaid dividends on such Series C Share (collectively, the "**Series C Preference Amount**"). If the assets and funds thus distributed among the holders of the Series C Shares shall be insufficient to permit the payment to such holders of the full Series C Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series C Shares in proportion to the aggregate Series C Preference Amount each such holder is otherwise entitled to receive.

(ii) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount have been distributed or paid in full to the holders of the Series C Shares pursuant to clause (b)(i) above, then the holders of the Series B Shares shall be entitled to receive for each Series B Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of each Series A Shares and Ordinary Shares by reason of their ownership of such shares, the amount equal to 100% of the Series B Issue Price, plus all accrued or declared but unpaid dividends on such Series B Share (collectively, the "**Series B Preference Amount**"). If the assets and funds thus distributed among the holders of the Series B Shares shall be insufficient to permit the payment to such holders of the full Series B Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B Shares in proportion to the aggregate Series B Preference Amount each such holder is otherwise entitled to receive.

(iii) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount and Series B Preference Amount have been distributed or paid in full to the holders of the Series C Shares and Series B Shares pursuant to clause (b)(i) and (b)(ii) above, then the holders of the Series A Shares shall be entitled to receive for each Series A Share held by such holder, on parity with each other and prior and in preference to

any distribution of any of the assets or surplus funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to 100% of the Series A Issue Price, plus all accrued or declared but unpaid dividends on such Series A Share (collectively, the "**Series A Preference Amount**"). If the assets and funds thus distributed among the holders of the Series A Shares shall be insufficient to permit the payment to such holders of the full Series A Preference Amount, then such assets and funds of the Company shall be distributed ratably among the holders of the Series A Shares in proportion to the aggregate Series A Preference Amount each such holder is otherwise entitled to receive.

(iv) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount, the aggregate Series B Preference Amount and the aggregate Series A Preference Amount have been distributed or paid in full to the applicable holders of Preferred Shares pursuant to clauses (b)(i), (b)(ii) and (b)(iii) above, the remaining assets of the Company available for distribution to the Members shall be distributed ratably among the holders of outstanding Ordinary Shares and Preferred Shares in proportion to the number of outstanding Ordinary Shares and Preferred Shares (calculated on an as-converted basis) held by them.

128. A Trade Sale (other than in a restructuring or reorganization transaction approved by the holders of ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting together as a single class and on an as-converted basis), and other than any such merger or consolidation compelled by any PRC governmental or regulatory agency or authority) shall be deemed to be a distribution event as a liquidation, dissolution or winding up of the Company, and any proceeds, whether in cash or properties, resulting from a Trade Sale shall be distributed as follows:

(a) If the Valuation of the Company immediately prior to such Trade Sale is at least US$300,000,000, the entire assets of the Company legally available for distribution to its Members shall be distributed to the holders of Series A Shares, Series B Shares, Series C Shares and Ordinary Shares on a pro rata basis(calculated on an as-converted basis).

(b) If the Valuation of the Company immediately prior to such Trade Sale is less than US$300,000,000, then:

(i) The holders of the Series C Shares shall be entitled to receive for each Series C Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of any other class or series of shares by reason of their ownership of such shares, the amount equal to the Series C Preference Amount. If the assets and funds thus distributed among the holders of the Series C Shares shall be insufficient to permit the payment to such holders of the full Series C Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be

distributed ratably among the holders of the Series C Shares in proportion to the aggregate Series C Preference Amount each such holder is otherwise entitled to receive.

(ii) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount has been distributed or paid in full to the holders of the Series C Shares pursuant to clause (i) above, the holders of the Series B Shares shall be entitled to receive for each Series B Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of any Series A Shares and Ordinary Shares by reason of their ownership of such shares, the amount equal to the Series B Preference Amount. If the assets and funds thus distributed among the holders of the Series B Shares shall be insufficient to permit the payment to such holders of the full Series B Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B Shares in proportion to the aggregate Series B Preference Amount each such holder is otherwise entitled to receive.

(iii) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount and the aggregate Series B Preference Amount have been distributed or paid in full to the holders of the Series B Shares pursuant to clause (i) and (ii) above, then the holders of the Series A Shares shall be entitled to receive for each Series A Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to the Series A Preference Amount. If the assets and funds thus distributed among the holders of the Series A Shares shall be insufficient to permit the payment to such holders of the full Series A Preference Amount, then such assets and funds of the Company shall be distributed ratably among the holders of the Series A Shares in proportion to the aggregate Series A Preference Amount each such holder is otherwise entitled to receive.

(iv) If there are any assets or surplus funds remaining after the aggregate Series C Preference Amount, the aggregate Series B Preference Amount and the aggregate Series A Preference Amount have been distributed or paid in full to the applicable holders of Preferred Shares pursuant to clauses (i), (ii) and (iii) above, the remaining assets of the Company available for distribution to the Members shall be distributed ratably among the holders of outstanding Ordinary Shares and Preferred Shares in proportion to the number of outstanding Ordinary Shares and Preferred Shares (calculated on an as-converted basis) held by them.

129. In the event the requirements of any of Articles 127 and 128 are not complied with, the Company shall forthwith either (i) cause the closing of the liquidation or the Trade Sale to be postponed until such time as the requirements of such Articles have been complied with, or (ii) cancel such transaction.

130. Notwithstanding any other provision of Article 127, and subject to any other applicable provisions of these Articles, the Company may at any time, out of funds legally available therefor, repurchase Ordinary Shares of the Company issued to or held by employees or officers of the Company or its subsidiaries at no more than cost upon termination of their employment or services pursuant to any agreement approved by the Directors and providing for such right of repurchase, whether or not dividends on the Preferred Shares shall have been declared and funds set aside therefor and such repurchases shall not be subject to the Series A Preference Amount or the Series B Preference Amount.

131. In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company or the Trade Sale, the value of the assets to be distributed to the Members shall be determined in good faith by the Board; provided that any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

(a) If traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;

(b) If traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

(c) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board;

provided further that the method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (a), (b) or (c) to reflect the fair market value thereof as determined in good faith by the Board. Regardless of the foregoing, the holders of ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class and on an as converted basis) shall have the right to challenge any determination by the Board of value pursuant to this Article 131, in which case the determination of value shall be made by an independent appraiser selected jointly by the Board and

the holders of ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class and on an as converted basis), and the cost of such appraisal to be borne by the Company.

INDEMNITY

132. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses that they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty, and no such Director or officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director or officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other Persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his or her office or trust unless the same shall happen through the fraud or dishonesty of such Director or officer or trustee. Except with respect to proceedings to enforce rights to indemnification pursuant to this Article, the Company shall indemnify any such indemnitee pursuant to this Article in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article 132 shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent provided by, and subject to the requirements of, applicable law, so long as the indemnitee agrees with the Company to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Article.

133. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall not be personally liable to the Company or its Members for monetary damages for breach of their duty in their respective offices, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty respectively.

FINANCIAL YEAR

134. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31 in each year and shall begin on January 1 in each year.

TRANSFER BY WAY OF CONTINUATION

135. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

Exhibit 4.1

Certificate No. No. of shares

Light In The Box Limited

INCORPORATED UNDER THE COMPANIES ORDINANCE OF HONG KONG AUTHORIZED CAPITAL: HK$10,000.00 divided into 10,000 shares of HK$1.00 each.

THIS IS TO CERTIFY that of is the Registered Holder of fully paid Share(s) of **H.K.$1.00** each numbered to inclusive in the above-named Company subject to the Memorandum and Articles of Association thereof.

GIVEN under the Common Seal of the said Company in Hong Kong, this day of 20 .

The common Seal of the Company is hereunto affixed in the presence of:

Director	*Director/Secretary*

N.B. — No transfer of any portion of the shares comprised in this Certificate can be registered unless accompanied by this Certificate.

Exhibit 4.4

EXECUTION

SERIES A PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES A PREFERRED SHARE PURCHASE AGREEMENT (the **"Agreement"**) is made and entered into as of April 8, 2008 by and among

1. Light In The Box Holding Co., Ltd., an exempted company organized under the laws of the Cayman Islands (the **"Company"**),

2. Light In The Box Limited, a company incorporated under the laws of Hong Kong Special Administrative Region of the People's Republic of China **("Hong Kong")** (the **"HK Subsidiary"**),

3. Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□□□□□□□□□□□), a company incorporated under the laws of the People's Republic of China (the **"PRC")** (the **"Domestic Enterprise"**),

4. Mr. Guo Quji (□□□), a PRC citizen whose identification card number is 510105197509100012,

5. Mr. Zhang Liang (□□), a PRC citizen whose identification card number is 610302197610292034,

6. Mr. Wen Xin (□□), a PRC citizen whose identification card number is 440301198004202314 (together with Mr. Guo Quji and Mr. Zhang Liang, the **"Founders"** and each, a **"Founder"**),

7. Mr. Liu Jun (□□), a PRC citizen whose identification card number is 310109197206254418,

8. Mr. Xu Xiaoping (□□□), a PRC citizen whose identification card number is 110108195605111817,

9. Mr. Chit Jeremy Chau, a permanent resident of Hong Kong whose passport number is HA0668315 (together with Mr. Liu Jun and Mr. Xu Xiaoping, the **"Angels"** and each, an **"Angel"**), and

10. Each person listed on Exhibit A hereto (each, an **"Investor"** and collectively, the **"Investors"**).

RECITALS

A. The Company is an exempted company established under the laws of the Cayman Islands on March 28, 2008.

B. The HK Subsidiary is a company limited by shares established under the laws of Hong Kong on June 13, 2007 and is engaged in the business of commercial wholesale, retail, product import, export and logistics.

C. The Domestic Enterprise is a limited liability company established on September 14, 2007 under the laws of the PRC. The Domestic Enterprise is engaged in the business of research, development, and sale of computer software, technology consulting and technology services.

D. Prior to the Closing, the HK Subsidiary will establish in the PRC a wholly-owned subsidiary as a foreign-invested commercial enterprise (a "**FICE**") to be engaged in the business of commercial wholesale, retail, product import, export and logistics.

E. The Company desires to issue and sell to the Investors and the Investors desire to purchase from the Company up to 10,000,000 Series A Shares (as defined below) pursuant to the terms and conditions set forth in this Agreement.

The Company, the HK Subsidiary and the Domestic Enterprise shall be referred to as the "**Group Companies**" collectively and each, a "**Group Company**".

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. AGREEMENT TO PURCHASE AND SELL SHARES

1.1. Authorization. As of the Closing (as defined below), the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of up to 10,000,000 Series A preferred shares, par value US$0.0001 per share, of the Company (the "**Series A Shares**") having the rights, preferences, privileges and restrictions as set forth in Amended and Restated Memorandum and Articles of Association of the Company attached hereto as Exhibit B, which shall have been adopted and filed with the Cayman Islands Registrar of Companies and remain the constitutional documents of the Company in effect as of the Closing (the "**Restated Articles**").

1.2. Agreement to Purchase and Sell Series A Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Investors, and each of the Investors hereby agrees to purchase from the Company, on the date of the Closing (as defined below), such number of Series A Shares set forth opposite such Investor's name under the caption "Number of Series A Shares" on Exhibit A, or an aggregate of 10,000,000 Series A Shares at the purchase price of US$0.50 per Series A Share (the "**Purchase Price**"), which consist of:

(i) with respect to cancellation of the indebtedness owed by the Company to the Investors for the bridge loan in the principal amount of US$1,000,000 (the "**Bridge Loan**") under that certain Convertible Promissory Notes dated April 8, 2008 issued by the Company to the Investors, an aggregate of 2,000,000 Series A Shares; and

(ii) with respect to cash payment of US$4,000,000 to the Company by the Investors, an aggregate of 8,000,000 Series A Shares.

1.3. The Series A Shares to be purchased and sold pursuant to this Agreement will be collectively hereinafter referred to as the "**Purchased Shares**" and the ordinary shares, par value US$0.0001 per share, of the Company (the "**Ordinary Shares**"), having the rights, preferences, privileges and restrictions as set forth in the Restated Articles, issuable upon conversion of the Purchased Shares will be collectively hereinafter referred to as the "**Conversion Shares**".

2. CLOSING; DELIVERY

2.1. Closing. Subject to the fulfillment of the conditions to Closing as set forth in Sections 6 and 7, the sale and purchase of the Purchased Shares shall be held at the offices of Hogan & Hartson LLP, Beijing, at 10 a.m. (Beijing time) on July 8, 2008, or at such other time and place as the Company and the Investors may mutually agree upon (the "**Closing**").

2.2. Deliveries by the Company at Closing. At the Closing, in addition to any items the delivery of which is made an express condition to the Investor's obligations at the Closing pursuant to Section 6, the Company shall deliver to each Investor (i) an updated register of members of the Company showing such Investor as the holder of the number of Purchased Shares as set forth opposite its name in Exhibit A hereto, certified by the Company's secretary, and (ii) a certificate issued in the name of such Investor evidencing the number of Purchased Shares purchase d by such Investor under this Agreement.

2.3. Deliveries by the Investors at Closing. At the Closing, subject to the fulfillment of all the conditions set forth in Section 6 below, the Investors shall pay the Purchase Price by i) wire transfer of US$4,000,000 of immediately available funds in U.S. dollars to an account designated by the Company, provided that wire transfer instructions shall be delivered to the Investors at least seven (7) business days prior to the Closing, and ii) cancellation of the indebtedness owed by the Company to the Investors for the Bridge Loan.

3. REPRESENTATIONS AND WARRANTIES OF GROUP COMPANIES AND FOUNDERS

Each of the Group Companies and Founders, jointly and severally, hereby represents and warrants to the Investors, except as set forth in the Disclosure Schedule (the "**Disclosure Schedule**") attached to this Agreement as Exhibit C (which Disclosure Schedule shall be deemed to be representations and warranties to the Investors), as of the date hereof and the date of the Closing (unless otherwise specified), as follows (in this Agreement, any reference to a party's "**knowledge**" means such party's actual knowledge after due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question):

3.l. Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a

party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a material adverse effect on the condition (financial or otherwise), assets relating to, or results of operation of or business (as presently conducted and proposed to be conducted) of any Group Company (a "**Material Adverse Effect**").

3.2. Capitalization.

(a) Company.

(1) At the date hereof, the authorized share capital of the Company is US$50,000 divided into 500,000,000 authorized ordinary shares with a nominal or par value of US$0.0001 each, one (1) of which is issued and outstanding.

(2) Immediately prior to the Closing, the authorized share capital of the Company is US$50,000 divided into (i) a total of 490,000,000 authorized Ordinary Shares, 24,072,645 of which are issued and outstanding, and (ii) a total of 10,000,000 authorized Series A Shares, none of which are issued and outstanding.

(3) Options, Warrants, Reserved Shares. Except for the conversion privileges of the Purchased Shares, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company. Except as noted in this Section 3.2, the rights provided in the Shareholders Agreement to be entered into at the Closing and attached hereto as Exhibit D (the "**Shareholders Agreement**"), no shares (including the Purchased Shares and the Conversion Shares) of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other person).

(b) HK Subsidiary. At the date hereof, the authorized share capital of the HK Subsidiary is HK$10,000, divided into 10,000 shares of HK$1.00 each, 100 of which are issued and outstanding and held by such Founders and Angels as set forth in Section 3.2(b) of the Disclosure Schedule (the "**HK Shareholders**"). Immediately prior to the Closing, the authorized share capital of the HK Subsidiary is HK$10,000, divided into 10,000 shares of HK$1.00 each, 100 of which are issued and outstanding and held by the Company. There are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the equity interests of the HK Subsidiary. Except as contemplated hereunder, no outstanding equity interests of the HK Subsidiary are subject to any preemptive rights, rights of first refusal or other rights to purchase such equity interests or any other rights with respect to such equity interests.

(c) Domestic Enterprise. Immediately prior to the Closing, the registered capital of the Domestic Enterprise is RMB300,000. There are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the equity interests of the Domestic Enterprise. No outstanding equity interests of the Domestic Enterprise are subject to any preemptive rights,

rights of first refusal or other rights to purchase such equity interests or any other rights with respect to such equity interests.

(d) Outstanding Security Holders. A complete and current list of all outstanding shareholders, option holders and other security holders of each Group Company as of the date hereof and immediately prior to the Closing is set forth in Section 3.2(d) of the Disclosure Schedule, indicating the type and number of shares, options or other securities held by each such shareholder, option holder or other security holder. All share capital or registered capital of each Group Company have been duly and validly issued (or subscribed for) and fully paid and are non-assessable. All share capital or registered capital of each Group Company are free and clear of any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge or other restriction or limitation (“**Liens**”) (except for any restrictions on transfer under applicable laws). No share capital or registered capital of any Group Company was issued or subscribed to in violation of the preemptive rights of any person, terms of any agreement or any laws, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in Section 3.2(d) of the Disclosure Schedule and as contemplated under the Transaction Documents (as defined below), (i) there are no resolutions pending to increase the share capital or registered capital of any Group Company; (ii) there are no outstanding contracts, agreements, or any other instruments under which any person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company; (iii) there are no dividends which have accrued or been declared but are unpaid by any Group Company; and (iv) there are no outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company. Except as contemplated hereby, the Company is not a party or subject to any agreement that affects or relates to the voting or giving of written consents with respect to any security of the Company.

3.3. Subsidiaries; Structure. Except the HK Subsidiary, the Company does not presently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Neither the HK Subsidiary nor the Domestic Enterprise has any subsidiaries, nor hold or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association or other entity, or maintain any offices or branches.

3.4. Due Authorization. All corporate action of each Group Company and their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all obligations of each Group Company under, this Agreement, the Shareholders Agreement, and any other agreements to which it is a party and the execution of which is contemplated hereunder (together with this Agreement and the Shareholders Agreement, the “**Transaction Documents**”), and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares being sold under this Agreement and of the Conversion Shares has been taken or will be taken prior to the Closing. Each Transaction Document is valid and binding upon each Group Company and each Founder, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally and to general equitable principles.

3.5. Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable.

(b) All outstanding share capital of the Company has been duly and validly issued, fully paid and nonassessable, and all outstanding shares, options, warrants and other securities of the Company will have been issued in full compliance with the requirements of all applicable securities laws and regulations. To the extent applicable, the registration and prospectus delivery requirements of the United States Securities Act of 1933, as amended (the “**Securities Act**”), or in compliance with applicable exemptions therefrom, and all other provisions of applicable securities laws and regulations.

3.6. Liabilities. None of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. None of the Group Companies is a guarantor or indemnitor of any indebtedness of any other person or entity.

3.7. Title to Properties and Assets. Each Group Company has good and marketable title to its properties and assets held in each case subject to no mortgage, pledge, lien, encumbrance, security interest or charge of any kind. With respect to the property and assets it leases, each Group Company is in compliance with such leases and such Group Company holds valid leasehold interests in such assets free of any liens, encumbrances, security interests or claims of any party other than the lessors of such property and assets.

3.8. Status of Proprietary Assets. For purpose of this Agreement, (i) “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, designs, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing; and (ii) “**Registered Intellectual Property**” means all Proprietary Assets of any Group Company, wherever located, that is the subject of an application, certificate, filing, registration or other document issued by, filed with or recorded by any government authority. Each Group Company (i) has independently developed and owns free and clear of all claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use all Proprietary Assets, including Registered Intellectual Property, necessary and appropriate for its business as now conducted and as proposed to be conducted and without any conflict with or infringement of the rights of others. Section 3.8 of the Disclosure Schedule contains a complete list of Proprietary Assets, including all Registered Intellectual Property, of each Group Company. There are no outstanding options, licenses, agreements or rights of any kind granted by any Group Company or any other party relating to any Group Company’s Proprietary Assets, nor is any Group Company bound by or a party to any options, licenses, agreements or rights of any kind with respect to the Proprietary Assets of any other person or entity, except, in either case, for standard end-user agreements with respect to commercially readily available intellectual

property such as “off the shelf” computer software. None of the Group Companies or the Founders has received any communications alleging that any Group Company has violated or, by conducting its business as proposed, would violate any Proprietary Assets of any other person or entity, nor, to the best knowledge of each Group Company and each Founder, is there any reasonable basis therefor. None of the Founders, or any of the current or former officers, employees or consultants of any Group Company (at the time of their employment or engagement by a Group Company) has entered into or is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or is subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his, her or its best efforts to promote the interests of such Group Company or that would conflict with the business of such Group Company as proposed to be conducted or that would prevent such officers, employees or consultants from assigning to such Group Company inventions conceived or reduced to practice in connection with services rendered to such Group Company. Neither the execution nor delivery of any Transaction Document, nor the carrying on of the business of any Group Company by its employees, nor the conduct of the business of any Group Company as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated.

3.9. Material Contracts and Obligations. All contracts, agreements, instruments, understandings, or proposed transactions to which any Group Company is a party or by which it is bound that (i) are material to the conduct and operations of its business and properties, (ii) involve any of its officers, consultants, directors, employees or shareholders, or (iii) obligate such Group Company to share, license or develop any product or technology (the “**Material Contracts**”) are listed in Section 3.9 of the Disclosure Schedule and have been made available for inspection by the Investors and their counsels. For purposes of this Section 3.9, “**material**” shall mean (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any Group Company, in excess of RMB200,000 or that extend for more than one year beyond the date of this Agreement, (ii) not terminable upon thirty (30) days notice without incurring any penalty or obligation, (iii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on any Group Company’s right to offer or sell products or services in specified areas, during specified periods, or otherwise, (iv) not in the ordinary course of business, (v) transferring or licensing any Proprietary Assets to or from any Group Company (other than licenses granted in the ordinary course of business or licenses from commercially readily available “off the shelf” computer software) or (vi) an agreement the termination of which would be reasonably likely to have a Material Adverse Effect. All the Material Agreements are valid, binding and enforceable obligations of the parties thereto and the terms thereof have been complied with by the relevant Group Company, and there are no circumstances likely to give rise to any breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notice of termination or of intention to terminate has been received in respect of any Material Contracts.

3.10. Litigation. There is no action, suit, proceeding, claim, arbitration or investigation (“**Action**”) pending or, to the knowledge of each Group Company and each Founder, currently threatened against any of the Group Companies, any Group Company’s activities, properties or assets or against any officer, director or employee of each Group Company in connection with such officer’s, director’s or employee’s relationship with, or

actions taken on behalf of such Group Company, or otherwise, nor is there any factual or legal basis for any such Action that is likely to result, individually or in the aggregate, in any material adverse change in the business, properties, assets, financial condition, affairs or prospects of any Group Company. By way of example, but not by way of limitation, there are no Actions pending against any of the Group Companies or threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. None of the Group Companies is a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality and there is no Action by any Group Company currently pending or which it intends to initiate.

3.11. Compliance with Laws; Consents and Permits.

(a) None of the Group Companies is in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof that are material to its business or assets. All consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings by or with any governmental authority and any third party which are required to be obtained or made by each Group Company and each Founder in connection with the consummation of the transactions contemplated hereunder shall have been obtained or made prior to and be effective as of the Closing. All applicable laws of the PRC with respect to the opening and operation of foreign exchange accounts and foreign exchange activities of the Group Companies, where applicable, have been and will continue to be fully complied with, and all requisite approvals including any from the PRC State Administration of Foreign Exchange **(“SAFE”)** or its local branches as the context may be, required under the SAFE Circular (as defined below) and other laws and regulations in relation thereto have been duly and lawfully obtained and are in full force and effect and there exist no grounds on which any such approval may be cancelled or revoked or any Group Company or its director or legal representative may be subject to liability or penalties for material misrepresentation or failure to disclose material information to the issuing SAFE authority. Each Founder and each Angel who is required to comply with the SAFE Circular has obtained registration with respect to their holding of any direct or indirect interest in any Group Company with SAFE in accordance with the SAFE Circular and other applicable laws of the PRC. For purpose of this Agreement, **“SAFE Circular”** shall mean the *SAFE Circular on Issues Relating to the Administration of Foreign Exchange of Company Financing through Offshore Special Purpose Vehicles and Round-Tripping Investment by PRC Resident* (□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□[□□□2005□75 □]) issued by SAFE with effect from November 1, 2005 and any subsequent implementation rules, regulations and other applicable laws of the PRC in force from time to time which operate to implement, enhance, restate, amend or repeal the aforesaid SAFE Circular or any part thereof.

(b) Based in part on the representations of the Investors set forth in Section 4 below, the offer, sale and issuance of the Purchased Shares in conformity with the terms of this Agreement are exempt from the registration and prospectus delivery requirements of the Securities Act and each other analogous provision of applicable securities law. Each Group Company has all franchises, permits, licenses and any similar authority necessary for the

conduct of its business as currently conducted and as proposed to be conducted. None of the Group Companies is in default under any of such franchises, permits, licenses or other similar authority.

3.12. Compliance with Other Instruments and Agreements. None of the Group Companies is in, nor shall the conduct of its business as currently or proposed to be conducted result in, violation, breach or default of any term of its constitutional documents (the “**Constitutional Documents**”), or of any

term or provision of any mortgage, indenture, contract, agreement or instrument to which any Group Company is a party or by which it may be bound (the "**Company Contracts**"), or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon any Group Company. None of the activities, agreements, commitments or rights of any Group Company is ultra vires or unauthorized. The execution, delivery and performance of and compliance with the Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under any Group Company's Constitutional Documents or any Company Contract, or a violation of any statutes, laws, regulations or orders, or an event which results in the creation of any lien, charge or encumbrance upon any asset of any Group Company.

3.13. Disclosure. As of the date hereof, each Group Company and each Founder have fully provided the Investors with all the information that the Investors have reasonably requested for deciding whether to purchase the Purchased Shares and all information that is reasonably necessary to enable the Investors to make such decision. No representation or warranty by the Group Companies or the Founders in this Agreement and no information or materials provided by the Group Companies or the Founders to the Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

3.14. Registration Rights. Except as provided in the Shareholders Agreement, the Company has not granted or agreed to grant any person or entity any registration rights (including piggyback registration rights) with respect to, nor is the Company obliged to list, any of the Company's securities (or the securities of any other Group Company) on any securities exchange. Except as contemplated under this Agreement and the Shareholders Agreement, there are no voting or similar agreements which relate to any of the Group Companies' securities.

3.15. Insurance. Each Group Company has obtained the insurance coverage of the same types and at the same coverage levels as other similarly situated companies.

3.16. Financial Statements. The Group Companies have delivered to the Investors unaudited balance sheets and income statements for the period ending on January 31 , 2008 (the foregoing financial statements and any notes thereto are hereinafter referred to as the "**Financial Statements**", and January 31, 2008, the "**Balance Sheet Date**"). Such Financial Statements (a) are in accordance with the books and records of such Group Company, (b) are true, correct and complete and present fairly the financial condition of such Group Company

at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (c) have been prepared in accordance with the generally accepted accounting principles of the United States or the PRC ("**US GAAP**" or "**PRC GAAP**") applied on a consistent basis, except as to the unaudited consolidated financial statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the respective balance sheets of the Financial Statements disclose all of such Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed in accordance with the US GAAP or the PRC GAAP, as applicable. Each Group Company has good and marketable title to all assets set forth on the balance sheets of the Financial Statements, except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date. Each Group Company maintains a standard system of accounting established and administered in accordance with generally accepted accounting principles.

3.17. Activities Since Balance Sheet Date. Since the Balance Sheet Date, except for the transactions as contemplated hereby or in the Assets Transfer Agreement, with respect to any Group Company, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;

(b) any material change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise;

(c) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operating results, prospects or business of such Group Company (as presently conducted and as presently proposed to be conducted);

(d) any waiver by such Group Company of a valuable right or of a material debt;

(e) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business that is not material to the assets, properties, financial condition, operating results or business of such Group Company;

(f) any material change or amendment to a Material Contract or arrangement by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;

(g) any material change in any compensation arrangement or agreement with any present or prospective employee, contractor or director;

(h) any sale, assignment or transfer of any Proprietary Assets of such Group Company;

(i) any resignation of or termination of employment with any Key Employee (as defined below);

(j) any mortgage, pledge, transfer of a security interest in, or lien created by, such Group Company or any Founder, with respect to any of such Group Company's properties or assets, except liens for taxes not yet due or payable;

(k) any debt, obligation, or liability incurred, assumed or guaranteed by such Group Company individually in excess of US$50,000 or in excess of US$100,000 in the aggregate except those incurred in the ordinary course of business and not exceeding such amount;

(l) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's share capital, or any direct or indirect redemption, purchase or other acquisition of any of such share capital by such Group Company;

(m) any failure to conduct business in the ordinary course, consistent with such Group Company's past practices;

(n) any transactions with any of its officers, directors or employees, or any members of their immediate families, or any entity controlled by any of such individuals;

(o) any other event or condition of any character which could reasonably be expected to have a Material Adverse Effect; or

(p) any agreement or commitment by any Group Company or any Founder to do any of the things described in this Section 3.17.

3.18. Tax Matters. There have been no examinations or audits of any tax returns or reports by any applicable governmental agency. Except as disclosed in Section 3.18 of the Disclosure Schedule, each Group Company has duly filed all tax returns required to have been filed by it and paid all taxes shown to be due on such returns. None of the Group Company is subject to any waivers of applicable statutes of limitations with respect to taxes for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any taxes, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations for such period.

3.19. Interested Party Transactions. Except as disclosed in Section 3.19 of the Disclosure Schedule, none of the Group Companies nor any shareholder, officer or director of any Group Company or any Affiliate or Associate of any such person has any agreement (whether oral or written), understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend

or guarantee credit) to any of such persons (other than for accrued salaries, reimbursable expenses or other standard employee benefits). No shareholder, officer or director of any Group Company or any Affiliate or Associate of any such person has any direct or indirect ownership interest in any firm or corporation with which any Group Company is affiliated or with which any Group Company has a business relationship, or any firm or corporation that competes with a Group Company. None of the Group Companies nor any shareholder, officer or director of any Group Company or any Affiliate or Associate of any such person is directly or indirectly interested in any Material Contract of a Group Company, nor has any of them had, either directly or indirectly, a material interest in: (a) any person which purchases from or sells, licenses or furnishes to a Group Company any goods, property, intellectual or other property rights or services; or (b) any contract or agreement to which a Group Company is a party or by which it may be bound or affected. For purpose of this Agreement, an "**Affiliate**" shall mean any individual, partnership, corporation, trust or other entity that directly or indirectly controls, or is controlled by, or is under common control with, such person, where control means the direct or indirect ownership of more than 50% of the outstanding shares or other ownership interests having ordinary voting power to elect directors or the equivalent and, in the case of any shareholder that is an investment fund or account (or a subsidiary of any such investment fund or account), and an "**Associate**" shall mean with respect to any person, (1) a corporation or organization (other than the Group Companies) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, or (3) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person.

3.20. Employee Matters. The Group Companies have complied in all material aspects with all applicable employment and labor laws. None of the Group Companies or Founders is aware that any Key Employee (as defined below) intends to terminate his or her employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any Key Employee. None of the Group Companies is a party to or bound by any currently effective incentive plan, profit sharing plan, retirement agreement or other employee compensation agreement.

3.21. Exempt Offering. The offer and sale of the Purchased Shares are exempt from the registration or qualification requirements of all applicable securities laws and regulations, and the issuance of Ordinary Shares upon conversion of the Purchased Shares in accordance with the Restated Articles, will be exempt from such registration or qualification requirements.

3.22. No Other Business.

(a) The Company was formed solely to acquire and hold equity interests in the HK Subsidiary and since its formation has not engaged in any business and has not incurred any liability in the course of its business of acquiring and holding its equity interest in the HK Subsidiary.

(b) The HK Subsidiary is engaged in the business of commercial wholesale, retail, product import, export and logistics and has no other business.

(c) The Domestic Enterprise is engaged solely in the business of research, development, and sale of computer software, technology consulting and technology services and has no other activities.

3.23. Minute Books. The minute books of each Group Company which have been made available to the Investors contain a complete summary of all meetings and actions taken by directors and shareholders or owners of such Group Company since its time of formation, and reflect all transactions referred to in such minutes accurately in all material respects.

3.24. Financial Advisor Fees. There exists no agreement or understanding between any Group Company or any of its affiliates and any investment bank or other financial advisor under which such Group Company may owe any brokerage, placement or other fees relating to the offer or sale of

the Purchased Shares.

3.25. Other Representations and Warranties Relating to the Domestic Enterprise.

(a) The Constitutional Documents, certificates, licenses and related contracts and agreements of the Domestic Enterprise are valid and have been duly approved or issued (as applicable) by competent PRC authorities.

(b) All consents, approvals, authorizations, licenses or permits required under PRC law for the due and proper establishment and operation of the Domestic Enterprise have been duly obtained from the relevant PRC authorities and are in full force and effect.

(c) All filings and registrations with the PRC authorities required in respect of the Domestic Enterprise and its operations, including but not limited to the registrations with the Ministry of Commerce, the State Administration of Industry and Commerce, the SAFE, tax bureau, customs authorities, and product registration authorities, where applicable, have been duly completed in accordance with the relevant rules and regulations.

(d) The capital and organizational structure of the Domestic Enterprise and the conduct by the Domestic Enterprise of its business set forth in the Recitals under such structure is valid and in full compliance with PRC laws.

(e) The registered capital of the Domestic Enterprise has been fully paid up.

(f) The Domestic Enterprise is not in receipt of any letter or notice from any relevant authority notifying revocation of any permits or licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. There are no options, warrants, preemptive rights, right of first refusal, or any other rights, contractual or otherwise, presently outstanding to purchase or acquire any equity interests in the Domestic Enterprise.

(g) The Domestic Enterprise has been conducting and will conduct its business activities within the permitted scope of business or is otherwise operating its business in full compliance with all relevant legal requirements and with all requisite licenses, permits and approvals granted by competent PRC authorities.

(h) In respect of approvals, licenses or permits requisite for the conduct of any part of the business of the Domestic Enterprise which are subject to periodic renewal, neither the Domestic Enterprise nor the Founders have any reason to believe that such requisite renewals will not be timely granted by the relevant PRC authorities.

(i) With regard to employment and staff or labor management, the Domestic Enterprise has complied with all applicable PRC laws and regulations in all material respects, including without limitation, laws and regulations pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions.

4. REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor, separately but not jointly, represents and warrants to the Company as follows:

4.1. Authorization. The Investor has all requisite power, authority and capacity to enter into this Agreement, and the Shareholders Agreement, and to perform its obligations hereunder and thereunder. This Agreement has been duly authorized, executed and delivered by the Investor. This Agreement and the Shareholders Agreement, when executed and delivered by the Investor, will constitute valid and legally binding obligations of the Investor, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.2. Accredited Investor. The Investor is an Accredited Investor within the definition set forth in Rule 501(a) under Regulation D of the Securities Act.

4.3. Purchase for Own Account. The number of Purchased Shares set forth opposite the name of the Investor and the corresponding number of Conversion Shares will be acquired for the Investor's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

4.4. Exempt from Registration; Restricted Securities. The Investor understands that the Purchased Shares and the Conversion Shares will not be registered under the Securities Act or registered or listed publicly pursuant to any other applicable securities laws and regulations, on the ground that the sale provided for in this Agreement is exempt from registration under the Act or the registration or listing requirements of any other applicable securities laws and regulations, and that the reliance of the Company on such exemption is predicated in part on the Investor's representations set forth in this Agreement. The Investor understands that the Purchased Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless

they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5. COVENANTS OF GROUP COMPANIES FOUNDERS AND ANGELS

Each of the Group Companies, Founders, and Angels, jointly and severally, covenants to the Investors as follows:

5.1. Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares (the "**Proceeds**") shall be used as investment capital of the HK Subsidiary and shall be subsequently used by the HK Subsidiary i) for purpose of its business expansion, capital

expenditures and general working capital needs, or ii) as capital contribution by the HK Subsidiary into the FICE for purpose of business expansion, capital expenditures and general working capital needs of the FICE. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company or its subsidiaries or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose without the prior consent of the Investors.

5.2. Business of the Group Companies. The business of each Group Company shall be restricted to those as described herein.

5.3. Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement. All employees of the Group Companies, including but not limited to the Founders and other key officers and employees of the Group Companies as set forth in Exhibit E hereto (the "**Key Employees**"), shall enter into an employment agreement and a confidentiality, non-compete and invention assignment agreement, or an employment agreement containing confidentiality, non-compete and invention assignment provisions, in form and substance as Exhibit F hereto(the "**Employment Agreement**").

5.4. Shareholders Agreement and Restricted Share Agreement. Each of the Group Companies and Founders shall execute and deliver the Shareholders Agreement and the Restricted Share Agreement substantially in the form attached hereto as Exhibit G (the "**Restricted Share Agreement**").

5.5. Transfer of Shares in HK Subsidiary.

(a) On the even date hereof, each HK Shareholder and the Company shall, and each other party to this Agreement (except the Investors) shall cause them to, enter into a share transfer agreement in form and substance satisfactory to the Investors (the "**HK Share Transfer Agreement**"), pursuant to which each such shareholder shall sell and transfer all of the outstanding shares of the HK Subsidiary to the Company so that the Company becomes the sole shareholder of the HK Subsidiary (the "**HK Share Transfer**").

(b) No later than ten (10) days following the date of the HK Share Transfer Agreement, each HK Shareholder and the Company shall, and each other party to this Agreement (except the Investors) shall cause them to, complete and obtain all necessary approvals, registrations or filings required by applicable laws with respect to the HK Share Transfer, including but not limited to file the updated register of members of the HK

Subsidiary bearing the Company as the sole shareholder of the HK Subsidiary with the Registrar of Companies in Hong Kong for registration, if required.

(c) Each of the Company, the HK Shareholders and the Investors hereby agree and acknowledge that, upon completion of the HK Share Transfer, all of the rights, obligations and liabilities of such HK Shareholder under the Deeds of Share Charge dated April 8, 2008 entered into by and among the HK Shareholders and the Investors (the "**Deed**") shall be fully assigned to and assumed by the Company, and the share charge under such Deed shall be entered into the register of mortgages and charges of the Company in the form required under Cayman Islands law.

5.6. Establishment of FICE and Restructuring.

(a) Prior to the Closing, the HK Subsidiary shall, and the Founders and the Company shall cause the HK Subsidiary to, establish the FICE in the form of a wholly foreign-owned enterprise pursuant to PRC law as soon as practicable upon the execution of this Agreement.

(b) No later than five (5) business days upon the establishment of the FICE and prior to the Closing, the Domestic Enterprise shall, and the Founders shall cause the Domestic Enterprise to, enter into an assets transfer agreement with the FICE and to consummate all the transactions contemplated thereunder so that all or substantially all of the assets of the Domestic Enterprise shall be transferred to the FICE at minimal cost of the FICE to the extent permitted by applicable law. The assets transfer agreement shall be entered into by and between the Domestic Enterprise and the FICE substantially in the form attached hereto as Exhibit H (the "**Assets Transfer Agreement**").

5.7. Composition of the Board. On or prior to the Closing, the board of directors of the Company shall be re-constituted to consist of five (5) members, two (2) of which shall be appointed by the Investors, and three (3) of which shall be appointed by the holders of a majority of Ordinary Shares, and the board of directors of each other Group Company (except the FICE) shall be re-constituted in a way so that such Group Company shall have the same number of directors as, and the Investors shall be entitled to appoint the same number of directors to such Group Company as they are entitled to appoint to the Company. On or prior to the Closing, the board of directors of the FICE shall be re-constituted in the same manner as the board of each other Group Company.

5.8. Articles of Association of HK Subsidiary and FICE. The articles of association of the HK Subsidiary and the articles of association of the FICE, shall be executed or modified, as applicable, and each be filed with the competent government authority having jurisdiction of such entity to include a provision of the composition and re-composition of their respective board of directors as set forth in Section 5.7 above and to include provisions substantially the same as Section 7 of the Shareholders Agreement.

5.9. Compliance.

(a) The Group Companies shall, and each Founder shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be

conducted in full compliance with all applicable laws on a continuing basis, including but not limited to the laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, telecommunication and e-commerce, intellectual property rights, labor and social welfare, and taxation.

(b) As soon as practicable after the date of this Agreement, if required by applicable PRC law, the Domestic Enterprise or any other affiliate of a Group Company, as applicable, shall apply with the competent authority of the PRC in charge of telecommunications and obtain the license

issued by such authority necessary for its conduct of value-added telecommunication business and the provision of internet information services in the PRC.

(c) Each Founder and each Angel shall, at their expenses, fully comply with all requirements of the PRC governmental authorities with respect to their direct or indirect holding of shares in the Group Companies, if applicable, on a continuing basis (including, but not limited to, all reporting obligations imposed by, and all consents, approvals and permits required under the SAFE Circular and other PRC governmental authorities in connection therewith).

5.10. ESOP. As and when approved by the board of directors of the Company (including the affirmative vote of the director appointed by the Investors according to the Shareholders Agreement), the Company may establish an employee stock option plan (the "**ESOP**") and to reserve up to that certain number of Ordinary Shares which equals to eight percent (8%) of all the outstanding share capital of the Company immediately upon the Closing (calculated on a fully-diluted basis and inclusive of the option shares under the ESOP) for the ESOP for the purpose of hiring new management and motivating employees of the Group Companies. The terms and conditions of the ESOP are subject to approval by the board of directors of the Company (including the affirmative vote of at least one director appointed by the Investors according to the Shareholders Agreement).

5.11. Obligations of Management; Non-Competition. Each Founder shall devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies; provided that, after the Closing, each Founder shall devote his full time and attention to the business of the HK Subsidiary and the FICE. Without the prior written consent of the Investors, none of the Founders shall, and shall cause his "Affiliate" or "Associate" (as those terms are defined in Rule 405 promulgated under the Act) not to, directly or indirectly, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the business of any Group Company or otherwise competes with the Group Companies (a "**Restricted Business**"); provided, however, that the restrictions contained in this Section 5.11 shall not restrict the acquisition by the Founders, directly or indirectly, of less than 2% of the outstanding share capital of any publicly traded company engaged in a Restricted Business.

5.12. Non-Competition of Angels. Each of the Angels, so long as he holds more than 5% of all the outstanding shares of the Company (on an as-converted basis) or has

access to proprietary or confidential information in relation to the financial or business operations of the Company, shall be subject to the same non-competition obligations as provided in Section 5.11 as if such Angel were a Founder thereunder.

5.13. Restriction on Share Transfer.

(a) None of the Founders shall sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Company' securities now held by such Founder or its Permitted Transferee to any person except with the prior written consent of the Investors holding at least a majority of the outstanding Series A Shares or in accordance with the terms and conditions of the Shareholders Agreement.

(b) Any attempt by a Founder to transfer any Company' securities in violation of this Section 5.13 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such shares without the prior written approval of the Company's board of directors.

5.14. Termination of Chit Jeremy Chau's Note. On or prior to the Closing, the HK Subsidiary and Chit Jeremy Chau shall terminate and cancel in its entirety the Memorandum of Terms for Private Placement of Convertible Promissory Notes of Light In the Box Limited dated as of June 21, 2007 by and between the HK Subsidiary and Chit Jeremy Chau (the "**Memorandum**"), and the HK Subsidiary shall be fully released and discharged from any obligations, liabilities, or any claims that Chit Jeremy Chau may have against it under the Memorandum.

5.15. Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any contract or commitment be entered into, in each case, prior to the Closing without the prior written consent of the Investors, except for carrying out their respective business in the same manner as heretofore and may pass resolutions and enter into contracts for so long as they are effected in the ordinary course of business.

If at any time before the Closing, any Group Company or any Founder comes to know of any material fact or event which:

(a) is in any way materially inconsistent with any of the representations and warranties given by any Group Company or any Founder,

(b) suggests that any material fact warranted may not be as warranted or may be materially misleading, or

(c) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which the Investors would be prepared to pay for the Purchased Shares,

such Group Company or Founder shall give immediate written notice thereof to the Investors in which event the Investors may within fourteen (14) business days of receiving

such notice terminate this Agreement by written notice without any penalty whatsoever and without prejudice to any rights that the Investors may have under this Agreement or applicable law.

6. CONDITIONS TO INVESTORS' OBLIGATIONS AT THE CLOSING.

The obligations of the Investors to purchase the Purchased Shares at the Closing are subject to the fulfillment, to the satisfaction of each Investor on or prior to each applicable closing, or waiver by such Investor, of the following conditions:

6.1. Representations and Warranties True and Correct. The representations and warranties made by the Group Companies and the Founders in Section 3 hereof shall be true and correct and complete when made, and shall be true and correct and complete as of the date of the Closing with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by this Agreement.

6.2. Performance of Obligations. Each of the Group Companies and the Founders shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

6.3. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the Investors, and the Investors shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

6.4. Compliance Certificate. At the Closing, each Group Company and each Founder shall deliver to the Investors a certificate, dated as of the Closing date, signed by each Founder and the director or legal representative of each Group Company, respectively, certifying that the conditions specified in Sections 6.1 and 6.2 have been fulfilled and stating that there shall have been no material adverse change in the business, affairs, prospects, operations, properties, assets or condition of any Group Company since the date of this Agreement.

6.5. Approvals, Consents and Waivers; Compliance. Each Group Company and each Founder shall have obtained any and all consents and waivers necessary for consummation of the transactions contemplated by the Transaction Documents and the Assets Transfer Agreement, including, but not limited to, (i) all consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings by or with any governmental authority and any third party, (ii) all other approvals, authorizations, consents, permits, filing, or registration of or with any governmental authority or regulatory body required by any applicable law in connection with the conduct of their respective business as now conducted and as proposed to be conducted, and (iii) the waiver by the existing shareholders of the Company of any anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing.

6.6. Completion of SAFE Registration; Compliance. Prior to the Closing, each Founder and each Angel shall have complied with the SAFE Circular and fully completed their reporting obligations thereunder with respect to their holding of shares direct or indirect holding of shares in the Group Companies, if applicable, and the Investors shall have been provided with proof reasonably satisfactory to the Investors of such compliance with the SAFE Circular. Each Group Company shall be have been in compliance with all applicable laws in connection with the conduct of their respective business, including but not limited to the laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, telecommunication and e-commerce, intellectual property rights, labor and social welfare, and taxation.

6.7. Securities Exemptions. The offer and sale of the Purchased Shares to the Investors pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities laws.

6.8. Execution and Delivery of Transaction Documents. Each Transaction Document shall have been duly executed and delivered by each party thereto (except the Investors).

6.9. Restated Articles Effective. The Restated Articles shall have been duly adopted by the Company by all necessary action of its shareholders, and shall have been duly filed with the Cayman Islands Registrar of Companies.

6.10. Termination of Chit Jeremy Chau's Note. On or prior to the Closing, the Memorandum by and between the HK Subsidiary and Chit Jeremy Chau (the "**Memorandum**") shall have been terminated and cancelled in its entirety, and the HK Subsidiary shall have been fully released and discharged from any obligations, liabilities, or any claims that Chit Jeremy Chau may have against it under the Memorandum.

6.11. Register of Members. The Investors shall have received a copy of the Company's register of members, certified by a director of the Company as true and complete as of the date of the Closing, updated to show each Investor as the holder of the number of Purchased Shares as set forth opposite its name in Exhibit A as of the Closing.

6.12. Board of Directors. At or prior to the Closing, the board of directors of each Group Company and the FICE shall have been composed or re-composed in accordance with Section 5.7 above.

6.13. Completion of Restructuring. The FICE shall have been duly established and a copy of its certificate of approval and business license shall have been provided to the Investors. The Assets Transfer Agreement shall have been duly executed and delivered by the relevant parties thereto and a copy of which shall have been provide to the Investors, and the Investors shall have been provided with proof reasonably satisfactory to the Investors that all the transactions contemplated under the Assets Transfer Agreement have been fully consummated by the parties thereto.

6.14. Articles of Association of HK Subsidiary and FICE. The articles of association of the HK Subsidiary and the FICE shall have been executed or modified, as

applicable, and filed with the competent government authority having jurisdiction or such entity in accordance with Section 5.8 hereof, and the Investors shall have been provided with the executed copy of such articles of association and proof reasonably satisfactory to the Investors of the filing thereof.

6.15. Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement. Each Key Employee shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions as described under Section 5.3.

6.16. Due Diligence. The Investors shall have completed their business, legal, financial due diligence investigation of the Group Companies to their reasonable satisfaction.

6.17. No Material Adverse Effect. There shall have been no Material Adverse Effect since the date of this Agreement.

6.18. Opinion of the Counsel. The Investors shall have received from each of the PRC, Hong Kong, and Cayman counsel to the Group Companies a legal opinion addressed to the Investors, dated as of the Closing date, in form and substance satisfactory to the Investors.

6.19. Transfer of Proprietary Assets. On or prior to the Closing, all Proprietary Assets necessary and appropriate for the business as now conducted and as proposed to be conducted by any Group Company shall have been transferred or assigned to a Group Company or the FICE to the satisfaction of the Investors and the Investors shall have been provided with a copy of each document evidencing the completion of such transfer or assignment.

7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company under this Agreement are subject to the fulfillment, to the satisfaction of the Company, at or before the Closing, or waiver by the Company, of the following conditions:

7.1. Representations and Warranties. The representations and warranties of the Investors contained in Section 4 hereof shall be true and correct as of the date of the Closing.

7.2. Performance of Obligations. Each Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions to be passed and executed by the Investors.

8. MISCELLANEOUS

8.1. Governing Law. This Agreement shall be governed by and construed exclusively in accordance the internal laws of the State of New York (as permitted by Section 5-1401 of the New York General Obligations Law or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties hereunder.

8.2. Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby.

8.3. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by the Investors without the written consent of the Company except to a parent corporation, a subsidiary, an affiliate, its fund manager or other funds managed by its fund manager. This Agreement and the rights and obligations therein may not be assigned by any Group Company or any Founder without the prior written consent of the Investors.

8.4. Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or related agreements shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

8.5. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit I hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit I; or (d) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit I with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.5 by giving, the other party written notice of the new address in the manner set forth above.

8.6. Amendments and Waivers. Any term of this Agreement may be amended only with the written consent of each Group Company, each Founder and each Investor (or its permitted assigns as set forth in Section 8.3).

8.7. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Group Company, any Founder, or any Investor, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such Group Company, Founder, or Investor nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any

kind or character on the part of any Group Company, any Founder, or any Investor of any breach of default under this Agreement or any waiver on the part of any Group Company, any Founder, or any Investor of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to the Group Companies, the Founders, and the Investors shall be cumulative and not alternative.

8.8. Finder's Fees. Except as disclosed in Section 3.24 of the Disclosure Schedule, each party represents and warrants to the other party hereto that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other party hereto from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying party or any of its employees or representatives are responsible.

8.9. Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement.

8.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

8.11. Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the parties' intent in entering into this Agreement.

8.12. Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement.

8.13. Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

8.14. Dispute Resolution. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties within thirty (30) days, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this subsection (b). The arbitration tribunal shall consist of three arbitrators to be appointed according to the UNCITRAL Rules. The language of the arbitration shall be English. The arbitration award shall be in writing and shall be final and binding upon the Parties. The prevailing party may apply to a court of competent jurisdiction for enforcement of such award. The Parties agree to waive any right of appeal against the arbitration award.

8.15 Expenses. All the due diligence and legal expenses incurred by Investors of up to US$50,000 in connection with the transactions hereunder shall be borne by the Company.

8.16. Termination. This Agreement may be terminated by the Investors on or after 270 days after the date of execution hereof, by written notice to the other parties hereto, if the Closing has not occurred on or prior to such date. Such termination under this Section 8.16 shall be without prejudice to any claims for damages or other remedies that the parties may have under this Agreement or applicable law.

[REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

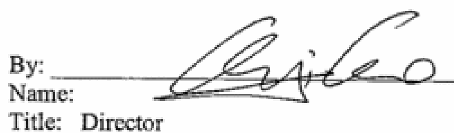
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LightInTheBox Holding Co., Ltd.

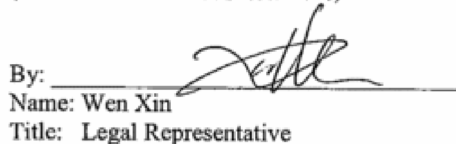
By: ______________________
Name:
Title: Director

LIGHT IN THE BOX LIMITED



By: ______________________
Name:
Title: Director

LANTING JISHI (BEIJING) TECHNOLOGY, CO., LTD.
(兰亭集势（北京）科技有限公司)

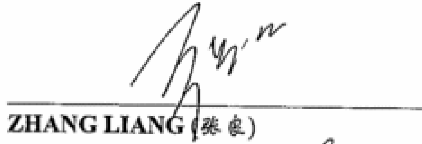


By: ______________________
Name: Wen Xin
Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

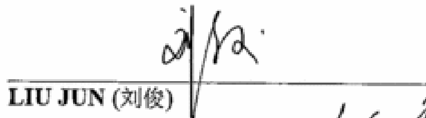
GUO QUJI (郭去疾)



ZHANG LIANG (张良)

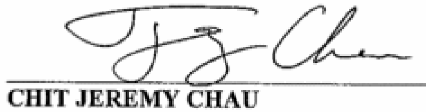
WEN XIN (文心)

ANGELS:



LIU JUN (刘俊)

XU XIAOPING (徐小平)



CHIT JEREMY CHAU

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

CEYUAN VENTURES II, L.P.

By: ______________________
Name:
Title:

CEYUAN VENTURES ADVISORS FUND II, LLC

By: ______________________
Name:
Title:

LIST OF EXHIBITS

Exhibit A	Schedule of Investors
Exhibit B	Form of Restated Articles
Exhibit C	Disclosure Schedule
Exhibit D	Form of Shareholders Agreement
Exhibit E	List of Key Employee
Exhibit F	Employment Agreement
Exhibit G	Form of Restricted Share Agreement
Exhibit H	Form of Assets Transfer Agreement
Exhibit I	Notices

EXHIBIT A

Schedule of Investors

Investors	Number of Purchased Shares	Purchase Price (US$) Cancellation of Loan	Purchase Price (US$) Cash	Purchase Price (US$) Total
Ceyuan Ventures II, L.P.	9,625,000	$ 962,500	$ 3,850,000	$ 4,812,500
Ceyuan Ventures Advisors Fund II, LLC.	375,000	$ 37,500	$ 150,000	$ 187,500
Total	10,000,000	$ 1,000,000	$ 4,000,000	**$ 5,000,000**

EXHIBIT B

Form of Restated Articles

EXHIBIT C

Disclosure Schedule

EXHIBIT D

Form of Shareholders Agreement

EXHIBIT E

List of Key Employees

- Mr. Guo Quji (□□□), a PRC citizen whose identification card number is 510105197509100012.
- Mr. Zhang Liang (□□), a PRC citizen whose identification card number is 610302197610292034, and
- Mr. Wen Xin (□□), a PRC citizen whose identification card number is 440301198004202314

EXHIBIT F

Form of Employment Agreement

EXHIBIT G

Form of Restricted Share Agreement

EXHIBIT H

Form of Assets Transfer Agreement

EXHIBIT I

Notices

If to the Group Companies, and/or Founders:

LightlnTheBox Holding Co., Ltd
Address: □□□□□□□□□□□□□ 16 □□□□□ 2 □□ 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist., Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: □□

Light In The Box Limited
Address: □□□□□□□□□□□□□ 16 □□□□□ 2 □□ 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist., Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: □□

Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□□□□□□□□□□□□□)
Address: □□□□□□□□□□□□□ 16 □□□□□ 2 □□ 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist., Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: □□

GUO QUJI (□□□)
Address: □□□□□□□□□□□□□□ 18 □ 1 □□ 201
Tel: 13911526695
Attention: □□□

ZHANG LIANG (□□)
Address: □□□□□□□□□□□□□□□□□□□ 717 □
Tel: 010-66062647
Fax: 010-66062719
Attention: □□

WEN XIN (□□)
Address: □□□□□□□□□□□□□□□ 4 □□ 9E
Tel: 010-85624369
Fax: 010-85624369

Attention: □□

If to the Angels:

LIU JUN (□□)
Address: □□□□□□□□□□□□□ 8 □□ 1 □ 1B
Tel: 010-51650018
Fax: 010-88898602
Attention: □□

XU XIAOPING (□□□)
Address: □□□□□□□□□□□□□ 6 □□□□□ 1 □□ 21C
Tel: 010-65306250
Attention: □□□

CHIT JEREMY CHAU
Address: 66/F, Unit C, the Victoria Towers Tower 3, 188 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong
□□□□□□□□ 188 □; □□□ 3 □ 66/F C □
Tel: 15910601640
Attention: CHIT JEREMY CHAU

If to the Investors:

Address: Ceyuan Ventures II, L.P. / Ceyuan Ventures Advisors Fund II, LLC
No. 35 Qinlao Hutong
Dongcheng District, Beijing
PRC 100009
Fax: 86-10-8402 0555
Attention: Mr. Zhao Weiguo

Exhibit 4.5

EXECUTION

AMENDMENT TO SERIES A PREFERRED SHARE PURCHASE AGREEMENT

THIS AMENDMENT TO SERIES A PREFERRED SHARE PURCHASE AGREEMENT (this **"Amendment")** is made as of September 1, 2008 by and among

1. Light In The Box Holding Co., Ltd., an exempted company organized under the laws of the Cayman Islands (the **"Company"),**

2. Light In The Box Limited, a company incorporated under the laws of Hong Kong Special Administrative Region of the People's Republic of China **("Hong Kong")** (the **"HK Subsidiary"),**

3. Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□□□□□□□□□□□), a company incorporated under the laws of the People's Republic of China (the **"PRC")** (the **"Domestic Enterprise"),**

4. Mr. Guo Quji (□□□), a PRC citizen whose identification card number is 510105197509100012,

5. Mr. Zhang Liang (□□), a PRC citizen whose identification card number is 610302197610292034,

6. Mr. Wen Xin (□□), a PRC citizen whose identification card number is 440301198004202314 (together with Mr. Guo Quji and Mr. Zhang Liang, the **"Founders"** and each, a **"Founder"),**

7. Mr. Liu Jun (□□), a PRC citizen whose identification card number is 310109197206254418,

8. Mr. Xu Xiaoping (□□□), a PRC citizen whose identification card number is 110108195605111817,

9. Mr. Chit Jeremy Chau, a permanent resident of Hong Kong whose passport number is HA0668315 (together with Mr. Liu Jun and Mr. Xu Xiaoping, the **"Angels"** and each, an **"Angel"),**

10. Ceyuan Ventures II, L.P., an exempted limited partnership organized and existing under the laws of Cayman Islands with its registered office at c/o M&C Corporate Services, Ugland House, P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies, and

11. Ceyuan Ventures Advisors Fund II, LLC., an exempted company organized and existing under the laws of Cayman Islands with its registered office at c/o M&C Corporate Services, Ugland House, P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies (together with Ceyuan Ventures II, L.P., the **"Investors"** and each, an **"Investor").**

RECITALS:

(A) The parties hereto have entered into that certain Series A Preferred Share Purchase Agreement dated as of April 8, 2008 (the **"Purchase Agreement").**

(B) The parties desire to enter into this Amendment to amend certain terms of the Purchase Agreement in accordance with the provisions of the Purchase Agreement.

---

1. Defined Terms. For purposes of this Amendment, capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement (as amended hereby).

2. Amendments.

2.1. Section 1.2 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following new Section 1.2, which shall read as follows:

"1.2. Agreement to Purchase and Sell Series A Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Investors, and each of the Investors hereby agrees to purchase from the Company, on the date of the Closing (as defined below), such number of Series A Shares set forth opposite such Investor's name under the caption "Number of Series A Shares" on Exhibit A, or an aggregate of 10,000,000 Series A Shares at the purchase price of US$0.50 per Series A Share (the "**Purchase Price**"), which consist of:

(i) with respect to cancellation of the indebtedness owed by the Company to the Investors for the bridge loan in the principal amount of US$1,000,000 (the "**First Bridge Loan**") under that certain Convertible Promissory Notes dated April 8, 2008 issued by the Company to the Investors, an aggregate of 2,000,000 Series A Shares;

(ii) with respect to cancellation of the indebtedness owed by the Company to the Investors for the bridge loan in the principal amount of US$1,000,000 (the "**Second Bridge Loan**") under that certain Convertible Promissory Notes dated September 1, 2008 issued by the Company to the Investors, an aggregate of 2,000,000 Series A Shares; and

(ii) with respect to cash payment of US$3,000,000 to the Company by the Investors, an aggregate of 6,000,000 Series A Shares."

2.2. Section 2.3 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following new Section 2.3, which shall read as follows:

"2.3. Deliveries by the Investors at Closing. At the Closing, subject to the fulfillment of all the conditions set forth in Section 6 below, the Investors shall pay the Purchase Price by i) wire transfer of US$3,000,000 of immediately available funds in U.S. dollars to an account designated by the Company, provided that wire transfer instructions shall be delivered to the Investors at least seven (7) business days prior to the Closing, and ii) cancellation of the indebtedness owed by the Company to the Investors for the First Bridge Loan and the Second Bridge Loan."

2.3. Exhibit A of the Purchase Agreement is hereby deleted in its entirety and replaced with the new Exhibit A attached hereto.

3. Other Provisions. All other provisions of the Purchase Agreement shall remain in full force and effect, shall continue to be binding on the parties hereto and are in all respects ratified and confirmed hereby.

4. Governing Law. This Amendment shall be governed by and construed exclusively in accordance the internal laws of the State of New York (as permitted by Section 5-1401 of the New York General Obligations Law or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties hereunder.

5. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

GROUP COMPANIES:

LightInTheBox Holding Co., Ltd.

By: ______________________

Name: Chit Jeremy Chau

Title: Director

LIGHT IN THE BOX LIMITED

By: ______________________

Name:

Title: Director

LANTING JISHI (BEIJING) TECHNOLOGY. CO., LTD.
(兰亭集势（北京）科技有限公司)

By: ______________________

Name: Wen Xin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

GROUP COMPANIES:

LightInTheBox Holding Co., Ltd.

By: ______________________________

Name:

Title: Director

LIGHT IN THE BOX LIMITED

By:

Name: Quji Guo

Title: Director

LANTING JISHI (BEIJING) TECHNOLOGY, CO., LTD.
(兰亭集势（北京）科技有限公司)

By: ______________________________
Name: Wen Xin
Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

GROUP COMPANIES:

LightInTheBox Holding Co., Ltd.

By: ______________________________

Name:

Title: Director

LIGHT IN THE BOX LIMITED

By: ______________________________

Name:

Title: Director

LANTING JISHI (BEIJING) TECHNOLOGY, CO., LTD.
(兰亭集势（北京）科技有限公司)

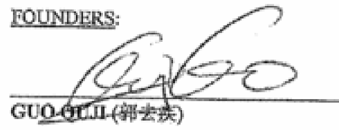
By: ______________________________

Name: Wen Xin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

FOUNDERS:



GUO QUJI (郭去疾)

ZHANG LIANG (张良)

WEN XIN (文心)

ANGELS:

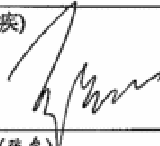
LIU JUN (刘俊)

XU XIAOPING (徐小平)

CHIT JEREMY CHAU

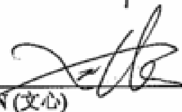
IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

FOUNDERS:



GUO QUJI (郭去疾)

ZHANG LIANG (张亮)



WEN XIN (文心)

ANGELS:

LIU JUN (刘俊)

XU XIAOPING (徐小平)

CHIT JEREMY CHAU

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

FOUNDERS:

GUO QUJI (郭去疾)

ZHANG LIANG (张良)

WEN XIN (文心)

ANGELS:

LIU JUN (刘俊)

XU XIAOPING (徐小平)

CHIT JEREMY CHAU

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

ANGELS:

____
LIU JUN (刘俊)

____
XU XIAOPING (徐小平)

____
CHIT JEREMY CHAU

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

FOUNDERS:

GUO QUJI (郭去疾)

ZHANG LIANG (张亮)

WEN XIN (文心)

ANGELS:

LIU JUN (刘俊)

XU XIAOPING (徐小平)

CHIT JEREMY CHAU

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date herein above first written.

INVESTORS:

CEYUAN VENTURES II, L.P.

By: ____________________

Name:

Title:

CEYUAN VENTURES ADVISORS FUND II, LLC

By: ____________________

Name:

Title:

EXHIBIT A

Schedule of Investors

Investors	Number of Purchased Shares	Purchase Price (US$) Cancellation of First Bridge Loan	Cancellation of Second Bridge Loan	Cash	Total
Ceyuan Ventures II, L.P.	9,625,000	$ 962,500	$ 962,500	$ 2,887,500	$ 4,812,500
Ceyuan Ventures Advisors Fund II, LLC.	375,000	$ 37,500	$ 37,500	$ 112,500	$ 187,500
Total	10,000,000	$ 1,000,000	$ 1,000,000	$ 3,000,000	**$ 5,000,000**

Exhibit 4.6

Execution Copy

SERIES B PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES B PREFERRED SHARE PURCHASE AGREEMENT (this **"Agreement"**) is made and entered into on June 26, 2009 by and among:

1. Light In The Box Holding Co., Ltd., an exempted company organized under the Laws of the Cayman Islands (the **"Company")**,

2. Light In The Box Limited, a company limited by shares incorporated under the Laws of Hong Kong Special Administrative Region of the People's Republic of China **("Hong Kong")** (the **"HK Subsidiary")**,

3. Lanting Jishi Trade (Shenzhen) Co. Ltd. (□□□□□□□□□□□□□□), a foreign invested commercial enterprise incorporated under the Laws of the PRC (the **"FICE"),**

4. Each of the individuals and their respective holding company listed on Schedule I attached hereto (each such individual, a **"Founder"** and collectively, the **"Founders",** each such holding company, a **"Founder Holding Entity"** and collectively, the **"Founder Holding Entities");** and

5. Each Person listed on Schedule II hereto (each, an **"Investor"** and collectively, the **"Investors").**

Each of the parties listed above is referred to herein individually as a **"Party"** and collectively as the **"Parties".**

RECITALS

A. The Company holds 100% equity interest of the HK Subsidiary which owns 100% registered capital of FICE which in turn Controls Shenzhen Lanting Huitong Technologies, Co., Ltd. (the **"Shenzhen Lanting")** by a Captive Structure.

B. The HK Subsidiary is engaged in the business of commercial wholesale, retail, product import, export and logistics, operation of the website of www.lightinthebox.com. The FICE is engaged in the business of commercial wholesale, retail, commission-agency, product import, export and logistics and the Shenzhen Lanting is engaged in the business of development of software and network system platform and consulting services with respect to computer technologies. The Company seeks expansion capital to grow the Business (as defined below) and, correspondingly, seeks to secure an investment from the Investors, on the terms and conditions set forth herein.

C. The Investors wish to invest in the Company by subscribing for 17,522,725 Series B Preferred Shares (as defined below), to be issued by the Company in aggregate pursuant to the terms and subject to the conditions of this Agreement.

D. The Company wishes to issue and sell 17,522,725 Series B Preferred Shares to the Investors in aggregate pursuant to the terms and subject to the conditions of this Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein in connection with the issuance and sale of the Series B Preferred Shares.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

"Action" means any notice, charge, claim, action, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, whether at Law or in equity, and whether or not before any mediator, arbitrator or Governmental Authority.

"Affiliate" means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. In the case of an Investor, the term "Affiliate" also includes (v) any shareholder of the Investor, (w) any of such shareholder's or Investors' general partners or limited partners, (x) the fund manager managing such shareholder or Investor (and general partners, limited partners and officers thereof) and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

"Ancillary Agreements" means, collectively, the Shareholders Agreement, the Right of First Refusal & Co-Sale Agreement, the Restricted Share Agreement, the Management Rights Letter and the Indemnification Agreements, each as defined herein.

"Angels" means collectively, Mr. Liu Jun (□□), a PRC citizen whose identification card number is 310109197206254418, Mr. Xu Xiaoping (□□□), a Canadian whose passport number is BA487004, and Mr. Chit Jeremy Chau, a permanent resident of Hong Kong whose passport number is HA0668315.

"Asset Transfer Agreements" means that certain Assets Transfer Agreement (□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, and the Assets Transfer Agreement (□□□□□□) entered into by and between Beijing Lanting and the FICE dated as of October 23, 2008.

“Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of Equity Securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

“Beijing Lanting” means Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□□□□□□□□□□□), a company incorporated under the Laws of the PRC.

“Benefit Plan” means any deferred compensation Contract, bonus plan, incentive plan, profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any employee, officer, consultant, and/or director of a Person or with respect to which contributions are or have been made on account of an employee, officer, consultant, and/or director of such a Person.

“Board” or **“Board of Directors”** means the board of directors of the Company.

“Business” means the business conducted by the HK Subsidiary as set forth in the Recitals.

“Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC.

“Captive Structure” means the structure under which the FICE Controls the Shenzhen Lanting through the Control Documents.

“Ceyuan” means Ceyuan Ventures II, L.P. and/or Ceyuan Ventures Advisors Fund II, LLC.

“CFC” means a controlled foreign corporation as defined in the Code.

“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Registered IP” means all Intellectual Property for which registrations have been obtained throughout the world (and all applications for, or extensions or reissues of, any of the foregoing throughout the world) that are owned by, or registered or applied for in the name of, any Group Company.

“Consent” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“Contract” means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, purchasing arrangement and other legally binding arrangement, whether written or oral.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement (□□□□□□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (ii) Business Operation Agreement (□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (iii) Share Disposal Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008, and (iv) Share Pledge Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008.

“Conversion Shares” means Ordinary Shares issuable upon conversion of any Shares.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

“FCPA” means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

“Governmental Authority” means any government of any nation or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"Governmental Order" means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

"**Group Company**" means each of the Company, the HK Subsidiary, Shenzhen Lanting, and the FICE, together with each Subsidiary of any of the foregoing, except for Beijing Lanting, and "**Group**" refers to all of Group Companies collectively.

"**Indemnifiable Loss**" means, with respect to any Person, any action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Person, including without limitation, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Person by reason of the indemnification.

"**Intellectual Property**" means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author's rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing.

"**Knowledge**" means, with respect to the Warrantors, the actual knowledge of any of the Founders, and that knowledge which should have been acquired by each such individual after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due inquiry of all officers, directors (excluding the directors appointed by Ceyuan), employees, consultants and professional advisers (including attorneys, accountants and auditors) of the Group and of its Affiliates who could reasonably be expected to have knowledge of the matters in question, and where any statement in the representations and warranties hereunder is expressed to be given or made to a Person's Knowledge, or so far as a party is aware, or is qualified in some other manner having a similar effect, the statement shall be deemed to be supplemented by the additional statement that such party has made such due inquiry and due diligence.

"**Law**" or "**Laws**" means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

"**Liabilities**" means, with respect to any Person, all liabilities, obligations and

commitments of such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

"**Lien**" means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

"**Management Rights Letter**" means the Management Rights Letter issued by the Company to GSR Ventures III L.P. and Ceyuan on or prior to the Closing, in the form attached hereto as Exhibit A.

"**Material Adverse Effect**" means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group taken as a whole, (ii) material impairment of the ability of any party (other than the Investors) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any party hereto or thereto (other than the Investors).

"**Memorandum and Articles**" means the amended and restated memorandum of association of the Company and the amended and restated articles of association of the Company attached hereto as Exhibits B-1 and Exhibit B-2, respectively, to be adopted in accordance with applicable Law on or before the Closing.

"**MOFCOM**" means the Ministry of Commerce or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.

"**Notice 106**" means the Implementing Rules for Circular 75 issued by SAFE on May 31, 2007.

"**Order No. 10**" means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors [«□□□□□□□□□□□□□□□□»] jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

"**Ordinary Shares**" means the Company's ordinary shares, par value US$1/15000 per share.

"**Permitted Liens**" means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens and (y) were not incurred in connection with the borrowing of money.

"**Person**" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"**PFIC**" means a passive foreign investment company as defined in the Code.

"**PRC**" means the People's Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

"**Prohibited Person**" means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department's Denied Parties List, Entities and Unverified Lists; the U.S. Department of Treasury's Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State's Debarred List; UN Sanctions, (3) a member of any PRC military organization, or (4) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

"**Public Official**" means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

"**Public Software**" means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (*e.g.*, Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.

"**Related Party**" means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company (other than Ceyuan), and any Affiliate or Associate of any of the foregoing.

"**Right of First Refusal & Co-Sale Agreement**" means the Right of First Refusal & Co-Sale Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit C.

"**Restructuring**" means, collectively, the establishment of the Captive Structure, and the transactions contemplated under the Asset Transfer Agreements.

"**SAFE**" means the State Administration of Foreign Exchange of the PRC.

"**SAFE Rules and Regulations**" means collectively, the Circular 75, Notice 106, and any other applicable SAFE rules and regulations.

"**SAIC**" means the State Administration of Industry and Commerce or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

"**Series A Preferred Shares**" means the Series A Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series B Preferred Shares**" means the Series B Preferred Shares of the Company, par value US$ 1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Shareholders Agreement**" means the Amended and Restated Shareholders Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit D.

"**Restricted Share Agreement**" means the Amended and Restated Restricted Share Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit E.

"**Social Insurance**" means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

"**Software**" means any and all (A) computer programs, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

"**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**Tax**" means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation

(including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i)(a) and (i)(b) above.

"**Tax Return**" means any return, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

"**Transaction Documents**" means this Agreement, the Ancillary Agreements, the Memorandum and Articles, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

"**U.S. GAAP**" means generally accepted accounting principles in the United States, applied on a consistent basis.

"**U.S. real property holding corporation**" has the meaning as defined in the Code.

"**Warrantors**" means collectively, the Group Companies, the Founders and the Founder Holding Entities.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Agreement	Preamble
Arbitration Notice	Section 7.5 (i)
Audit Date	Section 3.11
Balance Sheet	Section 3.11
Closing	Section 2.2 (i)
Company	Preamble
Company IP	Section 3.19 (i)
Compliance Laws	Section 3.16 (i)

Disclosure Schedule	Section 3
Dispute	Section 7.5 (i)
Shenzhen Lanting	Recital
ESOP	Section 3.2 (i)
FICE	Preamble
Financial Statements	Section 3.11
Founders/Founder	Preamble
HKIAC	Section 7.5 (ii)
HKIAC Rules	Section 7.5 (ii)
Hong Kong (HK Subsidiary)	Preamble
Indemnification Agreement	Section 5.7
Investor/Investors	Preamble
Lease	Section 3.17 (ii)
Licenses	Section 3.19 (v)
Material Contracts	Section 3.15 (i)
Party/Parties	Preamble
Principal Tribunal	Section 7.5 (ix) (1)
Proceeds	Section 2.3
Purchase Price	Section 2.1
Representatives	Section 3.16 (i)
Required Consents	Section 3.8 (iii)
SEC	Section 4.3
Shares	Section 2.1
Statement Date	Section 3.11

2. Purchase and Sale of Shares.

2.1 Sale and Issuance of the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), each Investor, severally and not jointly, agrees to subscribe for and purchase, and the Company agrees to issue and sell to each Investor, that number of Series B Preferred Shares set forth opposite such Investor's name on Schedule II attached hereto (the "**Shares**"), with each Investor to pay as consideration for such Shares the aggregate purchase price set forth opposite such Investor's name on Schedule II attached hereto (the "**Purchase Price**").

2.2 Closing

(i) **Closing.** The consummation of the sale and issuance of the Shares pursuant to Section 2.1 (the "**Closing**") shall take place remotely via the exchange of documents and signatures as soon as practicable, but in no event later than three (3) Business Days after all closing conditions specified in Section 5 and Section 6 hereof have been waived or satisfied (other than those conditions to be satisfied at the Closing, but subject to the satisfaction or waiver thereof at the Closing), or at such other time and place as the Company and the Investors shall mutually agree in writing.

(ii) **Deliveries by the Company at Closing.** At the Closing, in addition to any items the delivery of which is made an express condition to the Investor's obligations at the Closing pursuant to Section 5, the Company shall deliver to each Investor (x) the updated register of members of the Company, certified by the registered agent of the Company, reflecting the issuance to the Investor of the Shares being purchased by such Investor at the Closing, (y) the updated register of directors of each of the Company and the HK Subsidiary, certified by the registered agent of the Company and the secretary of the HK Subsidiary, respectively, evidencing the appointment of the directors as contemplated by Section 5.9 hereof and a copy of the appointment letters appointing the directors to the board of directors of the FICE as contemplated by Section 5.9 hereof, and (z) duly executed certificate or certificates issued in the name of such Investor representing the Shares being purchased by such Investor at the Closing.

(iii) **Deliveries by the Investors at Closing.** At the Closing, subject to the satisfaction or waiver of all the conditions set forth in Section 5 below, each Investor shall pay the Purchase Price, by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company.

2.3 Use of Proceeds. The Company shall use the proceeds from the issuance and sale of the Shares (the "**Proceeds**") as investment capital of the HK Subsidiary which shall be subsequently used by the HK Subsidiary (i) for purpose of its business expansion, capital expenditures and general working capital needs, or (ii) as capital contribution by the HK Subsidiary into the FICE or a shareholder loan lent by the HK Subsidiary to the FICE for purpose of business expansion, capital expenditures and general working capital needs of the FICE. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company or its subsidiaries or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose without the prior consent of each Investor.

2.4 Waiver of Participation Rights. By execution and delivery of this Agreement, Ceyuan hereby waives all of its rights under the Shareholders Agreement with the Company and certain other parties dated as of October 23, 2008 in relation to the issuance of the Shares by the Company to GSR Ventures III, L.P. hereunder, including any right of participation, right of first refusal, right to receive any notice, and any other right in connection with such issuance.

3. Representations and Warranties of the Warrantors. Subject to such exceptions as may be specifically set forth in the Disclosure Schedule attached to this Agreement as Schedule III (the "**Disclosure Schedule**"), each of the Warrantors jointly and severally represents and warrants to the Investors that:

3.1 Organization, Good Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would be a Material Adverse Effect. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Investors), and has, since its establishment, carried on its business materially in compliance with the business scope set form in its business license.

3.2 Capitalization and Voting Rights.

(i) **Company.** The authorized share capital of the Company is and immediately prior to the Closing shall be US$50,000 divided into (i) a total of 717,477,275 authorized Ordinary Shares, 36,108,965 of which are issued and outstanding, and 4,444,445 of which have been reserved for issuance to officers, directors, employees, consultants or service providers of the Company pursuant to an equity incentive plan of the Company (the "**ESOP**") to be adopted after the Closing; (ii) a total of 15,000,000 authorized Series A Preferred Shares, all of which are issued and outstanding; and (iii) a total of 17,522,725 authorized Series B Preferred Shares, none of which are issued and outstanding. Section 3.2(i) of the Disclosure Schedule set form the capitalization table of each Group Company as of immediately prior to the Closing, and immediately after the Closing, in each case reflecting all then outstanding and authorized Equity Securities of such Group Company, the record and beneficial holders thereof, the issuance date, and the terms of any vesting applicable thereto.

(ii) **HK Subsidiary**. The authorized share capital of the HK Subsidiary is and immediately prior to and following the Closing shall be HK$10,000, divided into 10,000 shares of HK$1.00 each, 100 of which are issued and outstanding and held by the Company.

(iii) **FICE and Shenzhen Lanting**. The registered capital of each of the FICE and the Shenzhen Lanting is set forth opposite its name on Section 3.2(iii) of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(iv) **Other Group Companies**. The authorized and outstanding Equity Securities of each other Group Company is set forth on Section 3.2(iv) of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(v) **No Other Securities**. Except for (a) the conversion privileges of the Series A Preferred Share and the Series B Preferred Shares, (b) certain rights provided in the Shareholders Agreement, the Right of First Refusal & Co-Sale Agreement, the Restricted Share Agreement, the

Memorandum and Articles and (c) certain rights provided in the Control Documents, (1) there are no and at the Closing there shall be no authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of any Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by applicable PRC Laws) or other rights to purchase such Equity Securities or any other rights with respect to such Equity Securities, and (3) no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Group Company. Except as set forth in the Shareholders Agreement, the Company has not granted any registration rights to any other Person, nor is the Company obliged to list, any of the Equity Securities of any Group Companies on any securities exchange. Except as contemplated under the Transaction Documents and the Control Documents, there are no voting or similar agreements which relate to the share capital or registered capital of any Group Company.

(vi) **Issuance and Status**. All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive rights of any Person, and applicable Contracts and are fully paid (which, in the case of PRC entities, shall be fully paid in accordance with its articles of association) and non-assessable. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued and fully paid (or subscribed for) in accordance with its articles of association, is nonassessable, and is and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under the Control Documents, Ancillary Agreements and applicable Laws). No share capital or registered capital of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract, or any Laws, by which each such Group Company at the time of issuance or subscription was bound. Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company, (b) dividends which have accrued or been declared but are unpaid by any Group Company, or (c) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company.

33 Corporate Structure; Subsidiaries. Section 3.3 of the Disclosure Schedule sets forth a complete structure chart showing Group Companies, and indicating the ownership and Control relationships among all Group Companies and the Founders and the Angels. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person. Each Group Company is engaged in the business as set forth in the Recitals and has no other business. The Company was formed solely to acquire and hold the equity interests in the HK Subsidiary and since its formation has not engaged in any other business and has not incurred any Liability. The HK Subsidiary is the

main operational entity of the Group and owns all Intellectual Property related to the business of the Group. Beijing Lanting is not engaged in any of the business conducted by the Group and does not have any assets in relation to any of such business or any Contract with any Group Company except for (i) the Asset Transfer Agreement with the FICE dated October 23, 2008, (2) the Services Contract and the Software Development Agreement with the HK Subsidiary dated October 5, 2008, the true and complete copies of which have been provided to the Investors and (3) other documents between Beijing Lanting and any Group Company which have been disclosed to the Investors. Guo Quji, Liu Jun, Wen Xin, Zhang Liang and Xu Xiaoping collectively own 100% registered capital of Beijing Lanting.

3.4 Authorization. Each Warrantor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each Warrantor (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all obligations of each Warrantor thereunder, and, in the case of the Company, the authorization, issuance (or reservation for issuance), sale and delivery of the Shares and the Conversion Shares, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by each party thereto (other than the Investors) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.5 Valid Issuance of Shares. The Shares, when issued, delivered and paid for in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws and under the Ancillary Agreements). The Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable securities Laws and under the Ancillary Agreements). The issuance of the Shares and the Conversion Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

3.6 Consents; No Conflicts. All Consents from any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of any party thereto (other than the Investors) have been duly obtained or completed (as applicable) and are in full force and effect The execution, delivery and performance of each Transaction Document by each party thereto (other than the Investors) do not, and the consummation by such party of the transactions contemplated thereby will not, (i) result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice, or give any Person rights of termination, amendment, acceleration or cancellation under, any Governmental Order, any provision of the Charter Documents of any Group Company, any applicable Laws (including without limitation, Order No. 10 and the SAFE Rules and Regulations), or any Material Contract, (ii) result in any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any

Group Company (including without limitation, any indebtedness of such Group Company), or trigger any preemptive right or transfer restriction, or (iii) result in the creation of any Lien upon any of the properties or assets of any Group Company other than Permitted Liens.

3.7 Offering. Subject in part to the accuracy of the Investors' representations set forth in Section 4 of this Agreement, the offer, sale and issuance of the Shares are, and the issuance of the Conversion Shares will be, exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any applicable securities Laws.

3.8 Compliance with Laws; Consents.

(i) Each Group Company is, and has been, in compliance in all material respects with all applicable Laws. No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of such entity to comply with, any applicable Laws in any material respect, or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature. None of the Group Companies has received any notice from any Governmental Authority regarding any of the foregoing. To the Knowledge of the Warrantors, no Group Company is under investigation with respect to a material violation of any Law.

(ii) The Restructuring has been duly completed in accordance with all applicable Laws. Neither the Restructuring nor the Controlling Documents violates any applicable Laws (including without limitation, SAFE Rules and Regulations, Order No. 10 and any other applicable PRC rules and regulations).

(iii) All Consents from the relevant Governmental Authority or other Person required in respect of the due and proper establishment and operations of each Group Company as now conducted, including but not limited to the Consents from MOFCOM (or any predecessors thereof), SAIC, SAFE, the Ministry of Information Industry, the Ministry of Culture, Press and Publication Administration, the any Tax bureau, customs authorities, product registration authorities, and health regulatory authorities and the local counterpart thereof, as applicable (collectively, the "**Required Consents**"), have been duly obtained or completed in accordance with all applicable Laws. Section 3.8(iii) of the Disclosure Schedule is a complete list of such Required Consents, together with the name of the entity issuing each such Required Consent.

(iv) No Required Consent contains any materially burdensome restrictions or conditions, and each Required Consent is in full force and effect and will remain in full force and effect upon the consummation of the transactions contemplated hereby. None of the Group Companies is in default in any material respect under any Required Consent. To the Knowledge of the Warrantors, there is no reason to believe that any Required Consent which is subject to periodic renewal will not be granted or renewed. No Group Company has received any letter or other communication from any Governmental Authority threatening or providing notice of revocation of any Required Consent issued to any Group Company or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by any Group Company.

(v) Each of the Founders and Angels who is a PRC citizen has complied with all reporting and/or registration requirements (including filings of amendments to existing

registrations) under the SAFE Rules and Regulations, and has made all oral or written filings, registrations, reporting or any other communications required by SAFE or any of its local branches. No Group Company has received any oral or written inquiries, notifications, orders or any other form of official correspondence from SAFE or any of its local branches with respect to any actual or alleged non-compliance with SAFE Rules and Regulations.

3.9 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax Returns that are required to have been filed by it with any Governmental Authority, (b) has timely paid all Taxes owed by it which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit from amounts owing to any employee, creditor, customer or third party, and (c) has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than, in the case of clauses (a) and (b), unpaid Taxes that are in contest with Tax authorities by Group Company in good faith or nonmaterial in amount.

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete in all material respects. None of such Tax Returns contains a statement that is false or misleading or omits any matter that is required to be included or without which the statement would be false or misleading. No reporting position was taken on any such Tax Return which has not been disclosed to the appropriate Tax authority or in such Tax Return, as may be required by Law. All records relating to such Tax Returns or to the preparation thereof required by applicable Law to be maintained by applicable Group Company have been duly maintained. To the Knowledge of the Warrantors, no written claim has been made by a Governmental Authority in a jurisdiction where the Group does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction.

(iii) The assessment of any additional Taxes with respect to the applicable Group Company for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements (as defined below), and there are no unresolved questions or claims concerning any Tax Liability of any Group Company. Since the Statement Date (as defined below), no Group Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company, and to the Knowledge of the Warrantors, there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. Except for the withholding duties of Taxes in accordance with applicable laws, no Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(v) All Tax credits and Tax holidays enjoyed by the Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.

(vi) No Group Company is or has ever been a PFIC or CFC or a United States real property holding corporation. No Group Company anticipates, based on its operations through March 31, 2009 that it will become a PFIC or CFC or a United States real property holding corporation for the current taxable year and any future taxable year.

(vii) The Company is treated as a corporation for U.S. federal income tax purposes.

3.10 Charter Documents; Books and Records. The Charter Documents of each Group Company are in the form provided to the Investors. Each Group Company has been in compliance with its Charter Documents in all material respects, and none of the Group Companies has violated or breached any of their respective Charter Documents which may result in any Material Adverse Effect. Each Group Company has made available to the Investors or its counsel a copy of its minute books. Such copy is true, correct and complete, and contains all amendments and all minutes of meetings and actions taken by its shareholders and directors since the time of formation through the date hereof and reflects all transactions referred to in such minutes accurately in all material respects. Each Group Company maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice.

3.11 Financial Statements. Section 3.11 of the Disclosure Schedule sets forth the audited consolidated balance sheet and statements of operations and cash flows for the Group as of and for the twelve-months ending December 31, 2008 (the "**Audit Date**") and the unaudited consolidated balance sheet (the "**Balance Sheet**") and statements of operations and cash flows for the Group as of and for the five-month period ending May 31, 2009 (the "**Statement Date**") (collectively, the financial statements referred to above, the "**Financial Statements**"). The Financial Statements (i) have been prepared in accordance with the books and records of the Group, (ii) fairly present in all material respects the financial condition and position of the Group as of the dates indicated therein and the results of operations and cash flows of the Group for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (iii) were prepared in accordance with applicable local general accepted accounting principles of each Group Company respectively, applied on a consistent basis throughout the periods involved. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business in all material respects, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with applicable local general accepted accounting principles), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of the Group Companies to the Knowledge of the Warrantors.

3.12 Changes. Since the Audit Date, the Group has operated its business in the ordinary course consistent with its past practice, there has not been any Material Adverse Effect or any material change in the way the Group conducts its business, no Group Company has entered into any transaction outside of the ordinary course of business consistent with its past practice, and there has not been by or with respect to any Group Company:

(i) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice, and no acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof;

(ii) any waiver, termination, settlement or compromise of a valuable right or of a debt, other than those in the ordinary course of business which would not reasonably be expected to have a Material Adverse Effect on any Group Company;

(iii) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any material indebtedness or guarantee, or the making of any loan or advance (other than (x) the reasonable and normal advances to employees for bona fide expenses (y) the loan or advance to suppliers or customers, in each case that are incurred in the ordinary course of business consistent with its past practice), or the making of any material investment or capital contribution;

(iv) any amendment to any Material Contract, any entering of any new Material Contract, or any termination of any Contract that would have been a Material Contract if in effect on the date hereof, or any amendment to any Charter Document, or any amendment to or waiver under any Charter Document;

(v) any material change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, or made any material change in any existing Benefit Plan, other than any change incurred in the ordinary course of business consistent with its past practice;

(vi) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

(vii) any material damage, destruction or loss, whether or not covered by insurance, adversely affecting the assets, properties, financial condition, operation or business of any Group Company;

(viii) any material change in accounting methods or practices or any revaluation of any of its assets;

(ix) except in the ordinary course of business consistent with its past practice, entry into any closing agreement in respect of material Taxes, settlement of any claim or assessment in respect of any material Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any material Taxes, entry or change of any material Tax election, change of any method of accounting resulting in a material amount of additional Tax or filing of any material amended Tax Return;

(x) any commencement or settlement of any material Action;

(xi) any sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company;

(xii) any resignation or termination of any Founder of any Group Company or any material group of employees of any Group Company;

(xiii) any transactions with Related Parties; or

(xiv) any agreement or commitment to do any of the things described in this Section 3.12.

3.13 Actions. There is no Action pending or, to the Knowledge of the Warrantors, threatened against or affecting any Group Company or any of its officers, directors or employees with respect to its businesses or proposed business activities, or, to the Knowledge of the Warrantors, any officers, directors or employees of any Group Company in connection with such person's respective relationship with such Group Company, nor to the Knowledge of the Warrantors is there any basis for any of the foregoing. By way of example, but not by way of limitation, there are no Actions pending against any of the Group Companies or threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. There is no Governmental Order in effect and binding on any Group Company or their respective assets or properties. There is no Action pending by any Group Company against any third party nor does any Group Company intend to commence any such Action. To the Knowledge of the Warrantors, no Governmental Authority has at any time materially challenged or questioned in writing the legal right of any Group Company to conduct its business as presently being conducted. No Group Company has received any opinion or memorandum or advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to the business of any Group Company.

3.14 Liabilities. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group's business consistent with its past practices and which do not exceed US$30,000 in the aggregate. None of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. None of the Group Companies is a guarantor or indemnitor of any Liabilities of any other Person.

3.15 Commitments.

(i) Section 3.15(i) of the Disclosure Schedule contains a complete and accurate list of all Material Contracts. **"Material Contracts"** means collectively, each Contract to which a Group Company or any of its properties or assets is bound or subject to that (a) involves obligations (contingent or otherwise) or payments in excess of USD200,000 individually or in the aggregate per annum or that is not terminable upon thirty (30) days notice without incurring any penalty or obligation, (b) involves Intellectual Property that is material to a Group Company (other than generally-available "off-the-shelf" shrink-wrap software

licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing exclusivity, "change in control", "most favored nations", rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a business, (i) involves the waiver, compromise, or settlement of any material dispute, claim, litigation or arbitration, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases involving payments of less than USD200,000 per annum), including without limitation, the Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (1) is between the Shenzhen Lanting and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, (o) is a Control Document, or (p) otherwise material to a Group Company or is one on which a Group Company is substantially dependent.

(ii) A true, fully-executed copy of each Material Contract (and a written summary of each non-written Material Contract) has been delivered to the Investors. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect, and such Group Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or, to the Knowledge of the Warrantors, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract.

3.16 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions.

(i) Each Group Company, and to the Knowledge of each Group Company, its respective directors (excluding the directors appointed by Ceyuan), officers, employees, agents and other persons acting on its behalf (collectively, "**Representatives**") are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the "**Compliance Laws**") including the FCPA as if it were a U.S. Person. Without limiting the foregoing, neither any Group Company nor, to the Knowledge of the Group Company, any Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,

(a) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(b) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(c) the making of any false or fictitious entries in the books or records of any Group Company by any Person, or

(d) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(ii) No Group Company or to the Knowledge of the Group Company, its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery.

(iii) No Group Company or, to the Knowledge of the Group Company, Representative is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

3.17 Title; Properties.

(i) **Title; Personal Property.** The Group Companies have good and valid title to, or a valid leasehold interest in or right to use, all of their assets, whether real, personal or mixed, purported to be owned by them (including but not limited to all such assets reflected in the Financial Statements), free and clear of any Liens, other than Permitted Liens. The foregoing assets, rights and properties collectively represent in all material respects all assets, rights and properties necessary for the conduct of the business of the Group in the manner conducted during the periods covered by the Financial Statements and as presently conducted. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

(ii) **Real Property.** No Group Company owns or has legal or equitable title or other right or interest in any real property other than as held pursuant to Leases. Section 3.17(ii) of the Disclosure Schedule sets forth each leasehold interest pursuant to which any Group Company holds any real property (a "**Lease**"), indicating the parties to such Lease, the address of the property demised under the Lease, the rent payable under the Lease and the term

of the Lease. The particulars of the Leases as set forth in Section 3.17(ii) of the Disclosure Schedule are true and complete. Each Lease constitutes the entire agreement with respect to the property demised thereunder. To the Knowledge of the Warrantors, the lessor under each Lease is qualified and has obtained all Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no claim asserted or, to the Knowledge of the Warrantors, threatened by any Person regarding the lessor's ownership of the property demised pursuant to each Lease. Each Lease is in compliance in all material respects with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. Each Group Company which is party to a Lease has accepted possession of the property demised pursuant to the Lease and is in actual possession thereof and has not sublet, assigned or hypothecated its leasehold interest. No Group Company uses any real property in the conduct of its business except insofar as it has secured a Lease with respect thereto. The leasehold interests under the Leases held by each Group Company are adequate for the conduct of the business of such Group Company as currently conducted. There exists no pending or, to the Knowledge of the Warrantors, threatened condemnation, confiscation, eminent domain proceeding, dispute, claim, demand or similar proceeding with respect to, or which could materially and adversely affect, the continued use and enjoyment of such leasehold interests. To the Knowledge of the Warrantors, there are no circumstances that would entitle any Governmental Authority or other Person to take possession or otherwise restrict use, possession or occupation of any property subject to any Leases.

3.18 Related Party Transactions. No Related Party has any Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect ownership interest in any Group Company other than as set forth in Section 3.2(i), (iii) and (iv) of the Disclosure Schedule, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits). To the Knowledge of the Warrantors, no Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or any Person that directly or indirectly competes with any Group Company (other than ownership of less than one percent (1%) of the stock of publicly traded companies), or any Contract to which a Group Company is a party or by which it may be bound or affected.

3.19 Intellectual Property Rights.

(i) **Company IP.** Each Group Company owns or has the rights to use or otherwise has the sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to, all Intellectual Property necessary and sufficient to conduct its business as currently conducted by such Group Company ("**Company IP**") without any conflict with or infringement of the rights of any other Person. For the purposes of this Agreement, "**Company Owned IP**" means Intellectual Property owned by the Group Companies. Section 3.19(i) of the Disclosure Schedule sets forth a complete and accurate list of all Company Registered IP for each Group Company, including for each the relevant name or description, registration/certification or application number, and filing, registration or issue date.

(ii) **IP Ownership.** All Company Registered IP is owned by and registered or applied for solely in the name of a Group Company, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Group Company or, to the Knowledge of the Warrantors, any of its employees, officers or directors (excluding the directors appointed by Ceyuan) has taken any actions or failed to take any actions that would cause any material Company Owned IP to be invalid, unenforceable or not subsisting. To the Knowledge of the Warrantors, no funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any material Company IP. No material Company Owned IP is the subject of any Lien, license or other Contract to

which any Group Company is a party granting rights therein to any other Person. No Group Company is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could require or obligate a Group Company to grant or offer to any Person any license or right to any material Company Owned IP. No Company Registered IP is subject to any proceeding or outstanding Governmental Order or settlement agreement or stipulation that restricts in any manner the use, transfer or licensing thereof, or any Group Company's products or services, by any Group Company or may affect the validity, use or enforceability of such Company Registered IP. Each Founder has assigned and transferred to a Group Company any and all of his/her Intellectual Property related to the business conducted by the Group Companies. No Group Company has (a) transferred or assigned any material Company IP; (b) authorized the joint ownership of, any material Company IP; or (c) permitted the rights of any Group Company in any material Company Registered IP to lapse or enter the public domain.

(iii) **Infringement, Misappropriation and Claims.** No Group Company has violated, infringed or misappropriated any Intellectual Property of any other Person, provided that the forgoing representations and warranties under this Section 3.19(iii) shall not be applied to any violation, infringement or misappropriation of any Intellectual Property of any other Person caused by or arising from any products produced by any third party and distributed or sold by any Group Company, nor has any Group Company received any written notice alleging any of the foregoing. To the Knowledge of the Warrantors, no Person has violated, infringed or misappropriated any Company Owned IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. To the Knowledge of the Warrantors, no Person has challenged the ownership or use of the Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.

(iv) **Assignments and Prior IP.** All material inventions and material know-how conceived by employees, consultants and independent contractors of a Group Company related to the business of such Group Company are currently owned exclusively by a Group Company. All employees, consultants and independent contractors of a Group Company who are or were involved in the creation of any Intellectual Property for such Group Company have executed an assignment of inventions agreement that vests in a Group Company exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Law. To the Knowledge of the Warrantors, it will not be necessary to utilize any Intellectual Property of any such Persons, except for those that are exclusively owned by a Group Company, and none of such Intellectual Property has been utilized by any Group Company. To the Knowledge of the Warrantors, none of the employees,

consultants or independent contractors currently or previously employed or otherwise engaged by any Group Company, (a) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Group Company or to any other Persons, including former employers or (b) is obligated under any Contract, or subject to any Governmental Order, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the business of such Group Company as presently conducted.

(v) **Licenses**. Section 3.19(v) of the Disclosure Schedule contains a complete and accurate list of (a) all licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving "off-the-shelf" commercially available software, and (2) non-exclusive licenses to customers of the business conducted by the Group Companies in the ordinary course of business consistent with past practice (collectively, the "**Licenses**"). The Group Companies have paid all license and royalty fees required to be paid under the Licenses.

(vi) **Protection of IP**. Each Group Company has taken reasonable and appropriate steps to register, protect, maintain and safeguard material Company Owned IP and made all appropriate filings, registrations and payments of fees in connection with the foregoing. Without limiting the foregoing, all current officers and employees of any Group Company have executed and delivered to such Group Company an agreement requiring the protection of such trade secret or proprietary information. To the extent that any Company Owned IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the exclusive owner of all such independent contractor's or third party's Intellectual Property in such work, material or invention by operation of law or valid assignment.

(vii) **No Public Software**. No material Software included in any Company Owned IP has been or is being distributed, in whole or in part, or was used, or is being used in conjunction with any Public Software in a manner which would require that such Software be disclosed or distributed in source code form or made available at no charge.

3.20 Labor and Employment Matters.

(i) Each Group Company has complied in all material respects with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining. There is not pending or to the Knowledge of the Warrantors threatened, and there has not been in the last three (3) years, any Action relating to the violation or alleged violation of any applicable Laws by any Group Company related to labor or employment, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company.

(ii) Section 3.20(ii) of the Disclosure Schedule contains a true and complete list of each Benefit Plan currently or previously adopted, maintained, or contributed to by any Group Company or under which any Group Company has any Liability or under which any employee or former employee of any Group Company has any present or future right to benefits. Except for required contributions or benefit accruals for the current plan year, no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, to the Knowledge of the Warrantors, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies. Each of the Benefit Plans listed in Section 3.20(ii) of the Disclosure Schedule is and has at all times been in compliance in material respects with all applicable Laws (including without limitation, SAFE Rules and Regulations, if applicable), and all contributions to, and payments for each such Benefit Plan have been timely made. There are no pending or threatened Actions involving any Benefit Plan listed in Section 3.20(ii) of the Disclosure Schedule (except for claims for benefits payable in the normal operation of any Benefit Plan). Each Group Company

maintains, and has fully funded, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Group Company is in compliance in all material respects with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts.

(iii) There has not been, and there is not now pending or, to the Knowledge of the Warrantors, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any Group Company. No Group Companies is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.

(iv) Section 3.20(iv) of the Disclosure Schedule enumerates each Founder along with each such individual's title and current compensation rate. Each Founder is currently devoting all of his or her business time to the conduct of the business of the applicable Group Company. No Founder is subject to any covenant restricting him/her from working for any Group Company. To the Knowledge of the Warrantors, no Founder is obligated under, or in material violation of any term of, any Contract or any Governmental Order relating to the right of any such individual to be employed by, or to contract with, such Group Company. No Group Company has received any notice alleging that any such violation has occurred. No Founder is currently working or, plans to work for any other Person that competes with any Group Company, whether or not such Founder is or will be compensated by such Person. No Founder or any organized group of employees of any Group Company has given any notice of an intent to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any Founder or any organized group of employees.

3.21 Insurance. Each Group Company has in full force and effect insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to reasonably replace any of its properties and material assets that might be damaged or destroyed and in amounts customary for companies similarly situated. There is no material claim pending thereunder as to which coverage has been questioned, denied or disputed. All premiums due and payable under all such policies and bonds have been timely paid, and each Group Company is otherwise in compliance in all material respects with the terms of such policies and bonds.

3.22 Customers and Suppliers. Section 3.22 of the Disclosure Schedule is a correct list of each of the top ten (10) business customers and top ten (10) suppliers (with related or affiliated Persons aggregated for purposes hereof) of the Group for the year ended December 31, 2008 and for the five-month period ended May 31, 2008, together with the aggregate amount of revenues received or purchases made from such business partners during such periods. To the Knowledge of the Warrantors, each such supplier can in all material respects provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group's business consistent with prior practice. No Group Company has experienced or been notified of any material shortage in goods or services provided by its suppliers and has no reason to believe that any Person listed on Section 3.22 of the Disclosure Schedule would not continue to provide to, or purchase from, respectively, or that it would otherwise materially alter its business relationship with, the Group at any time after the Closing on terms substantially similar to those in effect on the date hereof. There is not currently any dispute pending between the Group and any Person listed on Section 3.22 of the Disclosure Schedule.

3.23 Internal Controls. Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management's general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with applicable general accepted accounting principles and to maintain asset accountability, (iii) access to assets of it is permitted only in accordance with management's general or specific authorization, (iv) the recorded accountability for assets of it is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) any personal assets or bank accounts of the employees, directors, officers are not mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.

3.24 No Brokers. Neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

3.25 Disclosure. No representation or warranty by the Warrantors in this Agreement and no information or materials provided by the Warrantors to the Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading Except as set forth in this Agreement or the Disclosure Schedule, to the Knowledge of the Warrantors, there is no fact that the Company has not disclosed to the Investors in writing and of which any of its officers, directors (excluding the directors appointed by Ceyuan) or executive employees has knowledge and that has had or would reasonably be expected to have any Material Adverse Effect.

4. Representations and Warranties of the Investors. Each Investor hereby represents and warrants to the Company, severally and not jointly, that:

4.1 Authorization. Such Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of such Investor (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, and the performance of all obligations of such Investor thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by such Investor (to the extent such Investor is a party and constitute valid and legally binding obligations of such Investor), enforceable against such Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2 Purchase for Own Account. The Shares and the Conversion Shares will be acquired for such Investor's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

4.3 Status of Investor. Such Investor is either (i) an "accredited investor" within the meaning of Securities and Exchange Commission ("**SEC**") Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a "U.S. person" as defined in Rule 902 of Regulation S of the Securities Act. Such Investor has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the applicable Shares and can bear the economic risk of its investment in the Shares.

4.4 Restricted Securities. The Investor understands that the Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

4.5 No Brokers. Neither such Investor nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

5. Conditions of the Investors' Obligations at the Closing. The obligations of each Investor to consummate the Closing under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of such Investor on or prior to the Closing, or waiver by such Investor, of the following conditions:

5.1 Representations and Warranties. Each of the representations and warranties of the Warrantors contained in Section 3 shall be true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

5.2 Performance. Each Warrantor shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them, on or before the Closing.

5.3 Authorizations. All Consents of any competent Governmental Authority or of any other Person that are required to be obtained by any Warrantor in connection with the consummation of the transactions contemplated by this Agreement (including but not limited to those related to the lawful issuance and sale of the Shares, and any waivers of rights of first refusal, preemptive rights, put or call rights, or other rights triggered by the Transaction Documents, if any) shall have been duly obtained and effective as of the Closing, and evidence thereof shall have been delivered to the Investors.

5.4 Proceedings and Documents. All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance reasonably satisfactory to the Investors, and each Investor shall have received all such counterpart original or other copies of such documents as it may reasonably request.

5.5 Memorandum and Articles. The Memorandum and Articles, in the forms attached hereto as Exhibit B-l and Exhibit B-2, respectively, shall have been duly adopted by all necessary action of the Board of Directors and/or the members of the Company and shall have been duly filed with the appropriate authority(ies) of the Cayman Islands, and such adoption shall have become effective prior to the Closing with no alternation or amendment as of the Closing, and a confirmation from the corporate agent of the Company with respect to the filing of the Memorandum and Articles thereof shall have been delivered to the Investors.

5.6 Transaction Documents. Each of the parties to the Transaction Documents, other than the Investors, shall have executed and delivered such Transaction Documents to the Investors.

5.7 Indemnification Agreements. The Company shall have delivered to each Investor copies of indemnification agreements between the Company and each director of the Company designated by such Investor, in each case duly executed by the Company (each, an "**Indemnification Agreement**") in form and substance attached hereto as Exhibit F.

5.8 Completion of SAFE Registration; Compliance. Prior to the Closing, each Founder and Angel shall have complied with the SAFE Rules and Regulations and, if applicable, fully completed their reporting obligations thereunder with respect to their holding of shares direct or indirect holding of shares in the Group Companies, if applicable, and the Investors shall have been provided with proof reasonably satisfactory to the Investors of such compliance with the SAFE Rules and Regulations. Each Group Company shall be have been in compliance with all applicable Laws in connection with the conduct of their respective business, including but not limited to the laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, intellectual property rights, labor and social welfare, and taxation.

5.9 Board of Directors. The Company shall have taken all necessary corporate action such that immediately following the Closing the board of directors of each Group Company shall have seven (7) members, which members shall be GUO Quji, WEN Xin, ZHANG Liang, LIU Jun, YUAN Ye, FENG Bo and Richard LIM, and relevant resolutions and/or the appointment letters thereof shall have been delivered to the Investors.

5.10 Option Pool. On or prior to the Closing, the Board of Directors and the shareholders of the Company shall have duly reserved 4,444,445 Ordinary Shares to be issued to the Company's employees, consultants, officers or directors in accordance with the ESOP to be adopted following the Closing.

5.11 Share Charge. The Company shall have delivered to the Investors an updated register of charges of the Company providing for the termination of any charge over shares of the HK Subsidiary by the Company in favor of any Person.

5.12 Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement. Each Founder shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions in a form reasonably satisfactory to the Investors, and the evidence thereof shall have been delivered to the Investors.

5.13 No Material Adverse Effect. There shall have been no Material Adverse Effect since the Audit Date.

5.14 Legal Opinion. Charles Chu & Kenneth Sit, solicitors, the Hong Kong counsel of the Company and the HK Subsidiary shall have delivered to the Investors a legal opinion in the form attached as Exhibit G hereto.

5.15 Due Diligence. Each Investor shall have completed their business, legal, financial due diligence investigation of the Group Companies to their reasonable satisfaction.

5.16 Closing Certificate. The chief executive officer of the Company shall have executed and delivered to each Investor at the Closing a certificate dated as of the Closing (i) stating that the conditions specified in Sections 5.1, 5.2, 5.3, 5.5, 5.8, 5.9, 5.10, 5.12, and 5.13, have been fulfilled as of the Closing, and (ii) attaching thereto (a) the Charter Documents of the Group Companies as then in effect, (b) copies of all resolutions approved by the shareholders and boards of directors of each of the Company, HK Subsidiary and the FICE related to the transactions contemplated hereby, and (c) good standing certificates or incumbency

certificates with respect to the Company from the applicable authority(ies) dated no more than ten (10) Business Days prior to the Closing, and with respect to the FICE, the business license of such entity with current annual inspection stamps of branches of SAIC.

6. Conditions of the Company's Obligations at Closing. The obligations of the Company to consummate the Closing under Section 2 of this Agreement, unless otherwise waived in writing by the Company, are subject to the fulfillment on or before the Closing of each of the following conditions:

6.1 Representations and Warranties. The representations and warranties of each Investor contained in Section 4 shall be true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

6.2 Performance. Each Investor shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by each Investor on or before the Closing.

6.3 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall have been passed and executed by the Investors.

7. Miscellaneous.

7.1 Post Closing Covenants.

(i) Unless otherwise approved by a majority of the Board of the Company, the Founders shall cause Beijing Lanting to terminate the employment agreements with all employees currently employed by the Beijing Lanting engaged in the business of the Group Companies as soon as practicable, but in any event no later than June 30, 2010, and the FICE or other relevant Group Company shall enter into an employment agreement in a similar form with such employees selected by the applicable Group Company by June 30, 2010.

(ii) The Charter Documents of each of HK Subsidiary and the FICE shall be amended within 30 days of the Closing accordingly to be consistent with the Transaction Documents.

(iii) Each Founder and LIU Jun shall apply for and obtain an amendment to his/her SAFE registration certificates with the applicable Governmental Authorities within 30 days of the Closing in form and substance reasonably satisfactory to the Investors.

7.2 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction

Documents and, to the extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto or thereto.

7.3 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto whose rights or obligations hereunder are affected by such terms and conditions. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the prior written consent of the Investors. This Agreement and the rights and obligations herein may not be assigned by an Investor without the written consent of the Company except to a parent corporation, a subsidiary, its fund manager or other funds managed by its fund manager. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.4 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of Laws thereunder.

7.5 Dispute Resolution.

(i) Any dispute, controversy or claim (each, a "**Dispute**") arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "**Arbitration Notice**") to the other.

(ii) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.

(iii) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 7.5, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 7.5 shall prevail.

(iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive Law.

(vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(viii) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(ix) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(1) In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "**Principal Tribunal**") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(2) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(3) If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio under this Section 7.5); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(4) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when any claim or defence was raised for the purpose of applying any limitation period or any like rule or provision.

(5) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following

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the consolidation of disputes or arbitral proceedings in accordance with this Section 7.5 where such objections are based solely on the fact that consolidation of the same has occurred.

7.6 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule IV (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section 7.6). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly

addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

7.7 Survival of Warranties. The representations and warranties of the Warrantors contained in this Agreement shall survive any investigation made by any party hereto and the Closing shall terminate at the end of the second anniversary of the date of the Closing.

7.8 Rights Cumulative. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

7.9 Fees and Expenses. The Company shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby. The Company shall pay or reimburse all reasonable costs and expenses incurred or to be incurred by GSR Ventures III, L.P. up to a maximum of US$50,000 upon the Closing, which shall include all legal, accounting, and administrative expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by the Transaction Documents. Without limiting any other rights or remedies available at law or in equity, if the Closing does not occur due to the reason the Company elects not to close the transactions contemplated by the Transaction Documents with the terms substantially the same as those set forth in the Term Sheet executed by the Company and other parties therein on May 29, 2009, the Company shall further bear all the costs

and expenses incurred in connection with the transactions contemplated hereunder; otherwise, the Company and the Investors shall each bear its own costs and expenses incurred in connection with the transactions contemplated hereunder. If any action at Law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.10 Finder's Fee. Each Investor agrees, severally and not jointly, to indemnify and to hold harmless the Company and each other Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, partners, employees or representatives is responsible. Each Warrantor agrees, jointly and severally, to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.11 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

7.12 Amendments and Waivers. Any term of this Agreement may be amended, only with the written consent of each of (i) the Company, (ii) each Founder, and (iii) each Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

7.13 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

7.14 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All

remedies, either under this Agreement or by Law or otherwise afforded to any Party, shall be cumulative and not alternative.

7.15 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.16 Headings and Subtitles; Interpretation. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms "herein", "hereof, and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term "including" will be deemed to be followed by, "but not limited to", (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms "shall", "will", and "agrees" are mandatory, and the term "may" is permissive; (vii) the term "day" means "calendar day", (viii) all references to dollars or to "US$" are to currency of the United States of America (and shall be deemed to include reference to the equivalent amount in other currencies), (ix) the term "day" means "calendar day", and "month" means calendar month, (x) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (xi) each representation, warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, and (xii) reference to an agreement means such agreement as amended from time to time.

7.17 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

7.18 Entire Agreement. This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof (including the Term Sheet among the Company, the Investors dated May 29, 2009), and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

7.19 GSR Seal. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

7.20 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the

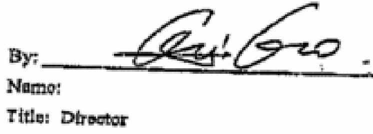
English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.

By: 
Name:
Title: Director

LIGHT IN THE BOX LIMITED

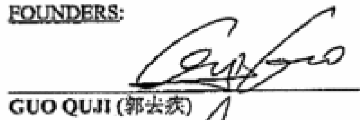
By:
Name:
Title: Director

LANTING JISHI TRADE (SHENZHEN) CO, LTD. (兰亭集势贸易(深圳)有限公司)

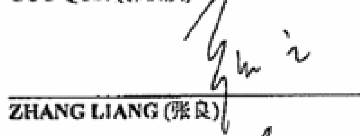
By:
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

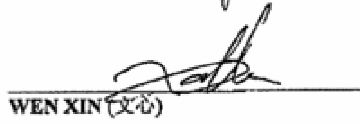
FOUNDERS:



GUO QUJI (郭去疾)



ZHANG LIANG (张良)



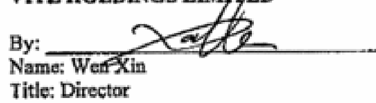
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

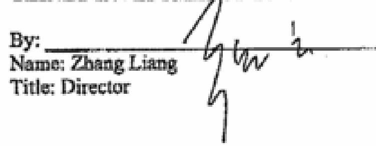
By: ____________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED



By: ____________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED



By: ____________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

CEYUAN VENTURES II, L.P.

By:
Name:
Title:

CEYUAN VENTURES ADVISORS FUND II, LLC

By:
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________________
Authorized Signatory

Address:
101 University Ave, 4th Floor
Palo Alto, CA 94301, USA

SCHEDULE I

List of Founders and Founder's Holding Entities

Founder	PRC Identification Card Number	Founder's Holding Entity	Number of Ordinary Shares Held by Founder's Holding Entity Before the Split	Number of Ordinary Shares Held by Founder's Holding Entity After the 2:3 Share Split
Mr. Guo Quji (□□□), a PRC citizen	51010519750910 0012	Wincore Holdings Limited	7,037,037	10,555,555
Mr. Zhang Liang (□□), a PRC citizen	61030219761029 2034	Clinet Investments Limited	4,692,593	7,038,889
Mr. Wen Xin (□□), a PRC citizen	44030119800420 2314	Vitz Holdings Limited	4,692,593	7,038,889

SCHEDULE II

SCHEDULE OF INVESTORS

Name	Number of Series B Preferred Shares to be Purchased	Total Purchase Price Payable	
Ceyuan Ventures II, L.P.	3,151,454	US$	2,026,904.5
Ceyuan Ventures Advisors Fund II, LLC	121,424	US$	78,095.5
GSR Ventures III, L.P.	14,249,847	US$	9,165,000
Total	**17,522,725**	**US$**	**11,270,000**

SCHEDULE III

DISCLOSURE SCHEDULE

SCHEDULE IV

NOTICES

If to the Group Companies:

Address: [illegible] 16 [illegible] 2 [illegible] 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist., Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: [illegible]

If to the Founders and the Founder Holding Entities:

Wincore Holdings Limited and/or GUO QUJI ([illegible])
Address: [illegible] 18 [illegible] 1 [illegible] 201
Tel: 13911526695
Attention: [illegible]

Clinet Investments Limited and/or ZHANG LIANG ([illegible])
Address: [illegible] 717 [illegible]
Tel: 010-66062647
Fax: 010-66062719
Attention: [illegible]

Vitz Holdings Limited and/or WEN XIN ([illegible])
Address: [illegible] 4 [illegible] 9E
Tel: 010-85624369
Fax: 010-85624369
Attention: [illegible]

If to the Investors:

Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC:
Address: Ceyuan Ventures II, L.P. /
No. 35 Qinlao Hutong
Dongcheng District, Beijing
PRC 100009
Fax: 86-10-8402 0555
Attention: Mr. Zhao Weiguo

GSR Ventures III, L.P.:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

EXHIBIT A

FORM OF MANAGEMENT RIGHTS LETTER

EXHIBIT B-1

FORM OF AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

EXHIBIT B-2

FORM OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION

EXHIBIT C

FORM OF SHAREHOLDERS AGREEMENT

EXHIBIT D

FORM OF RIGHT OF FIRST REFUSAL & CO-SALE AGREEMENT

EXHIBIT E

FORM OF RESTRICTED SHARE AGREEMENT

Execution Copy

EXHIBIT F

FORM OF INDEMNIFICATION AGREEMENT

EXHIBIT G

FORM OF HONG KONG LEGAL OPINION

Exhibit 4.7

Execution Copy

SERIES C PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES C PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”**)** is made and entered into on September 28, 2010 by and among:

1. Light In The Box Holding Co., Ltd., an exempted company organized under the Laws of the Cayman Islands (the “**Company**”),

2. Light In The Box Limited, a company limited by shares incorporated under the Laws of Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) (the “**HK Subsidiary**”),

3. Lanting Jishi Trade (Shenzhen) Co., Ltd. (□□□□□□□□□□□□□□), a foreign invested commercial enterprise incorporated under the Laws of the PRC (the “**FICE**”),

4. Shenzhen Lanting Huitong Technologies Co., Ltd. (□□□□□□□□□□□□), a domestic limited liability company incorporated under the Laws of the PRC (the “**Shenzhen Lanting**”),

5. Each of the individuals and their respective holding company listed on Schedule I-A attached hereto (each such individual, a “**Founder**” and collectively, the “**Founders**”, each such holding company, a “**Founder Holding Entity**” and collectively, the “**Founder Holding Entities**”):

6. Mr. Liu Jun (□□) (the “**Founding Angel**”) and his holding company (the “**Founding Angel Holding Entity**”) listed on Schedule I-B attached hereto; and

7. Each Person listed on Schedule II hereto (each, an “**Investor**” and collectively, the “**Investors**”).

Each of the parties listed above is referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. The Company holds 100% equity interest of the HK Subsidiary which owns 100% registered capital of FICE which in turn Controls Shenzhen Lanting, the sole shareholder of Shanghai Ouku Network Technologies Co., Ltd. (□□□□□□□□□□□□, “**Shanghai Ouku**”), by a Captive Structure.

B. The HK Subsidiary is engaged in the business of commercial wholesale, retail, product import, export and logistics, operation of the website of www.lightinthebox.com. The FICE is engaged in the business of commercial wholesale, retail, commission-agency, product import, export and logistics. The Shenzhen Lanting is engaged in the business of development of software and network system platform and consulting services with respect to computer technologies and the Shanghai Ouku is engaged in the development and sale of network technologies, computer software and hardware and communications equipment, the sale of electronic products, home appliances, textile and apparel, shoes, hats, and bags, leather products, cosmetic products, and the online retail of audio visual products. The Company seeks expansion capital to grow the

Business (as defined below) and, correspondingly, seeks to secure an investment from the Investors, on the terms and conditions set forth herein.

C. The Investors wish to invest in the Company by subscribing for 9,651,565Series C Preferred Shares (as defined below), to be issued by the Company in aggregate pursuant to the terms and subject to the conditions of this Agreement.

D. The Company wishes to issue and sell 9,651,565Series C Preferred Shares to the Investors in aggregate pursuant to the terms and subject to the conditions of this Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein in connection with the issuance and sale of the Series C Preferred Shares.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

“**Action**” means any notice, charge, claim, action, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, whether at Law or in equity, and whether or not before any mediator, arbitrator or Governmental Authority.

“**Affiliate**” means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. In the case of an Investor, the term “Affiliate” also includes (v) any shareholder of the Investor, (w) any of such shareholder’s or Investors’ general partners or limited partners, (x) the fund manager managing such shareholder or Investor (and general partners, limited partners and officers thereof) and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, the Right of First Refusal & Co-Sale Agreement, the Restricted Share Agreement, the Management Rights Letter and the Indemnification Agreements, each as defined herein.

“**Angels**” means collectively, Mr. Xu Xiaoping (□□□), a Canadian whose passport number is BA487004, and Mr. Chit Jeremy Chau, a permanent resident of Hong Kong whose passport number is HA0668315.

“**Asset Transfer Agreements**” means that certain Assets Transfer Agreement (□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated

as of October 23, 2008, and the Assets Transfer Agreement (□□□□□□) entered into by and between Beijing Lanting and the FICE dated as of October 23, 2008.

“**Associate**” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of Equity Securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

“**Beijing Lanting**” means Lanting Jishi (Beijing) Technology, Co., Ltd. (□□□□□□□□□□□□□□), a company incorporated under the Laws of the PRC.

“**Benefit Plan**” means any deferred compensation Contract, bonus plan, incentive plan, profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any employee, officer, consultant, and/or director of a Person or with respect to which contributions are or have been made on account of an employee, officer, consultant, and/or director of such a Person.

“**Board**” or “**Board of Directors**” means the board of directors of the Company.

“**Business**” means the business conducted by the HK Subsidiary and the Shanghai Ouku, respectively, as set forth in the Recitals.

“**Business Day**” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC.

“**Captive Structure**” means the structure under which the FICE Controls the Shenzhen Lanting through the Control Documents.

“**Ceyuan**” means Ceyuan Ventures II, L.P. and/or Ceyuan Ventures Advisors Fund II, LLC.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Charter Documents**” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company Registered IP**” means all Intellectual Property for which registrations have been obtained throughout the world (and all applications for, or extensions or reissues of, any of the foregoing throughout the world) that are owned by, or registered or applied for in the name of, any Group Company.

“**Consent**” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“**Contract**” means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, purchasing arrangement and other legally binding arrangement, whether written or oral.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“**Control Documents**” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement (□□□□□□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (ii) Business Operation Agreement (□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (iii) Share Disposal Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008, and (iv) Share Pledge Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008.

“**Conversion Shares**” means Ordinary Shares issuable upon conversion of any Shares.

"**Equity Securities**" means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

"**FCPA**" means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

"**Governmental Authority**" means any government of any nation or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any

other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"**Governmental Order**" means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

"**Group Company**" means each of the Company, the HK Subsidiary, the UK Subsidiary, Shenzhen Lanting, Shanghai Ouku, and the FICE, together with each Subsidiary of any of the foregoing, except for Beijing Lanting, and "**Group**" refers to all of Group Companies collectively.

"**GSR**" means GSR Ventures III, L.P. and Banean Holdings Ltd.

"**Indemnifiable Loss**" means, with respect to any Person, any action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Person, including without limitation, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Person by reason of the indemnification.

"**Intellectual Property**" means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author's rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing.

"**Knowledge**" means, with respect to the Warrantors, the actual knowledge of any of the Founders and the Founding Angel, and that knowledge which should have been acquired by each such individual after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due inquiry of all officers, directors (excluding the directors appointed by Ceyuan and GSR), employees, consultants and professional advisers (including attorneys, accountants and auditors) of the Group and of its Affiliates who could reasonably be expected to have knowledge of the matters in question, and where any statement in the representations and warranties hereunder is expressed to be given or made to a Person's Knowledge, or so far as a party is aware, or is qualified in some other manner having a similar effect, the

statement shall be deemed to be supplemented by the additional statement that such party has made such due inquiry and due diligence.

"**Law**" or "**Laws**" means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

"**Liabilities**" means, with respect to any Person, all liabilities, obligations and commitments of such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

"**Lien**" means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

"**Management Rights Letter**" means the Management Rights Letter issued by the Company to the Investors on or prior to the Closing, in the form attached hereto as Exhibit A.

"**Material Adverse Effect**" means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group taken as a whole, (ii) material impairment of the ability of any party (other than the Investors) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any party hereto or thereto (other than the Investors).

"**Memorandum and Articles**" means the third amended and restated memorandum of association of the Company and the third amended and restated articles of association of the Company attached hereto as Exhibits B-1 and Exhibit B-2, respectively, to be adopted in accordance with applicable Law on or before the Closing.

"**MOFCOM**" means the Ministry of Commerce or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.

"**Order No. 10**" means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors («□□□□□□□□□□□□□□□□») jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

"**Ordinary Shares**" means the Company's ordinary shares, par value US$1/15000 per share.

"**Permitted Liens**" means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens and (y) were not incurred in connection with the borrowing of money.

"**Person**" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"**PFIC**" means a passive foreign investment company as defined in the Code.

"**PRC**" means the People's Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

"**Prohibited Person**" means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department's Denied Parties List, Entities and Unverified Lists; the U.S. Department of Treasury's Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State's Debarred List; UN Sanctions, (3) a member of any PRC military organization, or (4) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

"**Public Official**" means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

"**Public Software**" means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (*e.g.*, Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.

"**Related Party**" means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company (other than Ceyuan and GSR), and any Affiliate or Associate of any of the foregoing.

"**Right of First Refusal & Co-Sale Agreement**" means the Amended and Restated Right of First Refusal & Co-Sale Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit C.

"**Restructuring**" means the establishment of the Captive Structure.

"**SAFE**" means the State Administration of Foreign Exchange of the PRC.

"**SAFE Rules and Regulations**" means collectively, the Circular 75 and any other applicable SAFE rules and regulations.

"**SAIC**" means the State Administration of Industry and Commerce or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

"**Series A Preferred Shares**" means the Series A Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series B Preferred Shares**" means the Series B Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series C Preferred Shares**" means the Series C Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Shareholders Agreement**" means the Second Amended and Restated Shareholders Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit D.

"**Restricted Share Agreement**" means the Second Amended and Restated Restricted Share Agreement entered into by and among the parties thereto on or prior to the Closing, in the form attached hereto as Exhibit E.

"**Social Insurance**" means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

"**Software**" means any and all (A) computer programs, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including

any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

"**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**Tax**" means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i)(a), (i)(b) and (i)(c) above.

"**Tax Return**" means any return, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

"**Transaction Documents**" means this Agreement, the Ancillary Agreements, the Memorandum and Articles, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

"**UK Subsidiary**" means LIGHTINTHEBOX (UK) LIMITED.

"**U.S. real property holding corporation**" has the meaning as defined in the Code.

"**Warrantors**" means collectively, the Group Companies, the Founders and the Founder Holding Entities, the Founding Angel and the Founding Angel Holding Entity.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Account Date	Section 3.11
Agreement	Preamble

Arbitration Notice	Section 7.5 (i)
Balance Sheet	Section 3.11
Closing	Section 2.2 (i)
Company	Preamble
Company IP	Section 3.19 (i)
Compliance Laws	Section 3.16 (i)
Disclosure Schedule	Section 3
Dispute	Section 7.5 (i)
ESOP	Section 3.2 (i)
FICE	Preamble
Founding Angel	Preamble

Founding Angel Holding Entity	Preamble
Financial Statements	Section 3.11
Founders/Founder	Preamble
HKIAC	Section 7.5 (ii)
HKIAC Rules	Section 7.5 (ii)
Hong Kong (HK Subsidiary)	Preamble
Indemnification Agreement	Section 5.7
Investor/Investors	Preamble
Lease	Section 3.17 (ii)
Licenses	Section 3.19 (v)
Material Contracts	Section 3.15 (i)
Party/Parties	Preamble
Principal Tribunal	Section 7.5 (ix) (1)
Proceeds	Section 2.3
Purchase Price	Section 2.1

Representatives	Section 3.16 (i)
Required Consents	Section 3.8 (iii)
SEC	Section 4.3
Shares	Section 2.1
Shanghai Ouku	Recitals
Shenzhen Lanting	Preamble
Statement Date	Section 3.11

2. Purchase and Sale of Shares.

2.1 Sale and Issuance of the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), each Investor, severally and not jointly, agrees to subscribe for and purchase, and the Company agrees to issue and sell to each Investor, that number of Series C Preferred Shares set forth opposite such Investor's name on Schedule II attached hereto (the "**Shares**"), with each Investor to pay as consideration for such Shares the aggregate purchase price set forth opposite such Investor's name on Schedule II attached hereto (the "**Purchase Price**").

2.2 Closing

(i) **Closing.** The consummation of the sale and issuance of the Shares pursuant to Section 2.1 (the "**Closing**") shall take place remotely via the exchange of documents and signatures as soon as practicable, but in no event later than three (3) Business Days after all closing conditions specified in Section 5 and Section 6 hereof have been waived or satisfied (other than those conditions to be satisfied at the Closing, but subject to the satisfaction or waiver thereof at the Closing), or at such other time and place as the Company and the Investors shall mutually agree in writing.

(ii) **Deliveries by the Company at Closing**. At the Closing, in addition to any items the delivery of which is made an express condition to the Investor's obligations at the Closing pursuant to Section 5, the Company shall deliver to each Investor (x) the updated register of members of the Company, certified by the registered agent of the Company, reflecting the issuance to the Investor of the Shares being purchased by such Investor at the Closing, (y) the updated register of directors of each of the Company and the HK Subsidiary, certified by the registered agent of the Company and the secretary of the HK Subsidiary, respectively, evidencing the appointment of the director as contemplated by Section 5.9 hereof and a copy of the appointment letters appointing the director to the board of directors of the FICE as contemplated by Section 5.9 hereof, and (z) duly executed certificate or certificates issued in the name of such Investor representing the Shares being purchased by such Investor at the Closing.

(iii) **Deliveries by the Investors at Closing**. At the Closing, subject to the satisfaction or waiver of all the conditions set forth in Section 5 below, each Investor shall pay

the Purchase Price, by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company.

2.3 Use of Proceeds. The Company shall use the proceeds from the issuance and sale of the Shares (the "**Proceeds**") as investment capital of the HK Subsidiary which shall be subsequently used by the HK Subsidiary (i) for purpose of its business expansion, capital expenditures and general working capital needs, or (ii) as capital contribution by the HK Subsidiary into the FICE or a shareholder loan lent by the HK Subsidiary to the FICE for purpose of business expansion, capital expenditures and general working capital needs of the FICE. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company or its subsidiaries or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose without the prior consent of each Investor.

2.4 Waiver of Participation Rights. By execution and delivery of this Agreement, each of Ceyuan and GSR hereby waives all of its rights under the Amended and Restated Shareholders Agreement with the Company and certain other parties dated as of June 26, 2009 in relation to the issuance of the Shares by the Company to the Investors hereunder, including any right of participation, right of first refusal, right to receive any notice, and any other right in connection with such issuance.

3. Representations and Warranties of the Warrantors. Subject to such exceptions as may be specifically set forth in the Disclosure Schedule attached to this Agreement as Schedule III (the "**Disclosure Schedule**"), each of the Warrantors jointly and severally represents and warrants to the Investors that:

3.1 Organization, Good Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would be a Material Adverse Effect. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Investors), and has, since its establishment, carried on its business materially in compliance with the business scope set forth in its business license.

3.2 Capitalization and Voting Rights.

(i) **Company.** The authorized share capital of the Company is and immediately prior to the Closing shall be US$50,000 divided into (i) a total of 707,825,710 authorized Ordinary Shares, 36,108,965 of which are issued and outstanding, and 4,444,444 of which have been reserved for issuance to officers, directors, employees, consultants or service providers of the Company pursuant to an equity incentive plan of the Company (the "**ESOP**") to be adopted after the Closing; (ii) a total of 15,000,000 authorized Series A Preferred Shares, all of which are issued and outstanding; (iii) a total of 17,522,725 authorized Series B Preferred Shares, all of which are issued and outstanding; and (iv) a total of 9,651,565authorized Series C Preferred Shares, none of which are issued and outstanding. Section 3.2(i) of the Disclosure

Schedule set forth the capitalization table of each Group Company as of immediately prior to the Closing, and immediately after the Closing, in each case reflecting all then outstanding and authorized Equity Securities of such Group Company, the record and beneficial holders thereof, the issuance date, and the terms of any vesting applicable thereto.

(ii) **HK Subsidiary**. The authorized share capital of the HK Subsidiary is and immediately prior to and following the Closing shall be HK$10,000, divided into 10,000 shares of HK$1.00 each, 100 of which are issued and outstanding and held by the Company.

(iii) **FICE, Shenzhen Lanting and Shanghai Ouku**. The registered capital of each of the FICE, Shenzhen Lanting and Shanghai Ouku is set forth opposite its name on Section 3.2(iii) of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(iv) **Other Group Companies**. The authorized and outstanding Equity Securities of each other Group Company is set forth on Section 3.2(iv) of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(v) **No Other Securities**. Except for (a) the conversion privileges of the Series A Preferred Share, the Series B Preferred Shares and the Series C Preferred Shares, (b) certain rights provided in the Shareholders Agreement, the Right of First Refusal & Co-Sale Agreement, the Restricted Share Agreement, the Memorandum and Articles and (c) certain rights provided in the Control Documents, (1) there are no and at the Closing there shall be no authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of any Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by applicable PRC Laws) or other rights to purchase such Equity Securities or any other rights with respect to such Equity Securities, and (3) no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Group Company. Except as set forth in the Shareholders Agreement, the Company has not granted any registration rights to any other Person, nor is the Company obliged to list, any of the Equity Securities of any Group Companies on any securities exchange. Except as contemplated under the Transaction Documents and the Control Documents, there are no voting or similar agreements which relate to the share capital or registered capital of any Group Company.

(vi) **Issuance and Status**. All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive rights of any Person, and applicable Contracts and are fully paid (which, in the case of PRC entities, shall be fully paid in accordance with its articles of association) and non-assessable. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued and fully paid (or subscribed for) in accordance with its articles of association, is nonassessable, and is and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under the Control Documents, Ancillary Agreements and applicable Laws). No share capital or registered capital of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract, or any Laws, by which each such Group Company at the time of issuance or subscription was bound. Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any

Group Company or cause the liquidation, winding up, or dissolution of any Group Company, (b) dividends which have accrued or been declared but are unpaid by any Group Company, or (c) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company.

3.3 Corporate Structure; Subsidiaries. Section 3.3 of the Disclosure Schedule sets forth a complete structure chart showing Group Companies, and indicating the ownership and Control relationships among all Group Companies, the Founders, the Founding Angel, and the Angels. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person. Each Group Company is engaged in the business as set forth in the Recitals and has no other business. The Company was formed solely to acquire and hold the equity interests in the HK Subsidiary and since its formation has not engaged in any other business and has not incurred any Liability. The UK Subsidiary was formed solely to enter into certain credit card application agreement and since its formation has not engaged in any other business and has not incurred any Liability. The HK Subsidiary and Shanghai Ouku are the main operational entities of the Group and the HK Subsidiary, FICE, Shenzhen Lanting and Shanghai Ouku collectively own all Intellectual Property related to the business of the Group. Beijing Lanting is not engaged in any of the business conducted by the Group and does not have any assets in relation to any of such business or any Contract with any Group Company except for (i) the Asset Transfer Agreement with the FICE dated October 23, 2008, (ii) the Services Contract and the Software Development Agreement with the HK Subsidiary dated October 5, 2008, the true and complete copies of which have been provided to the Investors and (iii) other documents between Beijing Lanting and any Group Company which have been disclosed to the Investors. Guo Quji, Liu Jun, Wen Xin, Zhang Liang and Xu Xiaoping collectively own 100% registered capital of Beijing Lanting. Beijing Lanting has ceased its operation and is in the process of dissolution and liquidation in accordance with the applicable Laws; as of the date hereof, Beijing Lanting has no employee.

3.4 Authorization. Each Warrantor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each Warrantor (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all obligations of each Warrantor thereunder, and, in the case of the Company, the authorization, issuance (or reservation for issuance), sale and delivery of the Shares and the Conversion Shares, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by each party thereto (other than the Investors) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.5 Valid Issuance of Shares. The Shares, when issued, delivered and paid for in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws and under the Ancillary Agreements). The

Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Memorandum and Articles, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable securities Laws and under the Ancillary Agreements). The issuance of the Shares and the Conversion Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

3.6 Consents; No Conflicts. All Consents from any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of any party thereto (other than the Investors) have been duly obtained or completed (as applicable) and are in full force and effect. The execution, delivery and performance of each Transaction Document by each party thereto (other than the Investors) do not, and the consummation by such party of the transactions contemplated thereby will not, (i) result in any violation of, be in conflict with, or constitute a default under, with or without the passage of time or the giving of notice, or give any Person rights of termination, amendment, acceleration or cancellation under, any Governmental Order, any provision of the Charter Documents of any Group Company, any applicable Laws (including without limitation, Order No. 10 and the SAFE Rules and Regulations), or any Material Contract, (ii) result in any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any Group Company (including without limitation, any indebtedness of such Group Company), or trigger any preemptive right or transfer restriction, or (iii) result in the creation of any Lien upon any of the properties or assets of any Group Company other than Permitted Liens.

3.7 Offering. Subject in part to the accuracy of the Investors' representations set forth in Section 4 of this Agreement, the offer, sale and issuance of the Shares are, and the issuance of the Conversion Shares will be, exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any applicable securities Laws.

3.8 Compliance with Laws; Consents.

(i) Each Group Company is, and has been, in compliance in all material respects with all applicable Laws. No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company of, or a failure on the part of such entity to comply with, any applicable Laws in any material respect, or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature. None of the Group Companies has received any notice from any Governmental Authority regarding any of the foregoing. To the Knowledge of the Warrantors, no Group Company is under investigation with respect to a material violation of any Law.

(ii) The Restructuring has been duly completed in accordance with all applicable Laws. Neither of the Asset Transfer Agreements has been performed and no asset transfer has occurred or been recorded in the financial books, records or statements of any Group Company in connection with any of the Asset Transfer Agreements. Neither the Restructuring nor the Control Documents violates any applicable Laws (including without limitation, SAFE Rules and Regulations, Order No. 10 and any other applicable PRC rules and regulations).

(iii) All Consents from the relevant Governmental Authority or other Person required in respect of the due and proper establishment and operations of each Group Company as now conducted, including but not limited to the Consents from MOFCOM (or any predecessors thereof), SAIC, SAFE, the Ministry of Information Industry, the Ministry of Culture, Press and Publication Administration, the any Tax bureau, customs authorities, product registration authorities, and health regulatory authorities and the local counterpart thereof, as applicable (collectively, the "**Required Consents**"), have been duly obtained or completed in accordance with all applicable Laws. Section 3.8(iii) of the Disclosure Schedule is a complete list of such Required Consents, together with the name of the entity issuing each such Required Consent.

(iv) No Required Consent contains any materially burdensome restrictions or conditions, and each Required Consent is in full force and effect and will remain in full force and effect upon the consummation of the transactions contemplated hereby. None of the Group Companies is in default in any material respect under any Required Consent. To the Knowledge of the Warrantors, there is no reason to believe that any Required Consent which is subject to periodic renewal will not be granted or renewed. No Group Company has received any letter or other communication from any Governmental Authority threatening or providing notice of revocation of any Required Consent issued to any Group Company or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by any Group Company.

(v) Each of the Founders, Founding Angel and Angels who is a PRC citizen has complied with all reporting and/or registration requirements (including filings of amendments to existing registrations) under the SAFE Rules and Regulations, and has made all oral or written filings, registrations, reporting or any other communications required by SAFE or any of its local branches. No Group Company has received any oral or written inquiries, notifications, orders or any other form of official correspondence from SAFE or any of its local branches with respect to any actual or alleged non-compliance with SAFE Rules and Regulations.

3.9 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax Returns that are required to have been filed by it with any Governmental Authority, (b) has timely paid all Taxes owed by it which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit from amounts owing to any employee, creditor, customer or third party, and (c) has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than, in the case of clauses (a) and (b), unpaid Taxes that are in contest with Tax authorities by Group Company in good faith or nonmaterial in amount.

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete in all material respects. None of such Tax Returns contains a statement that is false or misleading or omits any matter that is required to be included or without which the statement would be false or misleading. No reporting position was taken on any such Tax Return which has not been disclosed to the appropriate Tax authority or in such Tax Return, as may be required by Law. All records relating to such Tax Returns or to the preparation thereof

required by applicable Law to be maintained by applicable Group Company have been duly maintained. To the Knowledge of the Warrantors, no written claim has been made by a Governmental Authority in a jurisdiction where the Group does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction.

(iii) The assessment of any additional Taxes with respect to the applicable Group Company for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements (as defined below), and there are no unresolved questions or claims concerning any Tax Liability of any Group Company. Since the Statement Date (as defined below), no Group Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company, and to the Knowledge of the Warrantors, there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(iv) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. Except for the withholding duties of Taxes in accordance with applicable laws, no Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(v) All Tax credits and Tax holidays enjoyed by the Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.

(vi) No Group Company is or has ever been a PFIC or CFC or a United States real property holding corporation. No Group Company anticipates, based on its operations through July 31, 2010 that it will become a PFIC or CFC or a United States real property holding corporation for the current taxable year and any future taxable year.

(vii) The Company is treated as a corporation for U.S. federal income tax purposes.

3.10 Charter Documents; Books and Records. The Charter Documents of each Group Company are in the form provided to the Investors. Each Group Company has been in compliance with its Charter Documents in all material respects, and none of the Group Companies has violated or breached any of their respective Charter Documents which may result in any Material Adverse Effect. Each Group Company has made available to the Investors or its counsel a copy of its minute books. Such copy is true, correct and complete, and contains all amendments and all minutes of meetings and actions taken by its shareholders and directors since the time of formation through the date hereof and reflects all transactions referred to in such minutes accurately in all material respects. Each Group Company maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice.

3.11 Financial Statements. Section 3.11 of the Disclosure Schedule sets forth the unaudited consolidated balance sheet and statements of operations and cash flows for the Group as of and for the twelve-months ending December 31, 2009 (the "**Account Date**") and the unaudited consolidated balance sheet (the "**Balance Sheet**") and statements of operations and cash flows for the Group as of and for the seven-month period ending July 31 , 2010 (the "**Statement Date**") (collectively, the financial statements referred to above, the "**Financial Statements**"). The Financial Statements (i) have been prepared in accordance with the books and records of the Group, (ii) fairly present in all material respects the financial condition and position of the Group as of the dates indicated therein and the results of operations and cash flows of the Group for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (iii) were prepared in accordance with applicable local general accepted accounting principles of each Group Company respectively, applied on a consistent basis throughout the periods involved. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business in all material respects, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with applicable local general accepted accounting principles), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of the Group Companies to the Knowledge of the Warrantors.

3.12 Changes. Since the Account Date, the Group has operated its business in the ordinary course consistent with its past practice, there has not been any Material Adverse Effect or any material change in the way the Group conducts its business, no Group Company has entered into any transaction outside of the ordinary course of business consistent with its past practice, and there has not been by or with respect to any Group Company:

(i) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice, and no acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof;

(ii) any waiver, termination, settlement or compromise of a valuable right or of a debt, other than those in the ordinary course of business which would not reasonably be expected to have a Material Adverse Effect on any Group Company;

(iii) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any material indebtedness or guarantee, or the making of any loan or advance (other than (x) the reasonable and normal advances to employees for bona fide expenses (y) the loan or advance to suppliers or customers, in each case that are incurred in the ordinary course of business consistent with its past practice), or the making of any material investment or capital contribution;

(iv) any amendment to any Material Contract, any entering of any new Material Contract, or any termination of any Contract that would have been a Material Contract

if in effect on the date hereof, or any amendment to any Charter Document, or any amendment to or waiver under any Charter Document;

(v) any material change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, or made any material change in any existing Benefit Plan, other than any change incurred in the ordinary course of business consistent with its past practice;

(vi) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

(vii) any material damage, destruction or loss, whether or not covered by insurance, adversely affecting the assets, properties, financial condition, operation or business of any Group Company;

(viii) any material change in accounting methods or practices or any revaluation of any of its assets;

(ix) except in the ordinary course of business consistent with its past practice, entry into any closing agreement in respect of material Taxes, settlement of any claim or assessment in respect of any material Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any material Taxes, entry or change of any material Tax election, change of any method of accounting resulting in a material amount of additional Tax or filing of any material amended Tax Return;

(x) any commencement or settlement of any material Action;

(xi) any sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company;

(xii) any resignation or termination of any Founder or the Founding Angel of any Group Company or any material group of employees of any Group Company;

(xiii) any transactions with Related Parties; or

(xiv) any agreement or commitment to do any of the things described in this Section 3.12.

3.13 Actions. There is no Action pending or, to the Knowledge of the Warrantors, threatened against or affecting any Group Company or any of its officers, directors or employees with respect to its businesses or proposed business activities, or, to the Knowledge of the Warrantors, any officers, directors or employees of any Group Company in connection with such person's respective relationship with such Group Company, nor to the Knowledge of the Warrantors is there any basis for any of the foregoing. By way of example, but not by way of limitation, there are no Actions pending against any of the Group Companies or threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. There is no Governmental Order in effect and

binding on any Group Company or their respective assets or properties. There is no Action pending by any Group Company against any third party nor does any Group Company intend

to commence any such Action. To the Knowledge of the Warrantors, no Governmental Authority has at any time materially challenged or questioned in writing the legal right of any Group Company to conduct its business as presently being conducted. No Group Company has received any opinion or memorandum or advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to the business of any Group Company.

3.14 Liabilities. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group's business consistent with its past practices and which do not exceed US$30,000 in the aggregate. None of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. None of the Group Companies is a guarantor or indemnitor of any Liabilities of any other Person.

3.15 Commitments.

(i) Section 3.15(i) of the Disclosure Schedule contains a complete and accurate list of all Material Contracts. "**Material Contracts**" means collectively, each Contract to which a Group Company or any of its properties or assets is bound or subject to that (a) involves obligations (contingent or otherwise) or payments in excess of USD200,000 individually or in the aggregate per annum or that is not terminable upon thirty (30) days notice without incurring any penalty or obligation, (b) involves Intellectual Property that is material to a Group Company (other than generally-available "off-the-shelf" shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing exclusivity, "change in control", "most favored nations", rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a business, (i) involves the waiver, compromise, or settlement of any material dispute, claim, litigation or arbitration, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases involving payments of less than USD200,000 per annum), including without limitation, the Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is between the Shenzhen Lanting/Shanghai Ouku and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, (o) is a Control Document, or (p) otherwise material to a Group Company or is one on which a Group Company is substantially dependent.

(ii) A true, fully-executed copy of each Material Contract (and a written summary of each non-written Material Contract) has been delivered to the Investors. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or

Governmental Order, and is in full force and effect, and such Group Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or, to the Knowledge of the Warrantors, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract.

3.16 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions.

(i) Each Group Company, and to the Knowledge of each Group Company, its respective directors (excluding the directors appointed by Ceyuan and GSR), officers, employees, agents and other persons acting on its behalf (collectively, "**Representatives**") are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the "**Compliance Laws**") including the FCPA as if it were a U.S. Person. Without limiting the foregoing, neither any Group Company nor, to the Knowledge of the Group Company, any Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,

(a) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(b) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(c) the making of any false or fictitious entries in the books or records of any Group Company by any Person, or

(d) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(ii) No Group Company or to the Knowledge of the Group Company, its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery.

(iii) No Group Company or, to the Knowledge of the Group Company, Representative is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group

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Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

3.17 Title; Properties.

(i) **Title; Personal Property**. The Group Companies have good and valid title to, or a valid leasehold interest in or right to use, all of their assets, whether real, personal or mixed, purported to be owned by them (including but not limited to all such assets reflected in the Financial Statements), free and clear of any Liens, other than Permitted Liens. The foregoing assets, rights and properties collectively represent in all material respects all assets, rights and properties necessary for the conduct of the business of the Group in the manner conducted during the periods covered by the Financial Statements and as presently conducted. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

(ii) **Real Property**. No Group Company owns or has legal or equitable title or other right or interest in any real property other than as held pursuant to Leases. Section 3.17(ii) of the Disclosure Schedule sets forth each leasehold interest pursuant to which any Group Company holds any real property (a "**Lease**"), indicating the parties to such Lease, the address of the property demised under the Lease, the rent payable under the Lease and the term of the Lease. The particulars of the Leases as set forth in Section 3.17(ii) of the Disclosure Schedule are true and complete. Each Lease constitutes the entire agreement with respect to the property demised thereunder. To the Knowledge of the Warrantors, the lessor under each Lease is qualified and has obtained all Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no claim asserted or, to the Knowledge of the Warrantors, threatened by any Person regarding the lessor's ownership of the property demised pursuant to each Lease. Each Lease is in compliance in all material respects with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. Each Group Company which is party to a Lease has accepted possession of the property demised pursuant to the Lease and is in actual possession thereof and has not sublet, assigned or hypothecated its leasehold interest. No Group Company uses any real property in the conduct of its business except insofar as it has secured a Lease with respect thereto. The leasehold interests under the Leases held by each Group Company are adequate for the conduct of the business of such Group Company as currently conducted. There exists no pending or, to the Knowledge of the Warrantors, threatened condemnation, confiscation, eminent domain proceeding, dispute, claim, demand or similar proceeding with respect to, or which could materially and adversely affect, the continued use and enjoyment of such leasehold interests. To the Knowledge of the Warrantors, there are no circumstances that would entitle any Governmental Authority or other Person to take possession or otherwise restrict use, possession or occupation of any property subject to any Leases.

3.18 Related Party Transactions. No Related Party has any Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect ownership interest in any Group Company other than as set forth in Section 3.2(i), (iii) and (iv) of the Disclosure Schedule, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits). To the Knowledge of the Warrantors, no Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or any Person that directly or indirectly competes with any Group Company (other than ownership of less than one percent (1%) of the stock of publicly traded companies), or any Contract to which a Group Company is a party or by which it may be bound or affected.

3.19 Intellectual Property Rights.

(i) **Company IP**. Each Group Company owns or has the rights to use or otherwise has the sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to, all Intellectual Property necessary and sufficient to conduct its business as currently conducted by such Group Company ("**Company IP**") without any conflict with or infringement of the rights of any other Person. For the purposes of this Agreement, "**Company Owned IP**" means Intellectual Property owned by the Group Companies. Section 3.19(i) of the Disclosure Schedule sets forth a complete and accurate list of all Company Registered IP for each Group Company, including for each the relevant name or description, registration/certification or application number, and filing, registration or issue date.

(ii) **IP Ownership**. All Company Registered IP is owned by and registered or applied for solely in the name of a Group Company, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Group Company or, to the Knowledge of the Warrantors, any of its employees, officers or directors (excluding the directors appointed by Ceyuan and GSR) has taken any actions or failed to take any actions that would cause any material Company Owned IP to be invalid, unenforceable or not subsisting. To the Knowledge of the Warrantors, no funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any material Company IP. No material Company Owned IP is the subject of any Lien, license or other Contract to which any Group Company is a party granting rights therein to any other Person. No Group Company is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could require or obligate a Group Company to grant or offer to any Person any license or right to any material Company Owned IP. No Company Registered IP is subject to any proceeding or outstanding Governmental Order or settlement agreement or stipulation that restricts in any manner the use, transfer or licensing thereof, or any Group Company's products or services, by any Group Company or may affect the validity, use or enforceability of such Company Registered IP. Except as disclosed in Section 3.19 (i) of the Disclosure Schedule, each of the Founders and the Founding Angel has assigned and transferred to a Group Company any and all of his/her Intellectual Property related to the business conducted by the Group Companies. No Group Company has (a) transferred or assigned any material Company IP; (b) authorized the joint ownership of, any material Company IP; or (c) permitted

the rights of any Group Company in any material Company Registered IP to lapse or enter the public domain.

(iii) **Infringement, Misappropriation and Claims**. No Group Company has violated, infringed or misappropriated any Intellectual Property of any other Person, provided that the forgoing representations and warranties under this Section 3.19(iii) shall not be applied to any violation, infringement or misappropriation of any Intellectual Property of any other Person caused by or arising from any products produced by any third party and distributed or sold by any Group Company, nor has any Group Company received any written notice alleging any of the foregoing. To the Knowledge of the Warrantors, no Person has violated, infringed or misappropriated any Company Owned IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. To the Knowledge of the Warrantors, no Person has challenged the ownership or use of the Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.

(iv) **Assignments and Prior IP**. All material inventions and material know-how conceived by employees, consultants and independent contractors of a Group Company related to the business of such Group Company are currently owned exclusively by a Group Company. All employees, consultants and independent contractors of a Group Company who are or were involved in the creation of any Intellectual Property for such Group Company have executed an assignment of inventions agreement that vests in a Group Company exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Law. To the Knowledge of the Warrantors, it will not be necessary to utilize any Intellectual Property of any such Persons, except for those that are exclusively owned by a Group Company, and none of such Intellectual Property has been utilized by any Group Company. To the Knowledge of the Warrantors, none of the employees, consultants or independent contractors currently or previously employed or otherwise engaged by any Group Company, (a) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Group Company or to any other Persons, including former employers or (b) is obligated under any Contract, or subject to any Governmental Order, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the business of such Group Company as presently conducted.

(v) **Licenses**. Section 3.19(v) of the Disclosure Schedule contains a complete and accurate list of (a) all licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving "off-the-shelf" commercially available software, and (2) non-exclusive licenses to customers of the business conducted by the Group Companies in the ordinary course of business consistent with past practice (collectively, the "**Licenses**"). The Group Companies have paid all license and royalty fees required to be paid under the Licenses.

(vi) **Protection of IP**. Each Group Company has taken reasonable and appropriate steps to register, protect, maintain and safeguard material Company Owned IP and

made all appropriate filings, registrations and payments of fees in connection with the foregoing. Without limiting the foregoing, all current officers and employees of any Group Company have executed and delivered to such Group Company an agreement requiring the protection of such trade secret or proprietary information. To the extent that any Company Owned IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the exclusive owner of all such independent contractor's or third party's Intellectual Property in such work, material or invention by operation of law or valid assignment.

(vii) **No Public Software**. No material Software included in any Company Owned IP has been or is being distributed, in whole or in part, or was used, or is being used in conjunction with any Public Software in a manner which would require that such Software be disclosed or distributed in source code form or made available at no charge.

3.20 Labor and Employment Matters.

(i) Each Group Company has complied in all material respects with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining. There is not pending or to the Knowledge of the Warrantors threatened, and there has not been in the last three (3) years, any Action relating to the violation or alleged violation of any applicable Laws by any Group Company related to labor or employment, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company.

(ii) Section 3.20(ii) of the Disclosure Schedule contains a true and complete list of each Benefit Plan currently or previously adopted, maintained, or contributed to by any Group Company or under which any Group Company has any Liability or under which any employee or former employee of any Group Company has any present or future right to benefits. Except for required contributions or benefit accruals for the current plan year, no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, to the Knowledge of the Warrantors, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies. Each of the Benefit Plans listed in Section 3.20(ii) of the Disclosure Schedule is and has at all times been in compliance in material respects with all applicable Laws (including without limitation, SAFE Rules and Regulations, if applicable), and all contributions to, and payments for each such Benefit Plan have been timely made. There are no pending or threatened Actions involving any Benefit Plan listed in Section 3.20(ii) of the Disclosure Schedule (except for claims for benefits payable in the normal operation of any Benefit Plan). Each Group Company maintains, and has fully funded, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Group Company is in compliance in all material respects with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts.

(iii) There has not been, and there is not now pending or, to the Knowledge of the Warrantors, threatened, any strike, union organization activity, lockout,

slowdown, picketing, or work stoppage or any unfair labor practice charge against any Group Company. No Group Companies is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.

(iv) Section 3.20(iv) of the Disclosure Schedule enumerates each Founder and the Founding Angel along with each such individual's title and current compensation rate. Each Founder is currently devoting all of his or her business time to the conduct of the business of the applicable Group Company. None of the Founders or the Founding Angel is subject to any covenant restricting him/her from working for any Group Company. To the Knowledge of the Warrantors, none of the Founders or the Founding Angel is obligated under, or in material violation of any term of, any Contract or any Governmental Order relating to the right of any such individual to be employed by, or to contract with, such Group Company. No Group Company has received any notice alleging that any such violation has occurred. None of the Founders or the Founding Angel is currently working or, plans to work for any other Person that competes with any Group Company, whether or not such Founder or the Founding Angel is or will be compensated by such Person. None of the Founders, the Founding Angel or any organized group of employees of any Group Company has given any notice of an intent to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any Founder or the Founding Angel or any organized group of employees.

3.21 Insurance. Each Group Company has in full force and effect insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to reasonably replace any of its properties and material assets that might be damaged or destroyed and in amounts customary for companies similarly situated. There is no material claim pending thereunder as to which coverage has been questioned, denied or disputed. All premiums due and payable under all such policies and bonds have been timely paid, and each Group Company is otherwise in compliance in all material respects with the terms of such policies and bonds.

3.22 Suppliers. Section 3.22 of the Disclosure Schedule is a correct list of each of the top ten (10) suppliers (with related or affiliated Persons aggregated for purposes hereof) of the Group for the year ended December 31, 2009 and for the seven-month period ended July 31, 2010, together with the aggregate amount of purchases made from such business partners during such periods. To the Knowledge of the Warrantors, each such supplier can in all material respects provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group's business consistent with prior practice. No Group Company has experienced or been notified of any material shortage in goods or services provided by its suppliers and has no reason to believe that any Person listed on Section 3.22 of the Disclosure Schedule would not continue to provide to or that it would otherwise materially alter its business relationship with, the Group at any time after the Closing on terms substantially similar to those in effect on the date hereof. There is not currently any dispute pending between the Group and any Person listed on Section 3.22 of the Disclosure Schedule.

3.23 Internal Controls. Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management's general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with applicable general accepted accounting principles and to maintain asset accountability, (iii)

access to assets of it is permitted only in accordance with management's general or specific authorization, (iv) the recorded accountability for assets of it is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) any personal assets or bank accounts of the employees, directors, officers are not mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.

3.24 No Brokers. Neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

3.25 Disclosure. No representation or warranty by the Warrantors in this Agreement and no information or materials provided by the Warrantors to the Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. Except as set forth in this Agreement or the Disclosure Schedule, to the Knowledge of the Warrantors, there is no fact that the Company has not disclosed to the Investors in writing and of which any of its officers, directors (excluding the directors appointed by Ceyuan and GSR) or executive employees has knowledge and that has had or would reasonably be expected to have any Material Adverse Effect.

4. Representations and Warranties of the Investors. Each Investor hereby represents and warrants to the Company, severally and not jointly, that:

4.1 Authorization. Such Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of such Investor (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, and the performance of all obligations of such Investor thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by such Investor (to the extent such Investor is a party and constitute valid and legally binding obligations of such Investor), enforceable against such Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2 Purchase for Own Account. The Shares and the Conversion Shares will be acquired for such Investor's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

4.3 Status of Investor. Such Investor is either (i) an "accredited investor" within the meaning of Securities and Exchange Commission ("**SEC**") Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a "U.S. person" as defined in Rule 902

of Regulation S of the Securities Act. Such Investor has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the applicable Shares and can bear the economic risk of its investment in the Shares.

4.4 Restricted Securities. The Investor understands that the Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

4.5 No Brokers. Neither such Investor nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

5. Conditions of the Investors' Obligations at the Closing. The obligations of each Investor to consummate the Closing under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of such Investor on or prior to the Closing, or waiver by such Investor, of the following conditions:

5.1 Representations and Warranties. Each of the representations and warranties of the Warrantors contained in Section 3 shall be true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

5.2 Performance. Each Warrantor shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them, on or before the Closing.

5.3 Authorizations. All Consents of any competent Governmental Authority or of any other Person that are required to be obtained by any Warrantor in connection with the consummation of the transactions contemplated by this Agreement (including but not limited to those related to the lawful issuance and sale of the Shares, and any waivers of rights of first refusal, preemptive rights, put or call rights, or other rights triggered by the Transaction Documents, if any) shall have been duly obtained and effective as of the Closing, and evidence thereof shall have been delivered to the Investors.

5.4 Proceedings and Documents. All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance reasonably satisfactory to the Investors, and each Investor shall have received all such counterpart original or other copies of such documents as it may reasonably request.

5.5 Memorandum and Articles. The Memorandum and Articles, in the forms attached hereto as Exhibit B-1 and Exhibit B-2, respectively, shall have been duly adopted by all necessary action of the Board of Directors and/or the members of the Company and shall have been duly filed with the appropriate authority(ies) of the Cayman Islands, and such adoption shall have become effective prior to the Closing with no alternation or amendment as of the Closing, and a confirmation from the corporate agent of the Company with respect to the filing of the Memorandum and Articles thereof shall have been delivered to the Investors.

5.6 Transaction Documents. Each of the parties to the Transaction Documents, other than the Investors, shall have executed and delivered such Transaction Documents to the Investors.

5.7 Indemnification Agreements. The Company shall have delivered to each Investor copies of indemnification agreements between the Company and each director of the Company designated by such Investor, in each case duly executed by the Company (each, an "**Indemnification Agreement**") in form and substance attached hereto as Exhibit F.

5.8 Termination of Asset Transfer Agreements. Each of the Asset Transfer Agreements shall have been terminated by an instrument in a form reasonably satisfactory to the Investors and the evidence thereof shall have been delivered to the Investors.

5.9 Board of Directors. The Company shall have taken all necessary corporate action such that immediately following the Closing the board of directors of each Group Company shall have eight (8) members, which members shall be GUO Quji, WEN Xin, ZHANG Liang, LIU Jun, YUAN Ye, FENG Bo, Richard LIM and a person designated by Trustbridge Partners III, L.P., and relevant resolutions and/or the appointment letters thereof shall have been delivered to the Investors.

5.10 [Reserved]

5.11 Share Charge. The Company shall have delivered to the Investors an updated register of charges of the Company providing for the termination of any charge over shares of the HK Subsidiary by the Company in favor of any Person.

5.12 Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement. Each Founder shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions in a form reasonably satisfactory to the Investors, and the evidence thereof shall have been delivered to the Investors; the Founding Angel shall have entered into a confidentiality, non-compete and invention assignment agreement in a form reasonably satisfactory to the Investors, and the evidence thereof shall have been delivered to the Investors.

5.13 No Material Adverse Effect. There shall have been no Material Adverse Effect since the Account Date.

5.14 Legal Opinion. Thorp Alberga, the Cayman counsel of the Company, shall have delivered to the Investors a legal opinion in a form reasonably satisfactory to the Investors.

5.15 Due Diligence. Each Investor shall have completed their business, legal, financial due diligence investigation of the Group Companies to their reasonable satisfaction.

5.16 Closing Certificate. The chief executive officer of the Company shall have executed and delivered to each Investor at the Closing a certificate dated as of the Closing (i) stating that the conditions specified in Sections 5.1, 5.2, 5.3, 5.5, 5.9, 5.12, and 5.13, have been fulfilled as of the Closing, and (ii) attaching thereto (a) the Charter Documents of the Group Companies as then in effect, (b) copies of all resolutions approved by the shareholders and boards of directors of each of the Group Companies that is a party to this Agreement or any other Transaction Document related to the transactions contemplated hereby and thereby, and (c) good standing certificates or incumbency certificates with respect to the Company from the applicable authority(ies) dated no more than ten (10) Business Days prior to the Closing, and with respect to each Group Company incorporated in the PRC that is a party to any of the Transaction Documents, the business license of such entity with current annual inspection stamps of branches of SAIC accompanied by a certificate dated no more than ten (10) Business Days prior to the Closing printed and stamped by competent branches of SAIC stating the current status of such entity (or printed and certified by such entity to the extent that a competent SAIC branch does not print and stamp such certificate).

6. Conditions of the Company's Obligations at Closing. The obligations of the Company to consummate the Closing under Section 2 of this Agreement, unless otherwise waived in writing by the Company, are subject to the fulfillment on or before the Closing of each of the following conditions:

6.1 Representations and Warranties. The representations and warranties of each Investor contained in Section 4 shall be true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

6.2 Performance. Each Investor shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by each Investor on or before the Closing.

6.3 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall have been passed and executed by the Investors.

7. Miscellaneous.

7.1 Covenants and Agreements.

(i) Between the date of this Agreement and the Closing, each of the Group Companies shall, and the Founders and the Founding Angel shall cause each of the Group Companies to: (a) preserve and maintain in full force and effect its existence and good standing (as applicable) under the laws of its jurisdiction of formation or organization; (b) preserve and maintain in full force and effect all material Consents required for the conduct of its business; (c) conduct its business only in the ordinary course in accordance with sound business practices and past practice, keep its properties in good working order and repair (except for normal wear and

tear) and keep available the service of its current management and key employees; (d) comply with all requirements of applicable Law and with the directions of any Governmental Authority having jurisdiction over any Group Company, its business or property; (e) file or cause to be filed in a timely manner all reports, applications, estimates and licenses that shall be required by a Governmental Authority; (f) not take, permit to occur, approve, authorize, or agree or commit to do any of the transactions described in Section 3.12.

(ii) Between the date of this Agreement and the Closing, each of the Founders and the Founding Angel shall cause each of the Group Companies to (a) afford the Investors and their professional advisors reasonable access to the personnel, premises, contracts, books and records of the Group Companies; (b) furnish the Investors and their professional advisors with copies of all such contracts, books and records and other existing documents and data; and (c) furnish the Investors and their advisors with such additional financial, accounting, operating and other data and information as the Investors may reasonably request with a view to obtaining such information in relation to the Group Companies; provided that the Investors shall comply with the confidentiality requirements under Section 11.13 of the Shareholders Agreement for any confidential information they have accessed or received from the Group Companies.

(iii) Unless otherwise approved by a majority of the Board of the Company, the Founders and the Founding Angel shall cause the dissolution and liquidation of Beijing Lanting in accordance with applicable Laws and complete such dissolution and liquidation of Beijing Lanting no later than December 31, 2010.

(iv) The Founders, the Founding Angel, the Shenzhen Lanting and the FICE shall make best efforts to complete, as soon as practicable following the Closing, the registration with competent branch of SAIC of the security interest contemplated under the Share Pledge Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008.

(v) The Charter Documents of each of HK Subsidiary and the FICE shall be amended within 60 days of the Closing accordingly to be consistent with the Transaction Documents.

(vi) Each Founder and the Founding Angel shall apply for and obtain an amendment to his/her SAFE registration certificates with the applicable Governmental Authorities within 180 days of the Closing in form and substance reasonably satisfactory to the Investors.

(vii) The Intellectual Property which is set forth in Section 3.19(i)(1) of the Disclosure Schedule and which is not owned by a Group Company shall be assigned and transferred to a Group Company capable of accepting such assignment and transfer, or licensed to a Group Company upon terms reasonably satisfactory to the Investors to the extent that such assignment and transfer are not legally permissible, in each case, within 60 days of the Closing, for a legally permissible minimum consideration.

7.2 Indemnity.

(i) Each of the Warrantors shall, jointly and severally, indemnify, defend and hold harmless each Investor against any Indemnifiable Loss, incurred by such

Investor directly caused by any breach or violation by any Warrantor of any representation, warranty, covenant or agreement contained herein and in any Ancillary Agreement. For avoidance of doubt, in no event shall any Warrantor be liable for any indirect, incidental, punitive, multiple, consequential or special losses that may be incurred by any Investor, including without limitation lost of revenues, profits, or opportunities.

The Warrantors shall not be obliged to indemnify any Investor unless the Indemnifiable Loss of such Investor exceeds US$500,000, and for the avoidance of any doubt, in such a case, the Warrantors shall indemnify such Investor for the full amount of such Indemnifiable Loss. In any event, the aggregate amount of Indemnifiable Loss of an Investor shall not exceed the Purchase Price actually paid by such Investor under this Agreement.

Regardless of anything else contained herein, the Warrantors' obligations under this Agreement or any Ancillary Agreement shall first be satisfied with the cash, property or other assets held or acquired by the Group Companies on or after the date hereof before any of the Founders, the Founder Holding Entities, the Founding Angel and the Founding Angel Holding Entity is obliged to indemnify any Investor. None of personal assets of the Founders and the Founder Angel other than the Ordinary Shares held by the Founder Holding Entities and the Founding Angel Holding Entities valued at the fair market value of the Ordinary Shares shall in any respect be used to satisfy any of the indemnification obligations under this Agreement or any Ancillary Agreement.

(ii) Each Investor shall, severally but not jointly with other Investors, indemnify, defend and hold harmless each Warrantor, against any Indemnifiable Loss, incurred by such Warrantor directly caused by any breach or violation by such Investor of any representation, warranty, covenant or agreement contained herein and in any Ancillary Agreement. For avoidance of doubt, in no event shall any Investor be liable for any indirect, incidental, punitive, multiple, consequential or special losses that may be incurred by any Warrantor, including without limitation lost of revenues, profits or opportunities.

The Investors shall not be obliged to indemnify any Warrantor unless the Indemnifiable Loss of such Warrantor exceeds US$500,000, and for the avoidance of any doubt, in such a case, the Investors shall indemnify such Warrantor for the full amount of such Indemnifiable Loss.

7.3 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Documents and, to the extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto or thereto.

7.4 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto whose rights or obligations hereunder are affected by such terms and conditions. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the prior written consent of the Investors. This

Agreement and the rights and obligations herein may not be assigned by an Investor without the written consent of the Company except to a parent corporation, a subsidiary, its fund manager or other funds managed by its fund manager. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.5 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of Laws thereunder.

7.6 Dispute Resolution.

(i) Any dispute, controversy or claim (each, a "**Dispute**") arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "**Arbitration Notice**") to the other.

(ii) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.

(iii) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 7.5, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 7.5 shall prevail.

(iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any

confidentiality obligations binding on such party.

(v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive Law.

(vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(viii) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(ix) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(1) In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "**Principal Tribunal**") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(2) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(3) If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio under this Section 7.5); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(4) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when any claim or defence was raised for the purpose of applying any limitation period or any like rule or provision.

(5) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 7.5 where such objections are based solely on the fact that consolidation of the same has occurred.

7.7 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule IV (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with

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this Section 7.6). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

7.8 Survival of Warranties. The representations and warranties contained in this Agreement shall survive any investigation made by any party hereto and the Closing and shall terminate at the end of the second anniversary of the date of the Closing.

7.9 Rights Cumulative. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with

their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

7.10 Fees and Expenses. The Company shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby. The Company shall pay or reimburse all reasonable costs and expenses incurred or to be incurred by the Investors up to a maximum of US$70,000 upon the Closing, which shall include all legal, accounting, and administrative expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by the Transaction Documents. Without limiting any other rights or remedies available at law or in equity, if the Closing does not occur due to the reason the Company elects not to close the transactions contemplated by the Transaction Documents with the terms substantially the same as those set forth in the Term Sheet executed by the Company and other parties therein on August 27, 2010, the Company shall further bear all the costs and expenses incurred in connection with the transactions contemplated hereunder; otherwise, the Company and the Investors shall each bear its own costs and expenses incurred in connection with the transactions contemplated hereunder. If any action at Law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.11 Finder's Fee. Each Investor agrees, severally and not jointly, to indemnify and to hold harmless the Company and each other Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, partners, employees or representatives is responsible. Each Warrantor agrees, jointly and severally, to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.12 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

7.13 Amendments and Waivers. Any term of this Agreement may be amended, only with the written consent of each of (i) the Company, (ii) each Founder, (iii) the Founding Angel, and (iv)each Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

7.14 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

7.15 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by Law or otherwise afforded to any Party, shall be cumulative and not alternative.

7.16 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or

burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.17 Headings and Subtitles; Interpretation. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term "including" will be deemed to be followed by, "but not limited to", (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms "shall", "will", and "agrees" are mandatory, and the term "may" is permissive; (vii) all references to dollars or to "US$" are to currency of the United States of America (and shall be deemed to include reference to the equivalent amount in other currencies), (viii) the term "day" means "calendar day", and "month" means calendar month, (ix) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (x) each representation, warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, and (xi) reference to an agreement means such agreement as amended from time to time.

7.18 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

7.19 Entire Agreement. This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof (including the Term Sheet among the Company, the Investors dated August 23, 2010), and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

7.20 GSR Seal. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

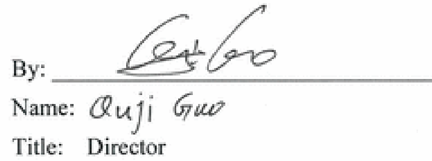
7.21 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

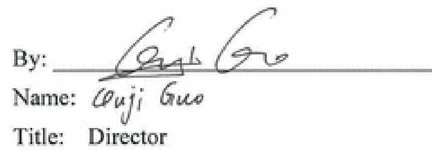
GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.



By: ______________________________
Name: Quji Guo
Title: Director

LIGHT IN THE BOX LIMITED



By: ______________________________
Name: Quji Guo
Title: Director

LANTING JISHI TRADE (SHENZHEN) CO, LTD. (兰亭集势贸易(深圳)有限公司)

By: ______________________________
Name: Wen Xin
Title: Legal Representative

SHENZHEN LANTING HUITONG TECHNOLOGIES CO., LTD. (深圳兰亭汇通科技有限公司)

By: ______________________________
Name: Wen Xin
Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________________

Name:

Title: Director

LIGHT IN THE BOX LIMITED

By: ______________________________

Name:

Title: Director

LANTING JISHI TRADE (SHENZHEN) CO, LTD. (兰亭集势贸易(深圳)有限公司)

By: ______________________________

Name: Wen Xin

Title: Legal Representative

SHENZHEN LANTING HUITONG TECHNOLOGIES CO., LTD. (深圳兰亭汇通科技有限公司)

By: ______________________________

Name: Wen Xin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

GUO QUJI (郭去疾)

ZHANG LIANG (张良)

WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By:
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

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FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

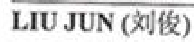
By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDING ANGEL:



LIU JUN (刘俊)

FOUNDING ANGEL HOLDING ENTITY:

FULLTREND HOLDINGS LIMITED

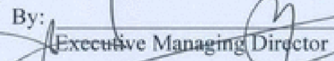
By: ____________________
Name: Liu Jun
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

CEYUAN VENTURES II, L.P.
By: Ceyuan Ventures Management II, LLC
Its: General Partner

By: ______________________



Executive Managing Director

CEYUAN VENTURES ADVISORS FUND II, LLC

BY: ______________________

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By: ______________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By:
Authorized Signatory

Address:

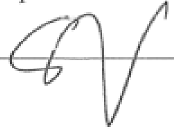
101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

Trustbridge Partners III, L.P.

BY: TB Partners GP3, L.P.
BY: TB Partners GP LIMITED
Its general partner

By: 
Name:

SPA

SCHEDULE I-A

List of Founders and Founder's Holding Entities

Founder	PRC Identification Card Number	Founder's Holding Entity	Number of Ordinary Shares Held by Founder's Holding Entity
Mr. Guo Quji (□□□), a PRC citizen	510105197509100012	Wincore Holdings Limited	10,555,555
Mr. Zhang Liang (□□), a PRC citizen	610302197610292034	Clinet Investments Limited	7,038,889
Mr. Wen Xin (□□), a PRC citizen	440301198004202314	Vitz Holdings Limited	7,038,889

SCHEDULE I-B

The Founding Angel and Founding Angel Holding Entity

Founding Angel	PRC Identification Card Number	Founding Angel Holding Entity	Number of Ordinary Shares Held by Founding Angel Holding Entity
Mr. Liu Jun (□□), a PRC citizen	310109197206254418	Fulltrend Holdings Limited	5,222,221

SCHEDULE II

SCHEDULE OF INVESTORS

Name	Number of Series C Preferred Shares to be Purchased	Total Purchase Price Payable	
Ceyuan Ventures II, L.P.	2,323,862	US$	8,427,148
Ceyuan Ventures Advisors Fund II, LLC	89,537	US$	324,693
GSR Ventures III, L.P.	1,844,414	US$	6,688,501
Banean Holdings Ltd	37,641	US$	136,500
Trustbridge Partners III, L.P.	5,356,111	US$	19,423,158
Total	**9,651,565**	**US$**	**35,000,000**

SCHEDULE III

DISCLOSURE SCHEDULE

SCHEDULE IV

NOTICES

If to the Group Companies:

Address: □□□□□□□□□□□ 16 □□□□□ 2 □□ 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist.,
Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: □□

If to the Founders and the Founder Holding Entities:

Wincore Holdings Limited and/or GUO QUJI (□□□)
Address: □□□□□□□□□□□□ 18 □ 1 □□ 201
Tel: 13911526695
Attention: □□□

Clinet Investments Limited and/or ZHANG LIANG (□□)
Address: □□□□□□□□□□□□□□□ 717 □
Tel: 010-66062647
Fax: 010-66062719
Attention: □□

Vitz Holdings Limited and/or WEN XIN (□□)
Address: □□□□□□□□□□□□ 4 □□ 9E
Tel: 010-85624369
Fax: 010-85624369
Attention: □□

If to the Founding Angel and the Founding Angel Holding Entity:

Fulltrend Holdings Limited and/or LIU JUN (□□)
Address: □□□□□□□□□□□ 8 □□ 1 □ 1B
Tel: 010-51650018
Fax: 010-88898602
Attention: □□

If to the Investors:

Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC:

Address: M&C Corporate Services Limited, Ugland House, P.O. Box 309GT, Grand Cayman, Cayman Islands

with a copy to:

No. 35 Qin Lao Hutong, Dongcheng District, Beijing, 100009 PRC

Tel: 86-10-8402 8800
Fax: 86-10-8402 0999
Attention: Mr. Yuan Ye

GSR Ventures III, L.P. and Banean Holdings Ltd:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

Trustbridge Partners III, L.P.:

Unit 1206, One Lujiazui, No.68 Yincheng Road (C)
Shanghai 200120
China
Tel: (8621) 5010 6188
Fax: (8621) 5010 6162
Attention: Qingsheng Zheng

EXHIBIT A

FORM OF MANAGEMENT RIGHTS LETTER

EXHIBIT B-1

FORM OF AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

EXHIBIT B-2

FORM OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION

EXHIBIT C

FORM OF SHAREHOLDERS AGREEMENT

EXHIBIT D

FORM OF RIGHT OF FIRST REFUSAL & CO-SALE AGREEMENT

EXHIBIT E

FORM OF RESTRICTED SHARE AGREEMENT

<u>EXHIBIT F</u>

FORM OF INDEMNIFICATION AGREEMENT

Exhibit 4.8

Executed Version

LIGHINTHEBOX HOLDING CO., LTD.

CONVERTIBLE NOTE PURCHASE AGREEMENT

This **CONVERTIBLE NOTE PURCHASE AGREEMENT** (this "Agreement"), dated as of March 22, 2012, is entered into by and between LightInTheBox Holding Co., Ltd., an exempted company organized under the Laws of the Cayman Islands (the "Company"), Ceyuan Ventures II, L.P., a limited partnership formed under the Laws of the Cayman Islands, Ceyuan Ventures Advisors Fund II, LLC, a limited liability company formed under the Laws of the Cayman Islands, GSR Ventures III, L.P., a United States limited partnership and Banean Holdings Ltd., an limited liability company organized under the Laws of the Cayman Islands (the "Investors"). The Company and the Investors are hereinafter collectively referred to as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, on the terms and subject to the conditions set forth herein, each Investor desires to purchase from the Company, and the Company desires to sell to such Investor, a convertible note in the principal amount set forth against such Investor's name in Schedule I hereto (the "Principal Amount").

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

"**Action**" means any notice, charge, claim, action, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, whether at Law or in equity, and whether or not before any mediator, arbitrator or Governmental Authority.

"**Affiliate**" means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. In the case of an Investor, the term "Affiliate" also includes (v) any shareholder of the Investor, (w) any of such shareholder's or Investors' general partners or limited partners, (x) the fund manager managing such shareholder or Investor (and general partners, limited partners and officers thereof) and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

"**Associate**" means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of Equity Securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"**Basic Documents**" means this Agreement and the Notes.

"**Benefit Plan**" means any deferred compensation Contract, bonus plan, incentive plan, profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any employee, officer, consultant, and/or director of a Person or with respect to which contributions are or have been made on account of an employee, officer, consultant, and/or director of such a Person.

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**Business Day**" means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC.

"**Ceyuan**" means Ceyuan Ventures II, L.P. and/or Ceyuan Ventures Advisors Fund II, LLC.

"**CFC**" means a controlled foreign corporation as defined in the Code.

"**Charter Documents**" means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Registered IP**" means all Intellectual Property for which registrations have been obtained throughout the world (and all applications for, or extensions or reissues of, any of the foregoing throughout the world) that are owned by, or registered or applied for in the name of, any Group Company.

"**Consent**" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

"**Contract**" means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, purchasing arrangement and other legally binding arrangement, whether written or oral.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or

power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“**Conversion Shares**” means the same class of shares of the Company issued and sold by the Company or the underlying Equity Securities of the Company issued and sold by the Company in a Financing Event.

“**Equity Securities**” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

“**FCPA**” means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

“**Financing Event**” means the offer and sale of the equity securities of the Company, including an initial public offering (an “IPO”).

“**Governmental Authority**” means any government of any nation or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“**Governmental Order**” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“**Group Company**” means each of the Company, the UK Subsidiary, Light In The Box Limited (the “HK Subsidiary”), Lanting Jishi Trade (Shenzhen) Co., Ltd. (□□□□□□□□□□□□□□) (the foreign invested commercial enterprise, or “FICE”), Beijing Lanting Gaochuang Technologies Co., Ltd. (□□□□□□□□□□□□) (“Lanting Gaochuang”), Shenzhen Lanting Huitong Technologies Co., Ltd. (□□□□□□□□□□□□) (“Shenzhen Lanting) and Shanghai Ouku Network Technologies Co., Ltd. (“Shanghai Ouku”) together with each Subsidiary of any of the foregoing, and “Group” refers to all of Group Companies collectively.

“**GSR**” means GSR Ventures III, L.P. and Banean Holdings Ltd.

“**Indemnifiable Loss**” means, with respect to any Person, any action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty or settlement of any kind or nature imposed on or otherwise incurred or suffered

by such Person, including without limitation, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Person by reason of the indemnification.

“**Intellectual Property**” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing.

“**Knowledge**” means the actual knowledge and that knowledge which should have been acquired after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due inquiry of all officers, directors (excluding the directors appointed by Ceyuan and GSR), employees, consultants and professional advisers (including attorneys, accountants and auditors) of the Group and of its Affiliates who could reasonably be expected to have knowledge of the matters in question, and where any statement in the representations and warranties hereunder is expressed to be given or made to a Person’s Knowledge, or so far as a party is aware, or is qualified in some other manner having a similar effect, the statement shall be deemed to be supplemented by the additional statement that such party has made such due inquiry and due diligence.

“**Law**” or “**Laws**” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“**Liabilities**” means, with respect to any Person, all liabilities, obligations and commitments of such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

“**Lien**” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law,

equity or otherwise.

“**Material Adverse Effect**” means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group taken as a whole, (ii) material impairment of the ability of any party (other than the Investors) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any party hereto or thereto (other than the Investors).

“**Memorandum and Articles**” means the third amended and restated memorandum of association of the Company and the third amended and restated articles of association of the Company.

“**MOFCOM**” means the Ministry of Commerce or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.

“**Order No. 10**” means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors (□□□□□□□□□□□□□□□□) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US$1/15000 per share.

“**Permitted Liens**” means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens and (y) were not incurred in connection with the borrowing of money.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

“**PFIC**” means a passive foreign investment company as defined in the Code.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

“**Prohibited Person**” means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department’s Denied Parties List, Entities and Unverified Lists; the U.S. Department of Treasury’s Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State’s Debarred List; UN Sanctions, (3) a member of any PRC military organization, or (4) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

“**Public Official**” means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

“**Public Software**” means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU’s General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.

“**Related Party**” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company (other than Ceyuan and GSR), and any Affiliate or Associate of any of the foregoing.

“**SAFE**” means the State Administration of Foreign Exchange of the PRC.

“**SAFE Rules and Regulations**” means collectively, the Circular 75 and any other applicable SAFE rules and regulations.

“**SAIC**” means the State Administration of Industry and Commerce or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series C Preferred Shares**” means the Series C Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Social Insurance**" means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

"**Software**" means any and all (A) computer programs, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

"**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**Tax**" means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i)(a), (i)(b) and (i)(c) above.

"**Tax Return**" means any return, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

"**Transaction Documents**" means the Basic Documents and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

"**UK Subsidiary**" means LIGHTINTHEBOX (UK) LIMITED.

"**U.S. real property holding corporation**" has the meaning as defined in the Code.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Account Date	Section 5.9
Agreement	Preamble
Arbitration Notice	Section 9.5(i)
Balance Sheet	Section 5.9
Base Rate	Section 3
Claim	Section 8.1(ii)
Closing	Section 2.2
Closing Certificate	Section 2.3(ii)(b)
Company	Preamble
Company IP	Section 5.17(i)
Company Owned IP	Section 5.17(i)
Compliance Laws	Section 5.14(i)
Confidential Information	Section 7.1
Conversion Event	Section 4.1
Conversion Price	Section 4.1
Default Rate	Section 3

Dispute	Section 9.5 (i)
Event of Default Event	Section 4.3
Financial Statements	Section 5.9
FICE	Section 1.1
Hong Kong (HK Subsidiary)	Section 1.1
IPO	Section 1.1
Indemnifiable Loss	Section 8.1(ii)
Indemnitee	Section 8.1(ii)
Indemnity Notice	Section 8.1(vi)(a)

Investor/Investors	Preamble
Lanting Gaochuang	Section 1.1
Lease	Section 5.15(ii)
Licenses	Section 5.17(ii)
Material Contracts	Section 5.13 (i)
Maturity Conversion Event	Section 4.2
Maturity Conversion Price	Section 4.2
Maturity Conversion Shares	Section 4.2
Note/Notes	Section 2.1
Note Conversion Price	Section 4.1
Party/Parties	Preamble
Principal Amount	Recitals
Principal Tribunal	Section 9.5(ix)(a)
Representatives	Section 5.14(i)
SEC	Section 6.4
Shanghai Ouku	Section 1.1
Shenzhen Lanting	Section 1.1
Statement Date	Section 5.9
All capitalized terms	

2. The Notes

2.1 Issuance of Notes. At the Closing (as defined below), subject to all of the terms and conditions hereof, the Company agrees to issue and sell to each Investor, and each Investor agrees to purchase, a convertible note in the form of Exhibit A hereto in the relevant principal amount set forth against the name of such Investor on Schedule I hereto (collectively, the "Notes" and each, a "Note"). The aggregate Principal Amounts under the Notes is US$8 million.

2.2 Closing. The sale and purchase of the Notes shall take place at a closing (the "Closing") to be held on a Business Day on or prior to March 26, 2012, remotely via the exchange of documents and signatures as soon as practicable, or such other place and time as the Company and the Investors may agree. The Parties agree that all transactions at the Closing shall be deemed to occur simultaneously and none of them shall be deemed to have occurred until the conclusion of the Closing.

2.3 Deliveries.

(i) **Deliveries by the Investors.** At the Closing, each Investor shall pay the respective Principal Amounts by wire transfer in immediately available funds to an account of the Company, the details of which shall be notified to the Investors in writing by the Company.

(ii) **Deliveries by the Company.** At the Closing, the Company shall deliver to each Investor:

(a) a Note in the amount as set forth in Schedule I hereto next to the name of such Investor, and

(b) a certificate (the "Closing Certificate"), signed by a duly authorized officer of the Company and dated the date of the Closing, to the effect that the conditions set forth in Section 2.4 have been satisfied.

2.4 Conditions Precedent to Closing.

(i) **Conditions of the Investors' Obligations at the Closing**. The obligations of each Investor to consummate the Closing under this Agreement are subject to the fulfillment, to the satisfaction of such Investor on or prior to the Closing, or waiver by such Investor, of the following conditions:

(a) the representations and warranties contained in Section 5 remaining true and accurate in all material respects on the Closing Date;

(b) the Company having performed and complied with all of its agreements and obligations contained in this Agreement to which it is a party that are required to be performed or complied with by it on or before the date of Closing;

(c) the Company having duly attended to and carried out all corporate procedures that are required under the applicable laws of its place of incorporation or establishment to effect its execution, delivery and performance of the Basic Documents to which it is a party, and the transactions contemplated hereby and thereby, and having provided copies of all resolutions (and all attachments thereto) in accordance with applicable law approving the transactions contemplated hereby;

(d) all consents and approvals of, notices to, and filings or registrations with, any Governmental Authority or any other Person required pursuant to any applicable law or regulation of any Governmental Authority having been obtained or made;

(e) there having been since the date of this Agreement no material adverse change in the business, operations and financial position of the Group,

(f) the Company having delivered to the Investors a Closing Certificate, dated the date of the Closing and signed by an authorized officer of the Company, certifying that the conditions set forth in paragraphs (a) through (f) of this Section have been satisfied;

(g) the Investors having received a Cayman Islands opinion from Maples and Calder and dated as of the date of the Closing.

(ii) **Conditions of the Company's Obligations at the Closing.** The Company's obligation to complete the sale and issuance of the Notes is subject to the fulfillment, prior to or simultaneously with the Closing, of the following conditions, any one or more of which may be waived by the Company:

(a) the representations and warranties contained in Section 6 remaining true and correct in all material respects on the date of the Closing;

(b) the Investors having performed and complied with all of their agreements and obligations contained in this Agreement that are required to be performed or complied with by it on or before the date of Closing;

(c) the Investors having duly attended to, and carried out, all corporate procedures that are required under the laws of its place of incorporation or establishment to effect their execution, delivery and performance of this Agreement, and the transactions contemplated hereby and thereby, required by the applicable law and the memorandum and articles of association of the Investors, of the execution, delivery and performance by them of this Agreement and all the transactions contemplated hereby and thereby; and

(d) the Investors having duly obtained any and all authorizations, approvals and permits that are required to be obtained by the Investors under applicable law for the purchase of the Notes.

3. Interest. Interest shall accrue on the respective outstanding amount of the Notes from the Original Note Issuance Date (as defined in Exhibit A hereto) at a rate equal to 12% per annum, uncompounded and computed on the basis of the actual number of days elapsed (the "Base Rate"), provided, however, that upon the occurrence of an Event of Default (as defined in Exhibit A hereto), all outstanding amount under the Notes shall accrue interest at the rate equal to 15% per annum, uncompounded and computed on the basis of the actual number of days elapsed (the "Default Rate"). The Base Rate and the Default Rate shall be calculated on the basis of a 365-day year. Interest may only be made upon the Maturity Date (as defined in Exhibit A hereto), the Conversion Event or at an Event of Default. For the avoidance of doubt, the interest payments shall be made in cash and may not be converted to any Conversion Shares or Maturity Conversion Shares pursuant to Section 4 hereof.

4. Conversion.

4.1 Mandatory Automatic Conversion upon Conversion Event. At and effective upon the closing of a Financing Event (a "**Conversion Event**") prior to the Maturity Date, it is mandatory that all of the Principal Amount of each of the Notes be automatically converted into such number of fully paid and non-assessable Conversion Shares (as defined below) as is equal to (x) the outstanding amount of each of the Notes divided by (y) the product of (A) the per share issuance price of the Conversion Share issued for a Financing Event; provided that in the event the total pre-money valuation of the Company prior to such Financing Event, without taking into account of the Notes or the Conversion Shares, is greater than US$350 million, the Note Conversion Price shall be equal to (i) US$350 million divided by (ii) the total number of outstanding equity shares of the Company prior to such Financing Event which shall include any shares issued or reserved for issuance under any Benefit Plan of the Company, but excluding the Conversion Shares (the "Note Conversion Price") times (B) 95% if the Conversion Event occurs after three months but on or before six months from the Original Note Issuance Date, 90% if the Conversion Event occurs after six months but on or before 12 months from the Original Note Issuance Date, or 85% if the Conversion Event occurs after 12 months from the Original Note Issuance Date (each of the foregoing percentages, the "Conversion Discount"). If the Conversion Event occurs on or before 3 months from the Original Note Issuance Date, there shall be no discount to the Note Conversion Price.

4.2 Conversion at Maturity. If a Conversion Event does not occur prior to the Maturity Date and absent an Event of Default on the Maturity Date (the "Maturity Conversion Event"), all of the outstanding amount of each of the Notes shall be automatically converted within five (5) Business Days from the Maturity Date to such number of fully paid and non-assessable Series C Preferred Shares (the "Maturity Conversion Shares") as is equal to (x) the outstanding amount of each of the Notes, divided by (y) the quotient of (A) US$255 million (being 85% times US$300 million) divided by (B) the total number of outstanding equity shares of the Company on the Maturity Date which shall include any shares issued or reserved for issuance under any Benefit Plan of the Company, but excluding the Maturity Conversion Shares (the Maturity Conversion Price).

4.3 Conversion at Event of Default. Upon the occurrence of, and during the continuance of an Event of Default, subject to the terms set forth in Exhibit A, the holders of the Notes have the right (but not the obligation), acting jointly and not severally, to convert all outstanding amount under the Notes, in whole but not in part, to such number of Maturity Conversion Shares as provided under Section 4.2 hereof (the "Event of Default Conversion Event").

4.4 Conversion Procedures. At the closing of a Financing Event, on the Maturity Conversion Event or on the Event of Default Conversion Event, as the case may be, the Company shall deliver to the holders of the Notes a certificate or certificates representing the number of the Conversion Shares or the Maturity Conversion Shares, as applicable, issuable upon such conversion. The Person in whose name such certificate(s) is issued shall be deemed to be the holder of record of such Conversion Shares or the Maturity Conversion Shares, as applicable, on such date, notwithstanding that the share register of the Company shall then be closed or that the certificates representing such Conversion Shares or Maturity Conversion Shares, as applicable, shall not then be actually delivered to such Person. As soon as practicable

after the holders of the Notes receives such certificate(s), each of the respective Notes shall be delivered to the Company for cancellation.

5. Representations and Warranties of the Company. Subject to such exceptions as may be specifically set forth in the draft preliminary prospectus, attached to this Agreement as Annex A and as amended, supplemented and provided to the Investors from time to time (the "Draft Prospectus"):

5.1 Organization, Good Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would be a Material Adverse Effect. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Investors), and has, since its establishment, carried on its business materially in compliance with the business scope set forth in its business license.

5.2 Corporate Structure; Subsidiaries. The Draft Prospectus sets forth a complete structure chart showing Group Companies as well as a complete and accurate description of the current structure and contractual relationships between the Group Companies. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person.

5.3 Capitalization

(i) **Company.** The authorized share capital of the Company is $50,000 divided into (a) 707,825,710 ordinary shares of par value $0.000067 each and (b) 42,174,290 preferred shares of par value $0.000067 each, 15,000,000 of which are designated as Series A convertible preferred shares, 17,522,725 of which are designated as Series B convertible preferred shares and 9,651,565 of which are designated as Series C convertible redeemable preferred shares.

(ii) **Issuance and Status**. All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive rights of any Person, and applicable Contracts and are fully paid (which, in the case of PRC entities, shall be fully paid in accordance with its articles of association) and non-assessable. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued and fully paid (or subscribed for) in accordance with its articles of association, is nonassessable, and is and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under applicable Laws). No share capital or registered capital of any Group Company was issued or subscribed to in violation of

the preemptive rights of any Person, terms of any Contract, or any Laws, by which each such Group Company at the time of issuance or subscription was bound. Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company, (b) dividends which have accrued or been declared but are

unpaid by any Group Company, or (c) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company.

5.4 Authorization. The Company has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of the Company (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, the performance of all obligations of the Company thereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Notes, has been taken or will be taken on or prior to the date of the Closing. Each Transaction Document constitutes valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

5.5 Offering and Valid Issuance of the Notes. Subject in part to the accuracy of the Investors' representations set forth in Section 6 of this Agreement, the offer, sale and issuance of the Notes are exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any applicable securities Laws. The Notes will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws). Upon Conversion and in accordance with Section 4 hereof, the Investors will acquire good and valid title to the Conversion Shares and the Maturity Conversion Shares, free and clear of any Lien, and such Conversion Shares or Maturity Conversion Shares will have been duly authorized, validly issued with the rights and privileges as set forth in the Memorandum and Articles (as applicable), fully paid and non-assessable.

5.6 Consents; No Conflicts. All Consents from any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of the Company have been duly obtained or completed (as applicable) have been acquired or completed in accordance with all applicable laws and are in full force and effect, and will remain so upon consummation of the transactions contemplated hereby. Such Consents do not contain any materially burdensome restrictions or conditions. The execution, delivery and performance of each Transaction Document by the Company do not, and the consummation by the Company of the transactions contemplated thereby will not, (i) result in a breach or violation of any provision of its constitutional documents; (ii) result in a breach of any order, judgment or decree of any court or Governmental Authority to which it is a party or by which it is bound; or (iii) violate any applicable law.

5.7 Tax Matters.

(i) Each Group Company (a) has timely filed all Tax Returns that are required to have been filed by it with any Governmental Authority, (b) has timely paid all Taxes owed by it which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit from amounts owing to any employee, creditor, customer or third party, and (c) has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than, in the case of clauses (a) and (b), unpaid Taxes that are in contest with Tax authorities by Group Company in good faith or nonmaterial in amount.

(ii) Each Tax Return referred to in paragraph (i) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete in all material respects.

(iii) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. Except for the withholding duties of Taxes in accordance with applicable laws, no Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(iv) All Tax credits and Tax holidays enjoyed by the Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.

(v) No Group Company is or has ever been a PFIC or CFC or a United States real property holding corporation. No Group Company anticipates, based on its operations through February 2012 that it will become a PFIC or CFC or a United States real property holding corporation for the current taxable year and any future taxable year.

(vi) The Company is treated as a corporation for U.S. federal income tax purposes.

5.8 Charter Documents; Books and Records. The Charter Documents of each Group Company are in the form provided to the Investors. Each Group Company has been in compliance with its Charter Documents in all material respects, and none of the Group Companies has violated or breached any of their respective Charter Documents which may result in any Material Adverse Effect.

5.9 Financial Statements. The Draft Prospectus sets forth the audited consolidated balance sheet and statements of operations and cash flows for the Group as of and for the twelve-months ending December 31, 2011 (the "Account Date") and the audited consolidated balance sheet (the "Balance Sheet") and statements of operations and cash flows for the Group as of and for the twelve months ending December 31 , 2011 (the "Statement Date") (collectively, the

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financial statements referred to above, the "Financial Statements"). The Financial Statements (i) have been prepared in accordance with the books and records of the Group, (ii) fairly present in all material respects the financial condition and position of the Group as of the dates indicated therein and the results of operations and cash flows of the Group for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (iii) were prepared in accordance with applicable local general accepted accounting principles of each Group Company respectively, applied on a consistent basis throughout the periods involved. All of the accounts receivable

owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business in all material respects, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with applicable local general accepted accounting principles), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set off with respect to any accounts receivable of the Group Companies to the Knowledge of the Company.

5.10 **Changes**. Since the Account Date, the Group has operated its business in the ordinary course consistent with its past practice, there has not been any Material Adverse Effect or any material change in the way the Group conducts its business, no Group Company has entered into any transaction outside of the ordinary course of business consistent with its past practice, and there has not been by or with respect to any Group Company:

(i) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice, and no acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof;

(ii) any waiver, termination, settlement or compromise of a valuable right or of a debt, other than those in the ordinary course of business which would not reasonably be expected to have a Material Adverse Effect on any Group Company;

(iii) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any material indebtedness or guarantee, or the making of any loan or advance (other than (x) the reasonable and normal advances to employees for bona fide expenses (y) the loan or advance to suppliers or customers, in each case that are incurred in the ordinary course of business consistent with its past practice), or the making of any material investment or capital contribution;

(iv) any amendment to any Material Contract, any entering of any new Material Contract, or any termination of any Contract that would have been a Material Contract if in effect on the date hereof, or any amendment to any Charter Document, or any amendment to or waiver under any Charter Document;

(v) any material change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, or made any material change in any existing Benefit Plan, other than any change incurred in the ordinary course of business consistent with its past practice;

(vi) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

(vii) any material damage, destruction or loss, whether or not covered by insurance, adversely affecting the assets, properties, financial condition, operation or business of any Group Company;

(viii) any material change in accounting methods or practices or any revaluation of any of its assets;

(ix) any commencement or settlement of any material Action;

(x) any sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company; or

(xi) any agreement or commitment to do any of the things described in this Section 5.10.

5.11 **Actions**. There is no Action likely to cause a material adverse effect to the Company's businesses and financial conditions pending or, to the Knowledge of the Company, threatened against or affecting any Group Company or any of its officers, directors or employees with respect to its businesses or proposed business activities, or, to the Knowledge of the Company, any officers, directors or employees of any Group Company in connection with such person's respective relationship with such Group Company, nor to the Knowledge of the Company is there any basis for any of the foregoing. There is no Governmental Order in effect and binding on any Group Company or their respective assets or properties. There is no such Action pending by any Group Company against any third party nor does any Group Company intend to commence such Action. To the Knowledge of the Company, no Governmental Authority has at any time materially challenged or questioned in writing the legal right of any Group Company to conduct its business as presently being conducted. No Group Company has received any opinion or memorandum or advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to the business of any Group Company.

5.12 **Liabilities**. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group's business consistent with its past practices and which do not exceed US$30,000 in the aggregate.

5.13 **Commitments**. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect, and such Group

Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or, to the Knowledge of the Company, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice

(whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract. "Material Contracts" means collectively, each Contract to which a Group Company or any of its properties or assets is bound or subject to that (a) involves obligations (contingent or otherwise) or payments in excess of USD200,000 individually or in the aggregate per annum or that is not terminable upon thirty (30) days notice without incurring any penalty or obligation, (b) involves Intellectual Property that is material to a Group Company (other than generally-available "off-the-shelf" shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing exclusivity, "change in control", "most favored nations", rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a business, (i) involves the waiver, compromise, or settlement of any material dispute, claim, litigation or arbitration, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any material real or personal property (except for personal property leases involving payments of less than USD200,000 per annum), including without limitation, any material Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is between the Shenzhen Lanting/Shanghai Ouku or Lanting Gaochuang and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, (o) is a Control Document, or (p) otherwise material to a Group Company or is one on which a Group Company is substantially dependent.

5.14 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions.

(i) Each Group Company, and to the Knowledge of each Group Company, its respective directors (excluding the directors appointed by Ceyuan and GSR), officers, employees, agents and other persons acting on its behalf (collectively, "Representatives") are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the "Compliance Laws") including the FCPA as if it were a U.S. Person. Without limiting the foregoing, neither any Group Company nor, to the Knowledge of the Group Company, any

Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,

(a) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(b) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(c) the making of any false or fictitious entries in the books or records of any Group Company by any Person, or

(d) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(ii) No Group Company or to the Knowledge of the Group Company, its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery.

(iii) No Group Company or, to the Knowledge of the Group Company, Representative is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

5.15 **Title; Properties**.

(i) **Title; Personal Property**. The Group Companies have good and valid title to, or a valid leasehold interest in or right to use, all of their assets, whether real, personal or mixed, purported to be owned by them (including but not limited to all such assets reflected in the Financial Statements), free and clear of any Liens, other than Permitted Liens. The foregoing assets, rights and properties collectively represent in all material respects all assets, rights and properties necessary for the conduct of the business of the Group in the manner conducted during the periods covered by the Financial Statements and as presently conducted. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (a) in good condition and repair in all material respects (reasonable wear and tear excepted) and (b) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

(ii) **Real Property**. To the Knowledge of the Company, the lessor under each material leasehold interest to any real property (a "Lease") is qualified and has obtained all

Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no claim asserted, to the Knowledge of the Company, by any Person regarding the lessor's ownership of the property demised pursuant to each Lease. To the Knowledge of the Company, each Lease is in compliance in all material respects with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. No Group Company uses any real property in the conduct of its business except insofar as it has secured a Lease with respect thereto. The leasehold interests under the Leases held by each Group Company are adequate for the conduct of the business of such Group Company as currently

conducted. There exists no pending or, to the Knowledge of the Company, threatened condemnation, confiscation, eminent domain proceeding, dispute, claim, demand or similar proceeding with respect to, or which could materially and adversely affect, the continued use and enjoyment of such leasehold interests. To the Knowledge of the Company, there are no circumstances that would entitle any Governmental Authority or other Person to take possession or otherwise restrict use, possession or occupation of any property subject to any Leases.

5.16 Related Party Transactions. Save for those disclosed in the Draft Prospectus, no Related Party has any material Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect ownership interest in any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits). To the Knowledge of the Company, no Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or any Person that directly or indirectly competes with any Group Company (other than ownership of less than one percent (1%) of the stock of publicly traded companies), or any Contract to which a Group Company is a party or by which it may be bound or affected.

5.17 Intellectual Property Rights.

(i) **Company IP**. Each Group Company owns or has the rights to use or otherwise has the sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to, all Intellectual Property necessary and sufficient to conduct its business as currently conducted by such Group Company ("Company IP") without any conflict with or infringement of the rights of any other Person. For the purposes of this Agreement, "Company Owned IP" means Intellectual Property owned by the Group Companies. The Draft Prospectus sets forth certain material Company Registered IP for the Group Company. No Group Company or, to the Knowledge of the Company, any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any material Company Owned IP to be invalid, unenforceable or not subsisting, including taking reasonable and appropriate steps to register, protect, maintain and safeguard material Company Owned IP and made all appropriate filings, registrations and payments of fees in connection with the foregoing. No material Company Owned IP is the subject of any Lien, license or other Contract to which any Group Company is a party granting rights therein to any other Person. No material Company Registered IP is subject to any proceeding or outstanding Governmental Order or

settlement agreement or stipulation that restricts in any material manner the use, transfer or licensing thereof, or any Group Company's products or services, by any Group Company or may affect the validity, use or enforceability of such Company Registered IP. No Group Company has (a) transferred or assigned any material Company IP; (b) authorized the joint ownership of, any material Company IP; or (c) permitted the rights of any Group Company in any material Company Registered IP to lapse or enter the public domain. To the extent that any Company Owned IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has thereby obtained ownership of, and is the exclusive owner of all such independent contractor's or third party's Intellectual Property in such work, material or invention by operation of law or valid assignment. To the Knowledge of the Company, no Person has violated, infringed or misappropriated any Company Owned IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. To the Knowledge of the Company, no Person has challenged the ownership or use of the Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.

(ii) **Licenses**. The Group Companies have paid all license and royalty fees required to be paid under the Licenses. At the Investors' request, the Company shall provide to the Investors a complete and accurate list of (a) all material licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all material licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving "off-the-shelf" commercially available software, and (2) non-exclusive licenses to customers of the business conducted by the Group Companies in the ordinary course of business consistent with past practice (collectively, the "Licenses").

(iii) **No Public Software**. No material Software included in any Company Owned IP has been or is being distributed, in whole or in part, or was used, or is being used in conjunction with any Public Software in a manner which would require that such Software be disclosed or distributed in source code form or made available at no charge.

5.18 Labor and Employment Matters. Each Group Company has complied in all material respects with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining, and no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, to the Knowledge of the Company, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies, save for that disclosed in the Draft Prospectus.

5.19 Insurance. Each Group Company has in full force and effect insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to reasonably replace any of its properties and material assets that might be damaged or destroyed

and in amounts customary for companies similarly situated. There is no material claim pending thereunder as to which coverage has been questioned, denied or disputed. All premiums due and payable under all such policies and bonds have been timely paid, and each Group Company is otherwise in compliance in all material respects with the terms of such policies and bonds.

5.20 Suppliers. To the Knowledge of the Company, its suppliers can in all material respects provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group's business consistent with prior practice.

5.21 Internal Controls. Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management's general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with applicable general accepted accounting principles and to maintain asset accountability,

(iii)access to assets of it is permitted only in accordance with management's general or specific authorization, (iv) the recorded accountability for assets of it is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) any personal assets or bank accounts of the employees, directors, officers are not mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.

5.20 No Brokers. Neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

5.21 Disclosure. No representation or warranty by the Company in this Agreement and no information or materials provided by the Company to the Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. Except as set forth in this Agreement or the Draft Prospectus, to the Knowledge of the Company, there is no fact that the Company has not disclosed to the Investors in writing and of which any of its officers, directors (excluding the directors appointed by Ceyuan and GSR) or executive employees has knowledge and that has had or would reasonably be expected to have any Material Adverse Effect.

6. Representations and Warranties of the Investors. Each Investor hereby represents and warrants to the Company, severally and not jointly, that:

6.1 Authorization. Such Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of such Investor (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the

Transaction Documents to which it is a party, and the performance of all obligations of such Investor thereunder, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by such Investor (to the extent such Investor is a party and constitute valid and legally binding obligations of such Investor), enforceable against such Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

6.2 Binding Obligation. Such Investor has full legal capacity, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Each of the Transaction Documents executed by such Investor is a valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. The execution, delivery, and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by the Investor.

6.3 Purchase for Own Account. Each Note will be acquired for such Investor's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

6.4 Status of Investors. Such Investor is either (i) an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a "U.S. person" as defined in Rule 902 of Regulation S of the Securities Act. Such Investor has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the applicable Notes and can bear the economic risk of its investment in the Notes.

6.5 Restricted Securities. The Investor understands that the Notes and Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Notes are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

6.6 No Brokers. Neither such Investor nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, and none of them has incurred any Liability for any brokerage fees, agents' fees, commissions or finders' fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

7. Confidentiality; Restrictions on Announcements

7.1 General Obligation. Each Party undertakes to the other Parties that it shall not reveal, and that it shall procure that its respective directors, current or prospective equity interest holders, current or prospective partners, members, advisors and bankers, officers, employees, agents, consultants, auditors and professional advisors (collectively, "Representatives") do not

reveal, to any third party any Confidential Information without the prior written consent of the Company or the concerned Party, as the case may be, or use any Confidential Information in such manner that is detrimental to the Company or the concerned Party, as the case may be. The term "Confidential Information" as used in this Section 7.1 means, (i) any information concerning the organization, business, technology, safety records, investment, finance, transactions or affairs of any Party or any Group Company or any of their respective directors, officers or employees (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this Agreement); (ii) the terms of this Agreement and the terms of any of the other Basic Documents, and the identities of the Parties and their respective Affiliates; and (iii) any other information or materials that contains or otherwise reflects, or is generated from, Confidential Information. The Company shall procure that each of the Group Companies shall comply with the obligations set forth in this Section 7.1 as if it were a Party to this Agreement.

7.2 Exceptions. The provisions of Section 7.1 shall not apply to:

(i) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of a Party or any of the Representatives in violation of this Agreement;

(ii) disclosure by a Party to a Representative; provided that such Representative (a) is under a similar obligation of confidentiality or (b) is otherwise under a binding professional obligation of confidentiality;

(iii) disclosure, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, to the extent required under the rules of any stock exchange on which the notes of a Party or its parent company are listed or by applicable laws or governmental regulations or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement; or

(iv) disclosure by the Investors or their Affiliates of Confidential Information that is reasonably necessary in the ordinary course of business, in connection with any existing or proposed transaction or other contractual relationship of the Investors or their Affiliates or for any financing or fund raising purposes, provided that the relevant party to such existing or proposed relationship or financing or fund raising activity has been informed of the confidential nature of the information being disclosed and agrees to comply with the confidentiality of such information.

7.3 Publicity. Except as required by law, by any Governmental Authority, or by any relevant stock exchange on which the shares of a Party or any of its Affiliate are listed or otherwise agreed by all the Parties, no publicity release or public announcement concerning the relationship or involvement of the Parties shall be made by any Party without the advance written approval of the other Party.

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8. Breach and Indemnification

8.1 Indemnity.

(i) The Company shall indemnify, defend and hold harmless each Investor against any Indemnifiable Loss, incurred by such Investor directly caused by any breach or violation by the Company of any representation, warranty, covenant or agreement contained herein. For avoidance of doubt, in no event shall the Company be liable for any indirect, incidental, punitive, multiple, consequential or special losses that may be incurred by any Investor, including without limitation lost of revenues, profits, or opportunities.

(ii) For purposes of this Agreement, "Indemnifiable Loss" means, with respect to any Person, any damage, liability, loss, reasonable expenses, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including, but not limited to (i) interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by such Person and (ii) any Taxes in respect of the payments made to a Person as a result of the indemnification of any Indemnifiable Loss hereunder. Each Party entitled to indemnification hereunder (an "Indemnitee") may elect to make a claim for indemnification (a "Claim") under this Agreement against any other Party who is liable for such indemnification (an "Indemnifying Party") in its sole discretion.

(iii) The Company shall not be obliged to indemnify any Investor unless the Indemnifiable Loss of such Investor exceeds US$500,000, and for the avoidance of any doubt, in such a case, the Company shall indemnify such Investor for the full amount of such Indemnifiable Loss. In any event, the aggregate amount of Indemnifiable Loss of an Investor shall not exceed the Purchase Price actually paid by such Investor under this Agreement.

(iv) Regardless of anything else contained herein, the Company's obligations under this Agreement or the Notes shall first be satisfied with the cash, property or other assets held or acquired by the Group Companies on or after the date hereof.

(v) Each Investor shall, severally but not jointly with other Investors, indemnify, defend and hold harmless the Company, against any Indemnifiable Loss, incurred by the Company directly caused by any breach or violation by such Investor of any representation, warranty, covenant or agreement contained herein. For avoidance of doubt, in no event shall any Investor be liable for any indirect, incidental, punitive, multiple, consequential or special losses that may be incurred by the Company, including without limitation lost of revenues, profits or opportunities.

(vi) All Claims for indemnification by any Indemnitee will be asserted and resolved as follows:

(a) In the event the Indemnitee has a Claim under Section 8.1 against any Indemnifying Party, the Indemnitee shall deliver a notice (an "Indemnity Notice") to the Indemnifying Party. If the Indemnifying Party does not dispute the Claim described in such Indemnity Notice by written notice to the Indemnitee within fifteen (15) Business Days after

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receipt of the Indemnity Notice, the Indemnifiable Loss in the amount specified the Indemnity Notice will be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall pay the amount of such Indemnifiable Loss in the amount specified in the Indemnity Notice to the Indemnitee within thirty (30) Business Days after receipt of the Indemnity Notice. If the Indemnifying Party has timely disputed its liability with respect to such Claim by written notice to the Indemnitee (the "Response") within fifteen (15) Business Days after receipt of the Indemnity Notice, the Indemnifying Party and the Indemnitee shall proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within thirty (30) Business Days after the receipt by the Indemnitee of the Response, such dispute will be finally and conclusively determined in accordance with Section 9.5.

(b) Any Indemnifiable Loss will be due and payable to each Indemnitee within thirty (30) Business Days upon the conclusive determination of the Claim in respect thereof.

9. Miscellaneous.

9.1 Covenants and Agreements. Between the date of this Agreement and the Closing and at any time after the Closing, each of the Group Companies shall: (a) preserve and maintain in full force and effect its existence and good standing (as applicable) under the laws of its jurisdiction of formation or organization; (b) preserve and maintain in full force and effect all material Consents required for the conduct of its business; (c) conduct its business only in the ordinary course in accordance with sound business practices and past practice, keep its properties in good working order and repair (except for normal wear and tear) and keep available the service of its current management and key employees; (d) comply with all requirements of applicable Law and with the directions of any Governmental Authority having jurisdiction over any Group Company, its business or property; and (e) file or cause to be filed in a timely manner all reports, applications, estimates and licenses that shall be required by a Governmental Authority. Between the date of this Agreement and the Closing, each of the Group Companies shall not take, permit to occur, approve, authorize, or agree or commit to do any of the transactions described in Section 5.10 without the Investors' prior written consent.

9.2 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Documents and, to the extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto or thereto.

9.3 Assignment. The Company and the Investors may not assign, by operation of law or otherwise, in whole or in part, any of their respective rights, interests or obligations under the Transaction Documents to any other Person.

9.4 Governing Law. This Agreement shall be governed by and construed under the Laws of New York, without regard to principles of conflict of Laws thereunder.

9.5 Dispute Resolution.

(i) Any dispute, controversy or claim (each, a "Dispute") arising out of or relating to the Basic Documents, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "Arbitration Notice") to the other.

(ii) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof shall be submitted to the International Chamber of Commerce for settlement by arbitration with three arbitrators under the Rules of Arbitration of the International Chamber of Commerce. The place of arbitration shall be in Hong Kong. The arbitral proceedings shall be conducted in English.

(iii) To the extent that the arbitration rules are in conflict with the provisions of this Section 9.5, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 9.5 shall prevail.

(iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of New York and shall not apply any other substantive Law.

(vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(viii) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(ix) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(a) In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "Principal Tribunal") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such

application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(b) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(c) If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio under this Section 9.5); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(d) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when any claim or defense was raised for the purpose of applying any limitation period or any like rule or provision.

(e) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 9.5 where such objections are based solely on the fact that consolidation of the same has occurred.

9.6 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule II (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section 9.6). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been

effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

9.7 Survival of Warranties. The representations and warranties contained in this Agreement shall survive any investigation made by any party hereto and the Closing and shall terminate at the end of eighteen months after the date of the Closing.

9.8 Rights Cumulative. Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

9.9 Fees and Expenses. The Company and the Investors shall respectively bear all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby.

9.10 Finder's Fee. Each Investor agrees, severally and not jointly, to indemnify and to hold harmless the Company and each other Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, partners, employees or representatives is responsible. The Company agrees, jointly and severally, to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

9.11 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

9.12 Amendments and Waivers. Any term of this Agreement may be amended, only with the written consent of each of (i) the Company and (ii) each Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

9.13 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

9.14 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by Law or otherwise afforded to any Party, shall be cumulative and not alternative.

9.15 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

9.16 Headings and Subtitles; Interpretation. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term "including" will be deemed to be followed by, "but not limited to", (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms "shall", "will", and "agrees" are mandatory, and the term "may" is permissive; (vii) all references to dollars or to "US$" are to currency of the United States of America (and shall be deemed to include reference to the equivalent amount in other currencies), (viii) the term "day" means "calendar day", and "month" means calendar month, (ix) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (x) each representation,

warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, and (xi) reference to an agreement means such agreement as amended from time to time.

9.17 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

9.18 Entire Agreement. This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof, and no Party shall be liable or bound to any other Party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

9.19 GSR Seal. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

9.20 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

LIGHTINTHEBOX HOLDING CO., LTD.

By: /s/Quji Guo
Name: Quji Guo
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

CEYUAN VENTURES II, L.P.
By: Ceyuan Ventures Management II, LLC
Its General Partner

By: /s/Bo Feng
Name: Bo Feng
Title: Executive Managing Director

CEYUAN VENTURES ADVISORS FUND II, LLC

By: /s/Bo Feng
Name: Bo Feng
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: /s/Richard Lim
Authorized Signatory

Banean Holdings Ltd.

By: /s/Waiping Leong
Authorized Signatory

Address: 101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

SCHEDULE I

SCHEDULE OF INVESTORS

Name		Principal Amount
Ceyuan Ventures II, L.P.	US$	4,333,050
Ceyuan Ventures Advisors Fund II, LLC	US$	166,950
GSR Ventures III, L.P.	US$	3,430,000
Banean Holdings Ltd	US$	70,000
Total	**US$**	**8,000,000**

SCHEDULE II

NOTICES

If to the Company:

Address: 25F, Tower A, Ocean International Center, No. 56 East Fourth Ring Road, Chaoyang District, Beijing 100025
Tel: +86-10-5908-0008
Fax: +86-10-5908-0270
Attention: Mr. Alan (Quji) Guo

If to the Investors:

Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC:

Address: M&C Corporate Services Limited, Ugland House, P.O. Box 309GT, Grand Cayman, Cayman Islands

with a copy to:
No. 35 Qin Lao Hutong, Dongcheng District, Beijing, 100009 PRC

Tel: +86-10-8402 8800
Fax: +86-10-8402 0999
Attention: Mr. Yuan Ye

GSR Ventures III, L.P. and Banean Holdings Ltd:

Adddress: 101 University Ave, 4th Floor, Palo Alto, CA 94301, United States
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

EXHIBIT A

FORM OF CONVERTIBLE NOTE

THE SECURITIES REPRESENTED BY THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE SECURITIES AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

LIGHTINTHEBOX HOLDING CO., LTD.

CONVERTIBLE NOTE

No.

US$[·] [·], 2012

FOR VALUE RECEIVED, the undersigned, LightInTheBox Holding Co., Ltd., a company incorporated under the laws of the Cayman Islands (the "**Company**"), hereby promises to pay, subject to the terms and conditions of this Convertible Note (this "**Note**"), to the order of [·] (the "**Holder**"), in lawful money of the United States of America the principal amount [·] Dollars (US$[·]) (the "**Principal Amount**"), together with the interest as provided in this Note and the Convertible Note Purchase Agreement (as defined below).

This Note is issued pursuant to, and in accordance with, the Convertible Note Purchase Agreement dated March 22, 2012, by and among the Company, the Holder and the other parties named therein (as may be amended, supplemented or modified from time to time, the "**Convertible Note Purchase Agreement**"). The Holder is entitled to the benefits of this Note and the Convertible Note Purchase Agreement and, subject to the terms and conditions set forth herein and therein, may enforce the agreements contained herein and therein and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto. All capitalized terms not otherwise defined in this Note shall have the meanings attributed to such terms in the Convertible Note Purchase Agreement.

SECTION 1
PRINCIPAL AMOUNT, MATURITY AND INTEREST

1.1 Principal Amount. The Company hereby acknowledges that it has received the Principal Amount from the Holder on the date hereof.

1.2 Maturity. The "**Maturity Date**" of this Note shall be the date that is eighteen (18) months after [·], 2012 (the "**Original Note Issuance Date**"), which, for the avoidance of doubt, is [·]. Prepayment of the Principal Amount prior to the Maturity Date without the express written consent of the Holder is not permitted.

1.3 Interest. Interest shall accrue on the outstanding amount of this Note from the Original Note Issuance Date at a rate equal to 12% per annum, uncompounded and computed on

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the basis of the actual number of days elapsed (the "**Base Rate**"); provided, however, that upon the occurrence of an Event of Default (as defined below), all outstanding amount hereunder shall accrue interest at the rate equal to 15% per annum, uncompounded and computed on the basis of the actual number of days elapsed (the "**Default Rate**"). The Base Rate and the Default Rate shall be calculated on the basis of a 365-day year.

1.4 Ranking. This Note is one of a series of notes (the "**Notes**") having like tenor and effect (except for variations necessary to express the name of the holder and the principal amount of each of the Notes) issued by the Company in accordance with the terms of the Convertible Note Purchase Agreement. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on the outstanding Notes on the basis of the principal amount of

the outstanding indebtedness represented thereby. The Notes constitute an obligation of the Company ranking senior to all other indebtedness of the Company.

SECTION 2
CONVERSION

2.1 Mandatory Automatic Conversion upon Conversion Event. At and effective upon the closing of a Financing Event (a "**Conversion Event**") prior to the Maturity Date, it is mandatory that all of the Principal Amount of this Note be automatically converted into such number of fully paid and non-assessable Conversion Shares (as defined below) as is equal to (x) the outstanding amount of this Note divided by (y) the then applicable Note Conversion Price (as defined below) times the applicable Conversion Discount (as defined below).

2.2 Note Conversion Price. The "**Note Conversion Price**" shall be equal to the per share issuance price of the Conversion Share issued for a Financing Event; provided that in the event the total pre-money valuation of the Company prior to such Financing Event, without taking into account of this Note and any other Notes issued under the Convertible Note Purchase Agreement or the Conversion Shares, is greater than US$350 million, the Note Conversion Price shall be equal to (x) US$350 million divided by (y) the total number of outstanding equity shares of the Company prior to such Financing Event which shall include any shares issued or reserved for issuance under any Benefit Plan of the Company, but excluding the Conversion Shares.

2.3 Conversion Shares. The "**Conversion Shares**" shall be the same class of equity securities issued and sold or the underlying equity securities issued and sold by the Company in such Financing Event.

2.4 Conversion Discount. The Conversion Discount shall be equal to:

(a) 95% if the Conversion Event occurs after three months but on or before six months from the Original Note Issuance Date;

(b) 90% if Conversion Event occurs after six months but on or before 12 months from the Original Note Issuance Date; and

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(c) 85% if Conversion Event occurs after 12 months from the Original Note Issuance Date.

If the Conversion Event occurs on or before 3 months from the Original Note Issuance Date, there shall be no Conversion Discount.

2.5 Conversion at Maturity. If a Conversion Event does not occur prior to the Maturity Date and absent an Event of Default on or prior to the Maturity Date (the "**Maturity Conversion Event**"), all of the outstanding amount of this Note shall be automatically converted within five (5) Business days from the Maturity Date to such number of fully paid and non-assessable Series C Preferred Shares (the "**Maturity Conversion Shares**") as is equal to (x) the outstanding amount of this Note, divided by (y) the then applicable Maturity Conversion Price (as defined below).

2.7 Maturity Conversion Price. The "**Maturity Conversion Price**" shall be equal to (x) US$255 million (being 85% times US$300 million) divided by (y) the total number of outstanding equity shares of the Company on the Maturity Date which shall include any shares issued or reserved for issuance under any Benefit Plan of the Company, but excluding the Maturity Conversion Shares.

2.8 Conversion Procedures. At the closing of a Financing Event, on the Maturity Conversion Event or on the Event of Default Conversion Event (as defined below), as the case may be, the Company shall deliver to the Holder a certificate or certificates representing the number of the Conversion Shares or the Maturity Conversion Shares, as applicable, issuable upon such conversion. The Person in whose name such certificate(s) is issued shall be deemed to be the holder of record of such Conversion Shares or the Maturity Conversion Shares, as applicable, on such date, notwithstanding that the share register of the Company shall then be closed or that the certificates representing such Conversion Shares or Maturity Conversion Shares, as applicable, shall not then be actually delivered to such Person. As soon as practicable after the Holder receives such certificate(s), this Note shall be delivered to the Company for cancellation.

2.9 Fractional Shares. If the conversion of this Note would result in the issuance of any fractional share, the Company shall round up or down the fractional share to the nearest whole share (with 0.5 or more share to be rounded up).

2.10 Termination of Rights. All rights under this Note shall terminate when this Note is converted in full pursuant to the terms set forth herein.

SECTION 3
PAYMENT

3.1 Payment and Currency. All payments by the Company hereunder shall be made in U.S. dollars to a bank account designated by the Holder in writing not less than 5 Business Days prior to the relevant due date by wire transfer in immediately available funds. Interest payment shall be made without withholding or deduction for or on account of any Taxes, duties or other charges imposed by any Governmental Authority ("**Withholdings and Deductions**"). The Company shall bear, and shall add to such interest payments the

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amount of any Withholdings and Deductions as are necessary for the Holder to receive all interest payments by the Company hereunder as if such Withholdings and Deductions had not been made. For the avoidance of doubt, the interest payments may not be converted to any Conversion Shares or Maturity Conversion Shares pursuant to Section 2 hereof.

3.2 Timing. All interest payments by the Company on the Note shall be made (i) upon the occurrence of a Conversion Event, within five (5) Business Days after such Conversion Event, (ii) within five (5) Business Days after the Maturity Date, or (iii) upon the occurrence of an Event of Default pursuant to Section 6.2 hereof, whichever is earlier.

3.3 Holidays. If any interest payment pursuant to this Note shall be due on a day that is not a Business Day, then such payment shall be made without default on the next succeeding day which is a Business Day.

SECTION 4
REGISTRATION

4.1 Register. The Company shall keep at its principal office a register in which the Company shall provide for the registration and transfer of this Note, in which the Company shall record the name and address of the Holder. The Holder shall notify the Company of any change of name or address and promptly after receiving such notification the Company shall record such information in such register.

4.2 Transfer. This Note and all rights hereunder shall not be transferable by the Holder to anyone in any manner.

SECTION 5
COVENANTS

5.1 Covenants. So long as any indebtedness under this Note remains outstanding, the Company shall, and shall cause any other Group Company to:

(a) comply in all material respects with applicable laws, rules, regulations and orders, such compliance to include, without limitations, promptly obtaining and maintaining all governmental approvals as are necessary for the operation of its business, and paying all taxes, assessments, and governmental charges imposed upon it or upon its property except for good faith contests for which adequate reserves are being maintained;

(b) maintain in all material respects its corporate existence, licenses and privileges in good standing under and in compliance with all applicable laws in order to operate the business currently conducted by it;

(c) provide notice to the Holder within ten (10) Business Days after receiving notice of all actions, suits, and proceedings before any court or governmental entity affecting any Group Company; and

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(d) provide to the Holder, as soon as possible and in any event within ten (10) Business Days after the occurrence thereof, with written notice of each event which either (i) is an Event of Default, or (ii) with the giving of notice or lapse of time or both would constitute an Event of Default, in each case setting forth the details of such event and the action which is proposed to be taken by the Company with respect thereto.

SECTION 6
EVENT OF DEFAULT

6.1 Definition. The occurrence of any of the following, which was not subsequently cured or remedied (if capable of being cured or remedied) by the Company within sixty (60) days after receipt of a written notice of default from the Holder specifying the nature of the Company's default, shall constitute an "**Event of Default**" under this Note:

(a) defaults shall occur in the observance or performance in all material respects of any covenant, obligation or agreement of the Company under this Note or the Convertible Note Purchase Agreement;

(b) any representation, warranty or certification made by the Company herein or in the Convertible Note Purchase Agreement or in any certificate, report, document, agreement or instrument delivered to the Holder pursuant to any provision hereof or thereof shall prove to have been false or incorrect in any material respect on the date or dates as of which made; or

(c) any Group Company shall (i) apply for or consent to, or become subject to, the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property, (ii) make an assignment for the benefit of creditors, (iii) fail to pay its material debts as they become due, or (iv) become subject to any voluntary or involuntary proceedings under any bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally.

6.2 Consequences of Events of Default.

(a) Upon the occurrence of, and during the continuance of an Event of Default, the Holder and the other holders of the Notes has the right (but not the obligation), acting jointly and not severally, to convert all outstanding amount under this Note and the Notes, in whole but not in part, to such number of Maturity Conversion Shares as provided under Section 2.5 hereof (the "**Event of Default Conversion Event**").

(b) Upon the occurrence of an Event of Default, and absent the Event of Default Conversion Event, all indebtedness under this Note shall become due and payable and accrue interest at the Default Rate, and the Company shall pay to the Holder all such outstanding amount and accrued interests under this Note without any action on the part of the Holder, subject to the availability of the cash balances of the Company, provided that no

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obligations under this Section 6.2(b) shall result in the Company (i) applying for or consenting to, or becoming subject to, the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property, (ii) becoming subject to any voluntary or involuntary proceedings under any bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally or (iii) becoming unable to continue its normal business operation. The Company agrees to pay the Holder all reasonable out-of-pocket costs and expenses incurred by the Holder in any effort to collect indebtedness under this Note, including reasonable attorney fees, and to pay interest at the highest rate permitted by applicable law on such costs and expenses to the extent not paid when demanded.

(c) For the avoidance of doubt, in the Event of Default, the rights to which the Holder may have been afforded shall be limited to that as set forth in this Section 6.2.

SECTION 7
MISCELLANEOUS

7.1 Notices. Any notice or communication provided for by this Note shall be in writing and shall be delivered in person, sent by telecopy, mailed, first class, postage prepaid, or sent by nationally recognized overnight delivery service addressed to the Company or the Holder at their respective addresses or telecopy numbers specified in the Convertible Note Purchase Agreement, as to any such party, at such other address or telecopy number as may be designated by it in a notice to the other parties hereto. All notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

7.2 Waiver. The Company waives presentment, notice of dishonor, protest and any other notice or formality with respect to this Note. The Company agrees that no omission or delay by the Holder in exercising any right under this Note shall operate as a waiver, and the single or partial exercise of any such right or rights shall not preclude any other further exercise of such right or rights.

7.3 Amendment. This Note may be discharged, terminated, amended, supplemented or otherwise modified only by an instrument in writing signed by the party against which enforcement of such discharge, termination or modification is sought.

7.4 Severability. Any provision of this Note that is prohibited or unenforceable in a jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.5 Language. This Note is drawn up in the English language. If this Note is translated into any language other than English, the English language text shall prevail.

7.6 Headings. Section headings in this Note are included herein for convenience of reference only and shall not constitute a part of this Note for any other purpose.

7.7 Governing Law and Arbitration. This Note shall be governed by and construed in accordance with the laws of the State of New York, United States of America, without regard to the principles of conflicts of law thereof. Any dispute, controversy or claim arising out of or relating to this Note, or the interpretation, breach, termination or validity hereof shall be resolved in accordance with Section 9.5 of Convertible Note Purchase Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Note has been executed and delivered on the date first written above.

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________________
Name:
Title: Authorized Signatory

ANNEX A

DRAFT PRELIMINARY PROSPECTUS

Exhibit 4.9

Execution Copy

SECOND AMENDED AND RESTATED RESTRICTED SHARE AGREEMENT

THIS SECOND AMENDED AND RESTATED RESTRICTED SHARE AGREEMENT (this "**Agreement**") is entered into as of September 28, 2010 (the "**Effective Date**"), by and among LightInTheBox Holding Co., Ltd., an exempted limited liability company organized under the laws of the Cayman Islands (the "**Company**"), each of the individuals and their respective holding company through which such individual holds certain ordinary shares of the Company, par value US$1/15000 per share listed on Schedule I attached hereto (each such individual, a "**Founder**" and collectively, the "**Founders**", each such holding company, a "**Founder Holding Entity**" and collectively, the "**Founder Holding Entities**"), and the Persons listed on Schedule II attached hereto (each an "**Investor**", collectively, the "**Investors**"). Each of the parties listed above is referred to herein individually as a "**Party**" and collectively as the "**Parties**". Capitalized terms used herein without definition shall have the meanings set forth in the Purchase Agreement (as defined below).

RECITALS

A. The Investors have agreed to purchase from the Company, and the Company has agreed to sell to the Investors, certain Series C Preferred Shares of the Company on the terms and conditions set forth in the Series C Preferred Share Purchase Agreement dated as of the date hereof by and among the Company, the Founders, the Founder Holding Entities, the Investors, and the other parties thereto (the "**Purchase Agreement**").

B. The Company, the Founders, and certain Investors entered into an Amended and Restated Restricted Share Agreement dated June 26, 2009 (the "**Prior Agreement**") to amend, restate, supersede and replace in its entirety a Restricted Share Agreement dated October 23, 2008.

C. The Purchase Agreement provides that the amendment and restatement of the Prior Agreement by execution and delivery of this Agreement shall be a condition precedent to the consummation of the transactions contemplated under the Purchase Agreement.

D. The Parties hereto, representing all of the parties to the Prior Agreement, desire to amend and restate the Prior Agreement by entering into this Agreement on the terms and conditions set forth herein, which shall amend, restate, supersede and replace in its entirety the Prior Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

"**Date of Release**" means each date on which any Restricted Shares shall vest and be released from the Company's Repurchase Right in accordance with Section 3.2 hereof.

"**Equity Securities**" means with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing.

"**Memorandum and Articles**" means the Memorandum of Association of the Company and the Articles of Association of the Company, as each may be amended and/or restated from time to time.

"**Ordinary Shares**" means the ordinary shares of the Company, par value US$1/15000 per share.

"**Preferred Shares**" means collectively, the Series A Preferred Shares of the Company, par value US$1/15000, the Series B Preferred Shares of the Company, par value US$1/15000, and the Series C Preferred Shares of the Company, par value US$1/15000.

"**Principals**" means collectively, the Founders and the Founder Holding Entities.

"**Restricted Shares**" means, with respect to a Founder and/or such Founder's Founder Holding Entities, the number of Ordinary Shares held by such Founder and/or such Founder's Founder Holding Entities set forth opposite their names in Schedule I hereto, and any new, substitutes or additional securities as set forth in Section 3.6 hereof.

"**Right of First Refusal and Co-Sale Agreement**" means the amended and restated right of first refusal and co-sale agreement entered into by the Parties hereto concurrently with this Agreement.

"**Shareholders Agreement**" means the second amended and restated shareholders agreement entered into by the Company, the Investors, the Principals and certain other parties hereto concurrently with this Agreement.

"**Transaction Documents**" has the meaning given to such term in the Purchase Agreement.

"**Vested Shares**" means shares that were Restricted Shares but that have subsequently been released from the Repurchase Right pursuant to this Agreement.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Agreement	Preamble
Arbitration Notice	Section 5.4(a)
Board	Section 3.1(a)(iv)
Cause	Section 3.1(b)
Change of Control	Section 3.2(b)
Company	Preamble
Dispute	Section 5.4(a)
Effective Date	Preamble
Founder	Preamble
Founder Holding Entity	Preamble
HKIAC	Section 5.4(b)
HKIAC Rules	Section 5.4(b)
Investor	Preamble
Leave or Absence	Section 3.1(a)(iii)
Party	Preamble
Principal Tribunal	Section 5.4(i)(i)
Prior Agreement	Recitals
Purchase Agreement	Recitals
Repurchase Notice	Section 3.3
Repurchase Period	Section 3.3
Repurchase Price	Section 3.1(a)
Repurchase Right	Section 3.1(a)
Start Date	Section 3.2(a)
Termination	Section 3.1(a)(iii)
Transfer	Section 2.1
Transfer Form	Section 2.2

1.3 Interpretation. For all purposes of this Agreement, except as otherwise expressly herein provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1 and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned under the applicable accounting standards, (iii) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (vi) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (vii) references to this Agreement, and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, (viii) the term "or" is not exclusive, (ix) the term "including" will be deemed to be followed by ", but not limited to," (x) the terms "shall," "will," and "agrees" are mandatory, and the term "may" is permissive, (xi) the phrase "directly or indirectly" means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and "direct or indirect" has the correlative meaning, (xii) the expressions "Investor", "Founder" and "Founder Holding Entities" shall, unless the context prohibits, include their

respective successors, permitted transferees and assigns and any Persons deriving title under them, (xiii) the term "voting number" refers to the number of votes attributable to the Ordinary Shares and/or the Preferred Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles, and (xiv) the headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

2. Prohibition on Transfer of Restricted Shares.

2.1 Prohibition on Transfer. No Principals shall sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way ("**Transfer**"), directly or indirectly, any interest in any Restricted Shares prior to the termination of the Repurchase Right with respect to such Restricted Shares, without obtaining a prior written waiver from the Company waiving its Repurchase Right respecting such Restricted Shares with the written consent of the holders of 67% of voting power of the outstanding Shares of the Company (voting together as a single class and calculated on an as-converted basis), including the written consent of a majority of voting power of the outstanding Preferred Shares and a majority of voting power of the outstanding Series C Preferred Shares. After a Restricted Shares is released from Repurchase Right (or the Company waives its Repurchase Right with respect to such Restricted Share in accordance with this Agreement), such Restricted Share may only be Transferred in accordance with the Right of First Refusal and Co-Sale Agreement. Any Transfer or purported Transfer of Restricted Shares not made in conformance with this Agreement shall be null and void, shall not be recorded on the register of members of the Company and shall not be recognized by the Company.

2.2 Escrow. Upon the Effective Date, the Founder Holding Entities shall deposit the certificates representing all of the Restricted Shares, together with a transfer form executed in blank by the record owner of such Restricted Shares in the form attached hereto as Exhibit A (the "**Transfer Form**"), in escrow with the Company (for so long as such Restricted Shares continue to remain subject to the Company's Repurchase Right) to be held and released only in accordance with the provisions of this Agreement. Immediately upon

receipt of any new, substituted or additional securities described in Section 3.6, the Principals shall immediately deliver to the Company, to be similarly held in escrow, the certificates representing all of such securities or other property. All regular cash dividends on Restricted Shares held in escrow hereunder shall be paid directly to the record owner of such Restricted Shares and shall not be held in escrow. All Restricted Shares shall be released to the record owner of such Restricted Shares and the certificate(s) evidencing such Restricted Shares shall be returned to the Founder Holding Entities without further order or instruction, when such Restricted Shares are no longer subject to the Repurchase Right (as defined below), or when otherwise agreed by the holders of a majority of voting power of the outstanding Preferred Shares (voting as a single class and calculated on an as converted basis) in writing. Each Founder Holding Entity shall be deemed to be the holder for the purpose of exercising any voting rights relating to such Restricted Shares under the Memorandum and Articles, even if some or all of such Restricted Shares have not yet vested and been released from the Repurchase Rights.

2.3 Legend. Each existing or replacement certificate for Restricted Shares subject to the Repurchase Right shall bear the following legend:

"THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN RESTRICTED SHARE AGREEMENT BY AND BETWEEN THE SHAREHOLDER, THE COMPANY AND CERTAIN HOLDERS OF SHARES OF THE COMPANY AND A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND BETWEEN THE SHAREHOLDER, THE COMPANY AND CERTAIN OTHER PARTIES THERETO. COPIES OF SUCH AGREEMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY."

2.4 No Indirect Transfers. Each Principal agrees that the transfer restrictions with respect to the Restricted Shares which have not been released from the Repurchase Right hereof set forth in this Agreement shall not be capable of being avoided by any of them by the holding of the Equity Securities of the Company indirectly through another Person (including a Founder Holding Entity) or by the issuance of any Equity Securities by any such Person (including a Founder Holding Entity). Each Founder and each Founder Holding Entity of such Founder furthermore agrees that, so long as such Principal is bound by this Agreement and any Restricted Shares continue to remain subject to the Company's Repurchase Right, the Transfer, sale or issuance of any Equity Securities of any Founder Holding Entity of such Founder which correspond to the portion of the Restricted Shares which continue to remain subject to the Company's Repurchase Right in violation of this Agreement shall be prohibited, and such Founder and each such Founder Holding Entity agrees not to make, cause or permit any Transfer, sale or issuance of any Equity Securities of such Founder Holding Entity in violation of this Agreement. Any purported Transfer, sale or issuance of any Equity Securities of any Founder Holding Entity in contravention of this Agreement shall be void and ineffective for any and all purposes and shall not confer on any transferee or purported transferee any rights whatsoever, and no Founder Holding Entity shall recognize any such Transfer, sale or issuance.

3. Repurchase Right of the Company.

3.1 Repurchase Right

(a) In the event a Founder's relationship with the Group Companies terminates, directly or indirectly, upon

(i). the voluntary termination by such Founder of his employment with any Group Company,

(ii). the termination by the Company of such Founder's employment for Cause (as defined in Section 3.1(b) below), which termination is in compliance with applicable laws and the then effective employment agreement between such Founder and the applicable Group Company,

(iii). such Founder being unable to perform his duties due to serious illness, disabilities, or mandatory leave from office as required by applicable laws (including but not limited to statutory military services) for three (3) months and the status of leave or absence ("**Leave or Absence**") continues up to a consecutive period of two (2) years, in which case the termination shall be deemed to have taken effect upon the expiration of the three months' period starting from the date when he is unable to perform his duties (each of the events described under (i), (ii), and (iii) above is referred to as a "**Termination**"), or

(iv). the termination by the Company of such Founder's employment due to gross mismanagement by such Founder of the business and affairs of the Company or any subsidiary or affiliate directly managed by such Founder which directly results in a material loss by the Company and for which the Company has reasonable proof was committed by such Founder, or fundamental violation of any employment agreement, proprietary information agreement, intellectual property assignment agreement or non-competition agreement entered by and between such Founder and the Company or any of its subsidiaries or affiliates which directly results in a material loss by the Company and for which the Company has reasonable proof was committed by such Founder; provided that, the termination by the Company of any Founder's employment for any reason described under this Section 3.1(a)(iv) shall be approved by the Company's board of director (the "**Board**") with the affirmative votes of at least six (6) directors out of a Board composed of eight (8) directors,

then, in each such event, regardless of whether or not such Founder is then serving as a director of any Group Company and subject to the other subsections of this Section 3 below, the Company shall have the right to repurchase (the "**Repurchase Right**") up to all of the Restricted Shares of such Founder and such Founder's Founder Holding Entities, to the extent such Restricted Shares have not been released from the Repurchase Right as provided below as of the applicable termination date, at a price that is US$1/15000 per share, as appropriately adjusted for share splits, combinations, reorganizations and similar event (the "**Repurchase Price**").

To avoid any doubt, the change in management title of a Founder or a Founder being employed by another Group Company shall not be treated as a Termination of such Founder. The Principals hereby acknowledge that the Company has no obligation, either now or in the future, to repurchase any Restricted Shares, whether vested or unvested, at any time.

(b) For purposes of this Agreement, the term "**Cause**" means any one of the following grounds:

(i). a Founder deliberately abuses his power and causes material losses to the Company in order to seek his own interests in performing his duties in the Company, and which the Board has sufficient proof was committed by such Founder;

(ii). a Founder is diagnosed as addiction to alcohol or illegal drugs which materially and adversely interferes with the performance of such Founder's obligations and duties of employment; or

(iii). a Founder is convicted of a felony, or any crime involving (x) fraud or (y) misrepresentation or (z) violation of applicable securities laws.

3.2 Vesting.

(a) Vesting Terms. Subject to Sections 3.2(b), 3.2(c), 3.2(d), and 3.2(e) below, as long as the Founder is continuously an employee of a Group Company, the Restricted Shares shall vest and be released from the Repurchase Right according to the following schedule: (i) twenty percent (20%) of the Restricted Shares set forth opposite the name of a Founder in Schedule I hereto shall be released from the Repurchase Right and shall therefore become Vested Shares and shall no longer be deemed Restricted Shares on October 23, 2008 (the "**Start Date**"); (ii) another twenty percent (20%) of the Restricted Shares set forth opposite the name of such Founder in Schedule I hereto shall be released from the Repurchase Right and shall therefore become Vested Shares and shall no longer be deemed Restricted Shares on the first anniversary of the Start Date; (iii) after the first anniversary of the Start Date, 1/36 of the remaining Restricted Shares shall be released from the Repurchase Right and shall therefore become Vested Shares and shall no longer be deemed Restricted Shares every thirty (30) day thereafter; provided that, the holders of a majority of the voting power of the outstanding Preferred Shares may approve a shorter vesting schedule than the schedule set forth above.

(b) Accelerated Vesting Upon Qualified IPO or Change of Control. Notwithstanding the above, all then unvested Restricted Shares shall be released from the Repurchase Right and shall therefore become Vested Shares and shall no longer be deemed Restricted Shares upon the earlier to occur of: (i) a Qualified IPO (as defined in the Shareholders Agreement), and (ii) the sale, transfer, or other disposition of all or substantially all of the assets of any Group Company (if such assets constituting all or substantially all of the assets of the Group), or the consolidation, merger or other business combination of any Group Company with or into any other business entity duly approved by the Company in accordance with the Shareholders Agreement, pursuant to which shareholders of such Group Company, immediately prior to such consolidation, merger or other business combination will hold less than a majority of the voting power of the surviving or resulting entity thereafter (the "**Change of Control**").

(c) Deferred Vesting Upon Leave or Absence. Upon the occurrence of a Founder's Leave or Absence, the vesting schedule of the Restricted Shares shall be suspended and deferred until the date on which such Founder returns to office, and the period starting from the date on which such Founder is unable to perform his duties to the date that he/she returns to office shall be excluded for purpose of determining the Date of Release.

(d) Accelerated Vesting Upon Expiration of Leave or Absence. Upon the expiration of the two years' period of a Founder's Leave or Absence as provided in Section 3.1(a)(iii) above, such number of Restricted Shares as set forth opposite the name of such

Founder in Schedule I hereto which should have otherwise been released from the Repurchase Right on the next Date of Release had no such Leave or Absence occurred shall be released from the Repurchase Right and shall therefore become Vested Shares and shall no longer be deemed Restricted Shares immediately on the date of such Termination. For the avoidance of doubt, any Restricted Shares that have not been so released pursuant to this subsection (d) on the date of such Termination shall remain to be subject to the Company's Repurchase Right.

(e) Accelerated Vesting Upon Certain Terminations. Upon a Termination by a Group Company of any Founder's employment for any reason described under Section 3.1(a) above, (i) such number of Restricted Shares as set forth opposite the name of such Founder in Exhibit A hereto which should have otherwise been released from the Repurchase Right on the next Date of Release had no such Termination occurred, plus (ii) such number of Restricted Shares which should have otherwise vested and been released from the Repurchase Right had twelve (12) months elapsed from such next Date of Release during which no event of Termination had occurred, shall vest and be released from the Repurchase Right immediately on the date of Termination; provided that, if such Termination occurs after the Start Date and prior to the first anniversary of the Start Date, the vesting terms and the relevant Date of Release for the 20% of the Restricted Shares as set forth in Section 3.2(a) above shall be modified and revised so that after the Start Date and until the first anniversary of

the Start Date, such 20% of the Restricted Shares shall vest to such Founder on a monthly basis. For the avoidance of doubt, any Restricted Shares that have not been released pursuant to this subsection (e) on the date of Termination shall remain subject to the Company's Repurchase Right.

3.3 Mechanism of Repurchase. Within sixty (60) days following any event as set forth in Section 3.1(a) with respect to the Founder (the "**Repurchase Period**"), the Company may exercise the Repurchase Right by delivering written notice to the relevant Principal which entitles the Company to repurchase a corresponding number of Restricted Shares pursuant to Section 3.2 above. The notice (the "**Repurchase Notice**") shall indicate the number of Restricted Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not later than the last day of the Repurchase Period, which shall be accompanied with the written resolutions of the Board passed with affirmative votes of at least six (6) directors out of a Board composed of eight (8) directors to approve the Company's exercise of the Repurchase Right. The Principals and the Company shall take all necessary actions to enable the Company to repurchase the Restricted Shares subject to the Repurchase Right. At the Company's option, the aggregate repurchase price of the Restricted Shares being repurchased may be paid: (i) by delivery with such notice of a check to the applicable Principal or the Founder's executor, or (ii) by cancellation by the Company of an amount of such Principal's indebtedness to the Company, if any, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such Repurchase Price. The applicable Restricted Shares are repurchased upon delivery of the Repurchase Notice and the applicable repurchase price by the Company in accordance with this Section 3.3, and all Restricted Shares repurchased shall be immediately cancelled, without further actions by any party. To effect the foregoing, the Company is authorized and empowered to date, execute, deliver and otherwise use the Transfer Form to effect the Repurchase Right.

3.4 Non-Exercise of Repurchase Right. If the Company has not elected to exercise the Repurchase Right with respect to any Restricted Shares during the Repurchase

Period, then, after the expiration of the Repurchase Period, all Restricted Shares of the Principals that are not repurchased pursuant to the Repurchase Right shall vest and no longer be subject to the Repurchase Right.

3.5 Termination of the Repurchase Right. The Repurchase Right shall terminate upon the earlier to occur of (i) the exercise in full or expiration of the Repurchase Right, (ii) a Qualified IPO, or (iii) the Change of Control. Promptly after the expiration of the Repurchase Right, the Company shall, if required, cause to be delivered to the relevant Founder Holding Entity a new stock certificate or certificates representing the number of vested Ordinary Shares to which such Founder Holding Entity is entitled under this Agreement.

3.6 Add Additional Shares or Substituted Securities. In the event of the declaration of a share dividend (which is paid for the purpose of the share split), a spin-off, a share split, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, the Repurchase Right under this Section 3 shall apply mutatis mutandis to any new, substituted or additional securities that by reason of such transaction are distributed with respect to any Restricted Shares then subject to the Repurchase Right, to the same extent as such Restricted Shares. All such additional and substituted securities or other property shall be deposited in escrow pursuant to Section 2.2.

4. Stop-Transfer Notices. In order to ensure compliance with the terms of this Agreement, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

5. Miscellaneous.

5.1 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and, to the extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto.

5.2 Assignments and Transfers; Third Party Beneficiaries. Except as otherwise provided herein, this Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Investor hereunder are assignable in connection with the transfer (subject to applicable securities and other Laws) of Equity Securities of the Company held by such Investor but only to the extent of such transfer; provided, however, that in either case no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and any such transferee shall execute and deliver to the Company and the other parties hereto a joinder agreement becoming a party hereto as an "Investor". This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties. It is the parties' intention that the Investors be made third party beneficiaries of

this Agreement who shall be entitled to enforce the covenants and obligations of the Company and the Principals hereunder. The rights of the Investors shall vest immediately upon execution of this Agreement and may not be modified or diminished except with the prior written consent of the holders of ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting together as a single class and on an as converted basis).

5.3 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of laws thereunder.

5.4 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a "**Dispute**") arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "**Arbitration Notice**") to the other.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 5.4, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 5.4 shall prevail.

(d) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(i) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(i). In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "**Principal Tribunal**") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(ii). The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(iii). If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio under this Section 5.4); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(iv). Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when any claim or defence was raised for the purpose of applying any limitation period or any like rule or provision.

(v). The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 5.4 where such objections are based solely on the fact that consolidation of the same has occurred.

5.5 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule C attached to the Shareholders Agreement (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section 5.5). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by

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properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

5.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

5.7 Rights Cumulative. Each and all of the various rights, powers and remedies of a Party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

5.8 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

5.9 Amendments and Waivers. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Company, only by the Company; (ii) as to the Investors, the holders of two thirds of the Ordinary Shares held by all holders of Preferred Shares (including Preferred Shares on an as-converted to Ordinary Share basis) including holders of a majority of Series C Preferred Shares, except that any such amendment or waiver that treats an Investor in a materially adverse manner than the other Investors in their capacity as such shall require the consent of such adversely affected holder; and (iii) as to the Principals, by persons or entities holding at least a majority of the Ordinary Shares held by them. Notwithstanding the foregoing, any Party (other than the Company) may waive the observance as to such Party of any provision

of this Agreement (either generally or in a particular instance and either retroactively or prospectively) by an instrument in writing signed by such Party without obtaining the consent of any other Party. Any amendment or waiver effected in accordance with this Section 5.9 shall be binding upon all the Parties hereto.

5.10 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

5.11 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

5.12 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

5.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

5.14 Entire Agreement. This Agreement together with the other instruments and agreements referenced herein constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof (including the Prior Agreement). For the avoidance of doubt, the Parties hereby agree and acknowledge that the Principals are subject to further, additional restrictions under the terms of the Right of First Refusal and Co-Sale Agreement.

5.15 Control. In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of any of the Charter Documents for any of the Group Companies, or in the event of any dispute related to any such Charter Document, the terms of this Agreement shall prevail in all respects, the Parties shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Charter Documents, and the Parties hereto shall exercise all voting and other rights and powers (including to procure any required alteration to such Charter Documents to resolve

such conflict or inconsistency) to make the provisions of this Agreement effective, and not to take any actions that impair any provisions in this Agreement.

5.16 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of Restricted Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend (which is paid for the purpose of the share split) of the Restricted

Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding Restricted Shares by such subdivision, combination or share dividend.

5.17 GSR Seal. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

5.18 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY:

LightInTheBox Holding Co., Ltd.

By: ________________________
Name: Quji Guo
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

FOUNDERS:

GUO QUJI (郭去疾)

____

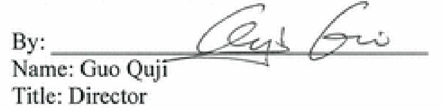
ZHANG LIANG (张良)

____

WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: 

Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

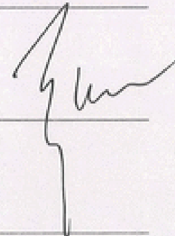
By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

FOUNDERS:



____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

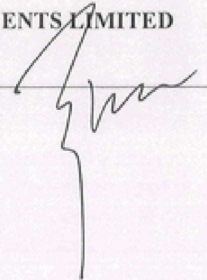
WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED



By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

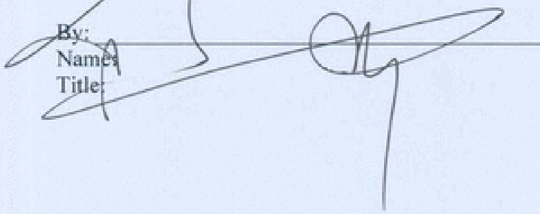
INVESTORS:

CEYUAN VENTURES II, L.P.

By: Ceyuan Ventures Management II, LLC
Its: General Partner

By: ______________________________
Executive Managing Director

CEYUAN VENTURES ADVISORS FUND, LLC



By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By: ______________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ________________________
Authorized Signatory

Banean Holdings Ltd

By: ________________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTORS:

Trustbridge Partners III, L.P.

BY: TB Partners GP3, L.P.
BY: TB Partners GP LIMITED
Its general partner

By: ______________________
Name:

Schedule I

SCHEDULE OF RESTRICTED SHARES SUBJECT TO REPURCHASE RIGHT

Name of Founder	Founder Holding Entity	Number of Ordinary Shares Held by Founder Holding Entity as of the Start Date	Number of Ordinary Shares held by Founder Holding Entity as of the date of this Agreement (following the 2:3 share split)
Guo Quji (□□□), a PRC citizen with PRC Identification Card number 510105197509100012	**Wincore Holdings Limited**	7,037,037	10,555,555
Zhang Liang	**Clinet**	4,692,593	7,038,889

(□□), a PRC citizen with PRC Identification Card number 610302197610292034	**Investments Limited**		
Wen Xin (□□), a PRC citizen with PRC Identification Card number 440301198004202314	**Vitz Holdings Limited**	4,692,593	7,038,889
Total:		**16,422,223**	**24,633,333**

Schedule II

List of Investors

Ceyuan Ventures II, L.P.
Ceyuan Ventures Advisors Fund II, LLC.
GSR Ventures III, L.P.
Banean Holdings Ltd
Trustbridge Partners III, L.P.

Exhibit A

FORM OF TRANSFER FORM

We [***Insert name and address of Transferor***] (hereinafter called "**the Transferor**"), for good and valuable consideration received by us from LightInTheBox Holding Co., Ltd., an exempted limited liability company organized under the laws of the Cayman Islands (hereinafter called "**the Transferee**") do hereby transfer unto the said Transferee [ ] Ordinary Shares of US$1/15000 each standing in our name in the Register of the Transferee to hold unto the said Transferee.

Dated this day of , .

[*Signatures on following page*]

As witness our hands,

Signed by an authorized signatory of [***Insert name of Transferor***] (the Transferor) on the date first set forth above:

Name:
Capacity:

Signed by an authorized signatory of LightInTheBox Holding Co., Ltd. (the Transferee) on the date first set forth above:

Name:
Capacity:

Exhibit 4.10

Execution Copy

SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this "**Agreement**") is entered into on September 28, 2010 (the "**Effective Date**"), by and among

1. Light In The Box Holding Co., Ltd., an exempted company organized under the laws of the Cayman Islands (the "**Company**"),

2. Light In The Box Limited, a company incorporated under the Laws of Hong Kong Special Administrative Region of the People's Republic of China **("Hong Kong")** (the "**HK Subsidiary**"),

3. Lanting Jishi Trade (Shenzhen) Co. Ltd. (□□□□□□□□□□□□□□), a foreign invested commercial enterprise incorporated under the Laws of the PRC (the "**FICE**"),

4. Shenzhen Lanting Huitong Technologies Co., Ltd. (MN (□□□□□□□□□□□□), a domestic limited liability company incorporated under the Laws of the PRC (the "**Shenzhen Lanting**"),

5. each of the individuals and their respective holding company listed on Schedule A-1 attached hereto (each such individual, a "**Founder**" and collectively, the "**Founders**", each such holding company, a "**Founder Holding Entity**" and collectively, the "**Founder Holding Entities**"),

6. each of the individuals and their respective holding company listed on Schedule A-2 attached hereto (each such individual, an "**Angel**" and collectively, the "Angels", each such holding company, a "**Angel Holding Entity**" and collectively, the "**Angel Holding Entities**"),

7. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC. (collectively, the "**Ceyuan Investors**"),

8. GSR Ventures III, L.P. and Banean Holdings Ltd (collectively, "**GSR Investors**"), and

9. Trustbridge Partners III, L.P. **(**"**TBP**", together with the Ceyuan Investors and GSR Investors, the "**Investors**").

Each of the parties listed above referred to herein individually as a "**Party**" and collectively as the "**Parties**".

Capitalized terms used herein without definition shall have the meanings set forth in the Purchase Agreement (as defined below).

RECITALS

A The Company holds 100% equity interest of the HK Subsidiary which owns 100% registered capital of FICE which in turn Controls the Shenzhen Lanting, the sole shareholder of Shanghai Ouku Network Technologies Co., Ltd. (□□□□□□□□□□□□, "**Shanghai Ouku**"), by a Captive Structure.

B The HK Subsidiary is engaged in the business of commercial wholesale, retail, product import, export and logistics, operation of the website of www.lightinthebox.com. The FICE is engaged in the business of commercial wholesale, retail, commission-agency, product import, export and logistics. The Shenzhen Lanting is engaged in the business of development of software and network system platform and consulting service with respect to the computer technology and the Shanghai Ouku is engaged in the development and sale of network technologies, computer software and hardware and communications equipment, the sale of electronic products, home appliances, textile and apparel, shoes, hats, and bags, leather products, cosmetic products, and the online retail of audio visual products. The Company seeks expansion capital to grow the Business (as defined below) and, correspondingly, seeks to secure an investment from the Investors, on the terms and conditions set forth herein.

C The Company, the HK Subsidiary, the FICE, the Founders, the Founder Holding Entities, the Angels, the Angel Holding Entities, the Ceyuan Investors and GSR Ventures III, L.P. entered into an Amended and Restated Shareholders Agreement dated June 26, 2009 (the "**Restated Agreement**") to amend, restate, supersede and replace in its entirety a Shareholders Agreement dated October 23, 2008 entered into by and among certain parties to the Restated Agreement and certain other party to the Shareholder Agreement (the "**Original Agreement**").

D The Investors have agreed to purchase from the Company, and the Company has agreed to sell to the Investors, certain Series C Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series C Preferred Share Purchase Agreement dated as of the date hereof by and among the Company, the HK Subsidiary, FICE, the Shenzhen Lanting, the Shanghai Ouku, the Founders, the Founder Holding Entities, and the Investors (the "**Purchase Agreement**"). A capitalization table of the Company's outstanding share capital at the time of the execution of this Agreement is set forth in Schedule B attached hereto.

E The Purchase Agreement provides that the amendment and restatement of the Restated Agreement by execution and delivery of this Agreement shall be a condition precedent to the consummation of the transactions contemplated under the Purchase Agreement.

F The Parties, representing all of the parties to the Restated Agreement, desire to amend and restate the Restated Agreement by entering into this Agreement on the terms and conditions set forth herein, which shall amend, restate, supersede and replace in its entirety the Restated Agreement.

G The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

“Accounting Standards” means generally accepted accounting principles in the United States of America.

“**Affiliate**” means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. In the case of an Investor, the term “Affiliate” also includes (v) any shareholder of the Investor, (w) any of such shareholder’s or Investors’ general partners or limited partners, (x) the fund manager managing such shareholder or Investor (and general partners, limited partners and officers thereof) and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

“**Applicable Securities Laws**” means (i) with respect to any offering of securities in the United States, or any other act or omission within that jurisdiction, the securities laws of the United States, including the Exchange Act and the Securities Act, and any applicable Law of any state of the United States, and (ii) with respect to any offering of securities in any jurisdiction other than the United States, or any related act or omission in that jurisdiction, the applicable Laws of that jurisdiction.

“**Associate**” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of Equity Securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

“**Board**” or “**Board of Directors**” means the board of directors of the Company.

“**Business**” means the business conducted by the HK Subsidiary and the Shanghai Ouku, respectively, as set forth in Recital B.

“**Business Day**” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC.

“**Captive Structure**” means the structure under which the FICE Controls the Shenzhen Lanting through the Control Documents.

“**CFC**” means a controlled foreign corporation as defined in the Code.

“**Charter Documents**” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“**Circular 75**” means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Financing and Round Trip Investment via Overseas Special Purpose Companies issued by SAFE on October 21, 2005.

“**Closing Date**” means the date on which the Closing as defined in the Purchase

Agreement occurs.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act, and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the offering or sale of securities in that jurisdiction.

“Consent” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement (□□□□□□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (ii) Business Operation Agreement (□□□□□□) entered into by and between the FICE and the Shenzhen Lanting dated as of October 23, 2008, (iii) Share Disposal Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008, and (iv) Share Pledge Agreement (□□□□□□) entered into by and among the FICE, the Shenzhen Lanting and the equity holders of the Shenzhen Lanting dated as of October 23, 2008.

“Conversion Shares” means Ordinary Shares issuable upon conversion of any Preferred Shares.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Form F-3” means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

“Form S-3” means Form S-3 promulgated by the Commission under the Securities Act

or any successor form or substantially similar form then in effect.

“**Governmental Authority**” means any government of any nation or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“**Governmental Order**” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“**Group Company**” means each of the Company, the HK Subsidiary, the UK Subsidiary, the Shenzhen Lanting, the Shanghai Ouku and the FICE, together with each Subsidiary of any of the foregoing, except for Lanting Jishi (Beijing) Technology, Co., Ltd., and “**Group**” refers to all of Group Companies collectively.

“**Holders**” means the holders of Registrable Securities who are parties to this Agreement from time to time, and their permitted transferees that become parties to this Agreement from time to time.

“**Indebtedness**” of any Person means, without duplication, each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized in accordance with Accounting Standards, (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

“**Initiating Holders**” means, with respect to a request duly made under Section 2.1 or Section 2.2 to Register any Registrable Securities, the Holders initiating such request.

“**Intellectual Property**” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software,

computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing.

“**IPO**” means the first firm underwritten registered public offering by the Company of its Ordinary Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States, including a Qualified IPO.

“**Law**” or “**Laws**” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“**Liabilities**” means, with respect to any Person, all liabilities, obligations and commitments of such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

“**Lien**” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction(whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

"**Memorandum and Articles**" means the Memorandum of Association of the Company and the Articles of Association of the Company, as each may be amended and/or restated from time to time.

"**Ordinary Share Equivalents**" means any Equity Security which is by its terms convertible into or exchangeable or exercisable for Ordinary Shares or other share capital of the Company, including without limitation, the Preferred Shares.

"**Ordinary Shares**" means the Company's ordinary shares, par value US$1/15000 per share.

"**Person**" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"**PFIC**" means passive foreign investment company as defined in the Code.

"**PRC**" means the People's Republic of China, but solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

"**Preferred Directors**" means the directors designated or caused to be designated to the

board of directors of a Group Company in accordance with Section 9.1(i) (b), (c) and (d) hereof.

"**Preferred Shares**" means collectively, the Series A Preferred Shares, the Series B Preferred Shares, and the Series C Preferred Shares.

"**Public Official**" means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

"**Qualified IPO**" collectively means, as applicable, (i) a firm commitment underwritten public offering of the Ordinary Shares of the Company in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, with an offering price (exclusive of underwriting commissions and expenses) (x) that implies a market capitalization of the Company immediately prior to such offering of more than US$550,000,000 and that results in gross proceeds to the Company of more than US$55,000,000 if the filing date of such offering is subsequent to the third year anniversary of the Closing Date, or (y) that implies a market capitalization of the Company immediately prior to such offering of more than US$450,000,000 and that results in gross proceeds to the Company of more than US$45,000,000 if the filing date of such offering is on or prior to the third year anniversary of the Closing Date, or in a public offering of the Ordinary Shares of the Company substantially similar to the foregoing in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized regional or national securities exchange so long as such offering satisfies the foregoing market capitalization and gross proceeds requirements, or any other initial public offering of the Ordinary Shares recognized upon the prior written consent of the holders of no less than ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class and on an as-converted basis) (the "**Company Qualified IPO**"); or (ii) a firm commitment underwritten public offering of the shares of the HK Subsidiary or any other Subsidiary of the Company in the PRC or other jurisdiction approved by the board of relevant Subsidiary (x) that implies a pre-offering market capitalization of such Subsidiary immediately prior to such offering of more than US$550,000,000 and that results in gross proceeds to such Subsidiary of more than US$55,000,000 if the filing date of such offering is subsequent to the third year anniversary of the Closing Date, or (y) that implies a market capitalization of the such Subsidiary immediately prior to such offering of more than US$450,000,000 and that results in gross proceeds to the such Subsidiary of more than US$45,000,000 if the filing date of such offering is on or prior to the third year anniversary of the Closing Date, or any other initial public offering of the shares of such Subsidiary recognized upon the prior written consent of the holders of no less than ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis) (each public offering in the foregoing subtitles (i) and (ii), the "**Qualified IPO**" collectively). It is understood that a Group Company's market capitalization immediately prior to the aforesaid public offering of its shares shall equal to the product of (x) the Group Company's market capitalization immediately following the closing of such offering as determined by the offering price (exclusive of underwriting commissions and expenses), multiplied by (y) the difference derived by one hundred percent (100%) minus the percentage of dilution to the holders of Series C Preferred Shares between the Closing Date and the closing date of such offering. It is further understood that (i) if prior to the closing date of the aforesaid public offering of shares of a Group Company, the Shareholders have obtained

proceeds from a Trade Sale or dividends from the Company, the market capitalization threshold for the Qualified IPO as provided above shall be reduced by an amount equal to the aggregate amount of all proceeds that the Shareholders have obtained from all such Trade Sales and all dividends that the Shareholders have obtained from the Company and the gross proceeds threshold for the Qualified IPO as provided above shall be reduced by an amount equal to 10% of the aggregate amount of all proceeds that the Shareholders have obtained from all such Trade Sales and all dividends that the Shareholders have obtained from the Company; (ii) if any Subsidiary(ies) of the Company conducts a public offering of its shares, the market capitalization threshold and gross proceeds threshold for any subsequent Qualified IPO shall be reduced respectively by an amount equal to the aggregate market capitalizations that have been effected by the Subsidiaries in previous public offerings and an amount equal to the aggregate proceeds that the Subsidiaries have obtained in previous public offerings.

"**Registrable Securities**" means (i) the Ordinary Shares issued or issuable upon conversion of the Series A Preferred Shares, (ii) the Ordinary Shares issued or issuable upon conversion of the Series B Preferred Shares, (iii) the Ordinary Shares issued or issuable upon conversion of the Series C Preferred Shares, (iv) any Ordinary Shares of the Company issued as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (i), (ii) and (iii) herein, and (v) any Ordinary Shares owned or hereafter acquired by the Investors; excluding in all cases, however, any of the foregoing sold by a Person in a transaction other than an assignment pursuant to Section 12.3. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when such Registrable Securities have been disposed of pursuant to an effective Registration Statement.

"**Registration**" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms "**Register**" and "**Registered**" have meanings concomitant with the foregoing.

"**Registration Statement**" means a registration statement prepared on Form F-1, F-3, S-1, or S-3 under the Securities Act (including, without limitation, Rule 415 under the Securities Act), or on any comparable form in connection with registration in a jurisdiction other than the United States.

"**Related Party**" means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company (other than the Investors), and any Affiliate or Associate of any of the foregoing.

"**Right of First Refusal & Co-Sale Agreement**" has the meaning ascribed thereto in the Purchase Agreement.

"**SAFE**" means the State Administration of Foreign Exchange of the PRC.

"**SAFE Rules and Regulations**" means collectively, the Circular 75, and any other applicable SAFE rules and regulations.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Series A Preferred Shares**" means the Series A Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series B Preferred Shares**" means the Series B Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series C Preferred Shares**" means the Series C Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Shares**" means the Ordinary Shares and the Preferred Shares.

"**Restricted Share Agreement**" has the meaning set forth in the Purchase Agreement.

"**Shareholder**" means a holder of any outstanding Shares of the Company.

"**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**Trade Sale"** means any the following events:

(1) any consolidation, amalgamation, scheme of arrangement or merger of any Group Company with or into any other Person or other corporate reorganization, in which the members or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization, own less than fifty percent (50%) of such Group Company's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party in which in excess of fifty percent (50%) of such Group Company's voting power is transferred;

(2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or

(3) the exclusive licensing of all or substantially all of any Group Company's intellectual property to a third party.

"**Transaction Document**" has the meaning set forth in the Purchase Agreement.

"**UK Subsidiary**" means LIGHTINTHEBOX (UK) LIMITED.

"**U.S.**" means the United States of America.

"**United States Person"** means United States person as defined in Section 7701(a)(30) of the Code.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Additional Number	Section 7.4 (ii)

Agreement	Preamble
Angel/Angels	Preamble
Angel Holding Entity/Angel Holding Entities	Preamble
Arbitration Notice	Section 12.5 (i)
Awards	Section 11.6(iii)

Ceyuan Investors	Preamble
Company	Preamble
Competitor	Section 11.12
Confidential Information	Section 11.13 (i)
Direct US Investor	Section 11.11 (iii)
Disclosing Party	Section 11.13 (iii)
Dispute	Section 12.5 (i)
Effective Date	Preamble
ESOP	Section 7.3 (i)
Exempt Registrations	Section 3.4
FICE	Preamble
First Participation Notice	Section 7.4 (i)
Founder/Founders	Preamble
Founder Holding Entity/Founder Holding Entities	Preamble
GSR Investors	Preamble
HK Subsidiary	Preamble
HKIAC	Section 12.5 (ii)
HKIAC Rules	Section 12.5 (ii)
Hong Kong	Preamble
Indirect US Investor	Section 11.11 (iii)
Investors	Preamble

List of Competitor	Section 11.12
New Securities	Section 7.3
Ordinary Directors	Section 9.1 (i)
Other Director	Section 9.1 (i)
Oversubscription Participants	Section 7.4 (ii)
Party/Parties	Preamble
PFIC Shareholder	Section 11.11 (iii)
Principal Tribunal	Section 12.5 (ix) (1)
Preemptive Right	Section 7.1
Preemptive Rights Holder	Section 7.1
Prior Agreement	Recitals
Pro Rata Share	Section 7.2
Purchase Agreement	Recitals
Restricted Business	Section 11.9
Second Participation Notice	Section 7.4 (ii)

Second Participation Period	Section 7.4 (ii)
Security Holder	Section 11.2
Series A Director	Section 9.1 (i)
Series B Director	Section 9.1 (i)
Shenzhen Lanting	Recital
Subsidiary Board	Section 9.1 (iii)
TBP	Preamble
TBP Director	Section 9.1 (i)
Violation	Section 5.1 (i)

1.3 Interpretation. For all purposes of this Agreement, except as otherwise expressly herein provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1 and include the plural as well as the singular, (ii) all

accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (iii) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (vi) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (vii) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, (viii) the term "or" is not exclusive, (ix) the term "including" will be deemed to be followed by ", but not limited to," (x) the terms "shall," "will," and "agrees" are mandatory, and the term "may" is permissive, (xi) the phrase "directly or indirectly" means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and "direct or indirect" has the correlative meaning, (xii) the expressions "Investor", "GSR Investors", "Ceyuan Investors", "TBP", "Angel" and "Angel Holding Entities" shall, unless the context prohibits, include their respective successors, permitted transferees and assigns and any Persons deriving title under them, (xiii) the "outstanding Registrable Securities" shall mean the number of Ordinary Shares that are Registrable Securities and are then issued and outstanding, the Ordinary Shares issuable upon conversion of the Preferred Shares (or any other Ordinary Share Equivalents) held by the Investors then issued and outstanding, (xiv) the term "voting number" refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles, and (xv) the headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

2. Demand Registration.

2.1 Registration Other Than on Form F-3 or Form S-3. Subject to the terms of this Agreement, at any time or from time to time after the earlier of (i) the three (3) year anniversary of the Closing Date or (ii) the date that is six (6) months after the closing of the Company Qualified IPO, Holders holding twenty-five percent (25%) or more of the voting power of the then outstanding Registrable Securities held by all Holders may request in writing that the Company effect a Registration on any internationally recognized exchange that is reasonably acceptable to such requesting Holders. Upon receipt of such a request, the Company shall (x) promptly give written notice of the proposed Registration to all other Holders and (y) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and/or qualified for sale and distribution in such jurisdiction as the Initiating Holders may request. The Company shall be obligated to effect no more than three (3) Registrations pursuant to this Section 2.1 that have been declared and ordered effective; provided that if the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.1 is not consummated for any reason other than due to the action or inaction of the Holders including Registrable Securities in such Registration, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to this Section 2.1; provided further that the Registration pursuant to Section 2.2 or 3.1 shall not be deemed to constitute one of the Registration rights granted pursuant to this Section 2.1.

2.2 Registration on Form F-3 or Form S-3. Subject to the terms of this Agreement, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), any Holder may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission. Upon receipt of such a request, the Company shall (i) promptly give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company's delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction. There shall be no limit on the number of times the Holders may request registration of Registrable Securities pursuant to this Section 2.2; provided that the Company shall be obligated to effect no more than two (2) Registrations that have been declared and ordered effective within any twelve (12)-month period pursuant to this Section 2.2. If the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.2 is not consummated for any reason other than due to the action or inaction of the Holders including Registrable Securities in such Registration, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to this Section 2.2.

2.3 Right of Deferral.

(i) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to this Section 2:

(1) if, within ten (10) days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 or Section 2.2, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Ordinary Shares within sixty (60) days of receipt of that request; provided, that the Company is actively employing in good faith its reasonable best efforts to cause that Registration Statement to become effective within sixty (60) days of receipt of that request; provided, further, that the Holders are entitled to join such Registration in accordance with Section 3 (other than an Exempt Registration);

(2) during the period starting with the date of filing by the Company of, and ending six (6) months following the effective date of any Registration Statement pertaining to Ordinary Shares of the Company; provided, that the Holders are entitled to join such Registration in accordance with Section 3 (other than an Exempt Registration);

(3) in any jurisdiction in which the Company would be required to be qualified to do business or to execute a general consent to service of process in effecting such Registration or qualification, unless the Company is already so qualified or subject to service of process in such jurisdiction; or

(4) with respect to the registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), if Form F-3 is not available for such offering by the Holders, or if the Holders, together with the holders of

any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US$1,000,000.

(ii) If, after receiving a request from Holders pursuant to Section 2.1 or Section 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company or its members for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, provided, that that the Company may not utilize this right and/or the deferral right contained in clause (ii) for more than ninety (90) days on any one occasion or for more than once during any twelve (12) month period; provided, further, that the Company may not Register any other of its Securities during such period (except for Exempt Registrations).

2.4 Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1 or Section 2.2, the Initiating Holders seek to distribute such Registrable Securities in an underwritten offering, they shall so advise the Company as a part of the request, and the Company shall include such information in the written notice to the other Holders described in Section 2.1 and Section 2.2. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwritten offering and the inclusion of such Holder's Registrable Securities in the underwritten offering (unless otherwise mutually agreed by the Initiating Holders and such Holder, taken together) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the Company and reasonably acceptable to the holders of a majority of the voting power of all Registrable Securities proposed to be included in such Registration. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or Section 2.2, the underwriters may exclude up to seventy-five percent (75%) of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering and so long as the number of shares to be included in the Registration on behalf of the non-excluded Holders is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares. If, as a result of such underwriter cutback, the Holders cannot include in a public offering all of the Registrable Securities that they have requested to

be included therein pursuant to Section 2.1, then such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to Section 2.1.

3. Piggyback Registrations.

3.1 Registration of the Company's Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder's Equity Securities, in connection with the public offering of such securities (except as set forth in Section 3.4), the Company shall promptly give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its reasonable best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein. There shall be no limit on the number of times the Holders may request registration of Registrable Securities pursuant to this Section 3.1.

3.2 Right to Terminate **Registration.** The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3.

3.3 **Underwriting Requirements.**

(i) In connection with any offering involving an underwriting of the Company's Equity Securities, the Company shall not be required to Register the Registrable Securities of a Holder under this Section 3 unless such Holder's Registrable Securities are included in the underwritten offering and such Holder enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to this Section 3 in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may exclude up to seventy-five percent (75%) of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities (except for securities sold for the account of the Company) from the Registration and underwriting and so long as the Registrable Securities to be included in such Registration on behalf of any non-excluded Holders are allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. To facilitate the allocation of shares in accordance with the above provisions, the Company or the

underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.

(ii) If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least ten (10) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration.

3.4 **Exempt Registrations.** The Company shall have no obligation to Register any Registrable Securities under this Section 3 in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a Company share plan, (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable), (iii) on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities and does not permit secondary sales, or (iv) relating to a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered (collectively, **"Exempt Registrations"**).

4. **Registration Procedures.**

4.1 **Registration Procedures and Obligations.** Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:

(i) Prepare and file with the Commission a Registration Statement with respect to those Registrable Securities and use its reasonable best efforts to cause that Registration Statement to become effective, and, upon the request of the Holders holding a majority of the Registrable Securities Registered thereunder, keep the Registration Statement effective until the distribution thereunder has been completed;

(ii) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of Applicable Securities Laws with respect to the disposition of all securities covered by the Registration Statement;

(iii) Furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by Applicable Securities Laws, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(iv) Use its reasonable best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;

(v) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering;

(vi) Promptly notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under Applicable Securities Laws of (a) the issuance of any stop order by the Commission, or (b) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with law, and at the request of any such Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with law;

(vii) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (i) an opinion, dated the date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; and (ii) comfort letters dated as of (x) the effective date of the registration statement covering such

Registrable Securities, and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(viii) Otherwise comply with all applicable rules and regulations of the Commission to the extent applicable to the applicable registration statement and use its reasonable best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;

(ix) Not, without the written consent of the holders of at least ninety percent (90%) of voting power of the then outstanding Registrable Securities, make any offer relating to the Securities that would constitute a "free writing prospectus," as defined in Rule 405 promulgated under the Act;

(x) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration; and

(xi) Take all reasonable action necessary to list the Registrable Securities on the primary exchange on which the Company's securities are then traded or, in connection with a Company Qualified IPO, the primary exchange on which the Company's securities will be traded.

4.2 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder's Registrable Securities.

4.3 Expenses of Registration. All expenses, other than the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement (which shall be borne by the Holders requesting Registration on a pro rata basis in proportion to their respective numbers of Registrable Securities sold in such Registration), incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and reasonable fees and disbursement of one counsel for all selling Holders, shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to pursuant to Section 2.1 or Section 2.2 of this Agreement if the Registration request is subsequently withdrawn at the request of the Holders holding a majority of the voting power of the Registrable Securities requested to be Registered by all Holder in such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration), unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.1 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses.

5. Registration-Related Indemnification.

5.1 Company Indemnity.

(i) To the maximum extent permitted by Law, the Company will indemnify and hold harmless each Holder, such Holder's partners, officers, directors, shareholders, members, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "**Violation**"): (a) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), (b) the omission or alleged omission to state in the Registration Statement, on the effective date thereof (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto), a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by the Company of Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws. The Company will reimburse each such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.

(ii) The indemnity agreement contained in this Section 5.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises solely out of or is solely based upon a Violation that occurs in reliance upon and in conformity with written information furnished for use in connection with such Registration by any such Holder, such Holder's partners, officers, directors, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter. Further, the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder or other aforementioned

person, or any person controlling such Holder, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the most current prospectus was not sent or given by or on behalf of such Holder or other aforementioned person to such person, if required by law to have been so delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as

so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

5.2 Holder Indemnity.

(i) To the maximum extent permitted by Law, each selling Holder that has included Registrable Securities in a Registration will, severally and not jointly, indemnify and hold harmless the Company, its directors and officers, any other Holder selling securities in connection with such Registration and each Person, if any, who controls (within the meaning of the Securities Act) the Company, such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs solely in reliance upon and in conformity with written information furnished by such Holder for use in connection with such Registration; and each such Holder will reimburse any Person intended to be indemnified pursuant to this Section 5.2, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. No Holder's liability under this Section 5.2 (when combined with any amounts paid by such Holder pursuant to Section 5.4) shall exceed the net proceeds received by such Holder from the offering of securities made in connection with that Registration.

(ii) The indemnity contained in this Section 5.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 or Section 5.2 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or Section 5.2, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 5, but the omission to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5.

5.4 Contribution. If any indemnification provided for in Section 5.1 or Section 5.2 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount (after combined with any amounts paid by such Holder pursuant to Section 5.2) in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

5.5 Underwriting Agreement. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6 Survival. The obligations of the Company and Holders under this Section 5 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

6. Additional Registration-Related Undertakings.

6.1 Reports under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any comparable provision of any Applicable Securities Laws that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under Applicable Securities Laws in any jurisdiction where the Company's securities are listed), at all times following 90

days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under all Applicable Securities Laws; and

(iii) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (a) a written statement by the Company that it has complied with the reporting requirements of all Applicable Securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's securities are listed), (b) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as filed by the Company with the Commission, and (c) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company's Securities are listed).

6.2 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the written consent of holders of at least ninety percent (90%) of the voting power of the then outstanding Registrable Securities held by all Holders (calculated on an as-converted to Ordinary Share basis), enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (i) to include such Equity Securities in any Registration filed under Section 2 or Section 3, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (ii) to demand Registration of their Equity Securities, or (iii) cause the Company to include such Equity Securities in any Registration filed under Section 2 or Section 3 hereof on a basis pari passu with or more favorable to such holder or prospective holder than is provided to the Holders of Registrable Securities.

6.3 "Market Stand-Off" Agreement. Each holder of Shares agrees, if so required by the managing underwriter(s), that it will not during the period commencing on the date of the final prospectus relating to the Company's IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days from the date of such final prospectus) (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Securities (other than those included in such offering) 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 the Equity Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Equity Securities or such other securities, in cash or otherwise. The foregoing provisions of this Section 6.3 shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement, and shall not be applicable to the Holders unless (x) all directors, officers and all other holders of at least one percent (1%) of the outstanding share capital of the Company must be bound by restrictions at least as restrictive as those applicable to any such holder pursuant to such foregoing provisions of this Section 6.3, and (y) this

Section 6.3 shall not apply to the extent that any other Person subject to substantially similar restrictions is released in whole or in part. The lockup agreements set forth above shall permit a Holder to transfer their Registrable Securities to their respective Affiliates so long as the transferees enter into the same lockup agreement. The underwriters in connection with the Company's IPO are intended third party beneficiaries of this Section 6.3 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. In order to enforce the foregoing covenant, the Company may place restrictive legends on the certificates and impose stop-transfer instructions with respect to the Registrable Securities of each shareholder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

6.4 Termination of Registration Rights. The registration rights set forth in Section 2 and Section 3 of this Agreement shall terminate on the earlier of (i) the date that is five (5) years from the date of closing of an IPO, (ii) with respect to any Holder, the date on which such Holder may sell all of such Holder's Registrable Securities under Rule 144 of the Securities Act in any ninety (90)-day period.

6.5 Exercise of Ordinary Share Equivalents. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to Register Registrable Securities which, if constituting Ordinary Share Equivalents, have not been exercised, converted or exchanged, as applicable, for Ordinary Shares, but the Company shall cooperate and facilitate any such exercise, conversion or exchange as requested by the applicable Holder.

6.6 Intent. The terms of Section s 2 through 6 are drafted primarily in contemplation of an offering of securities in the United States of America. The parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States of America where registration rights have significance or that the Company might effect an offering in the United States of America in the form of American Depositary Receipts or American Depositary Shares. Accordingly:

(i) It is their intention that, whenever this Agreement refers to a Law, form, process or institution of the United States of America but the parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, reference in this Agreement to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question; and

(ii) It is agreed that the Company will not undertake any listing of American Depositary Receipts, American Depositary Shares or any other security derivative of the Ordinary Shares unless arrangements have been made reasonably satisfactory to the majority of the Board (which majority must include the approval of at least a majority of Preferred Directors including the TBP Director), in each case as defined in Section 9.1 (i)) to ensure that the spirit and intent of this Agreement will be realized and that the Company is committed to take such actions as are necessary such that the Holders will enjoy rights corresponding to the rights hereunder to

sell their Registrable Securities in a public offering in the United States of America as if the Company had listed Ordinary Shares in lieu of such derivative securities.

7. Preemptive Right.

7.1 General. The Company hereby grants to each holder of Preferred Shares ("**Preemptive Rights Holder**") the right of first refusal to purchase such Preemptive Rights Holder's Pro Rata Share (as defined below) (and any oversubscription, as provided below), of all (or any part) of any New Securities (as defined below) that the Company may from time to time issue after the date of this Agreement (the "**Preemptive Right**").

7.2 Pro Rata Share. A Preemptive Rights Holder's "**Pro Rata Share**" for purposes of the Preemptive Rights is the ratio of (a) the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Preemptive Rights Holder, to (b) the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights.

7.3 New Securities. For purposes hereof, "**New Securities**" shall mean any Equity Securities of the Company issued after the date hereof, except for:

(i) up to 4,444,444 Ordinary Shares (as adjusted in connection with share splits or share consolidation, reclassification or other similar event) and/or options or warrants therefor issued to employees, officers, directors, contractors, advisors or consultants of the Group Companies pursuant to the Company's employee share option plans ("**ESOP"**) duly approved by the Board in accordance with Section 10;

(ii) any Equity Securities issued in connection with any share split, share dividend, reclassification or other similar event;

(iii) any Equity Securities issued pursuant to the Company Qualified IPO;

(iv) any Equity Securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity, in any case, duly approved in accordance with Section 10; and

(v) any Ordinary Shares issued upon the conversion of the Preferred Shares.

7.4 Procedures.

(i) First Participation Notice. In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Preemptive Rights Holder written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes

to issue such New Securities. Each Preemptive Rights Holder shall have ten (10) Business Days from the date of receipt of any such First Participation Notice to agree in writing to purchase up to such Preemptive Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Preemptive Rights Holder's Pro Rata Share). If any Preemptive Rights Holder fails to so respond in writing within such ten (10) Business Day period to purchase such Preemptive Rights Holder's full Pro Rata Share of an offering of New Securities, then such Preemptive Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase, but shall not be deemed to forfeit any right with respect to any other issuance of New Securities.

(ii) Second Participation Notice; Oversubscription. If any Preemptive Rights Holder fails or declines to exercise its Preemptive Rights in accordance with subsection (a) above, the Company shall promptly give notice (the "**Second Participation Notice**") to other Participating Rights Holders who exercised their Preemptive Rights (the "**Oversubscription Participants**") in accordance with subsection (a) above. Each Oversubscription Participant shall have five (5) Business Days from the date of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the "**Additional Number**"). Such notice may be made by telephone if confirmed in writing within two (2) Business Days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each Oversubscription Participant will be cut back by the Company with respect to its oversubscription to such number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Oversubscription Participant and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by all the Oversubscription Participants. Each Oversubscription Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 7.4 and the Company shall so notify the Oversubscription Participants within fifteen (15) Business Days following the date of the Second Participation Notice.

7.5 Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Preemptive Rights Holder exercises the Preemptive Rights within ten (10) Business Days following the issuance of the First Participation Notice, the Company shall have 120 days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Preemptive Rights hereunder were not exercised) at the same or higher price and upon non-price terms not more favorable to the purchasers thereof than specified in the First Participation Notice. In the event that the Company has not issued and sold such New

Securities within such 120 day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Preemptive Rights Holders pursuant to this Section 7.

7.6 Termination. The Preemptive Right for each Preemptive Rights Holder shall not terminate so long as any Investors and its Affiliates collectively hold any Preferred Shares; provided, however, that the Preemptive Right shall terminate upon a Qualified IPO.

8. Information and Inspection Rights.

8.1 Delivery of Financial Statements. The Group Companies shall deliver to each holder of Preferred Shares, the following documents or reports:

(i) within ninety (90) days after the end of each fiscal year of the Company, a consolidated income statement and statement of cash flows for the Company for such fiscal year and a consolidated balance sheet for the Company as of the end of the fiscal year, audited and certified by a reputable firm of independent certified public accountants acceptable to the holders of at least ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting as a single class and on an as converted basis), and a management report including a comparison of the financial results of such fiscal year with the corresponding annual budget, all prepared in English and in accordance with the Accounting Standards consistently applied throughout the period;

(ii) within forty-five (45) days of the end of each fiscal quarter, a consolidated unaudited income statement and statement of cash flows for such quarter and a consolidated balance sheet for the Company as of the end of such quarter, and a management report including a report as to the current headcount of the Company and each of its Subsidiaries and a comparison of the financial results of such quarter with the corresponding quarterly budget, all prepared in English and in accordance with the Accounting Standards consistently applied throughout the period (except for the customary year-end adjustments and except for the absence of notes), and certified by the chief financial officer of the Company;

(iii) within thirty (30) days of the end of each month, a consolidated unaudited income statement and statement of cash flows for such month and a consolidated balance sheet for the Company as of the end of such month, all prepared in English and in accordance with the Accounting Standards consistently applied throughout the period (except for the customary year-end adjustments and except for the absence of notes), and certified by the chief financial officer of the Company;

(iv) an annual budget and strategic plan within thirty (30) days prior to the end of each fiscal year, setting forth: the projected balance sheets, income statements and statements of cash flows for each month during such fiscal year of each Group Company; the projected budget for operation of business; any dividend or distribution to be declared or paid; the projected incurrence, assumption or refinancing of indebtedness; projected revenue and profit for each month during such fiscal year; all payments

projected to be made not in the ordinary course of business consistent with past practice by any of the Group Companies; and all other material matters relating to the operation, development and business of the Group Companies;

(v) as soon as practicable, copies of all documents or other information sent to any Shareholder related to any Group Company, which the Company reasonably believes to be material to the rights of such holder; and

(vi) as soon as practicable, any other information reasonably requested by any such holder.

8.2 Inspection Rights. The Group Companies and the Founders covenant and agree that, each Holder of Preferred Shares shall have the right, at its own expenses, to reasonably inspect facilities, properties, records and books of each Group Company at any time during regular working hours on reasonable prior notice to such Group Company and the right to discuss the business, operation and conditions of a Group Company with any Group Company's directors, officers, employees, accounts, legal counsels and investment bankers.

9. Election of Directors.

9.1 Board of Directors.

(i) The Company's Memorandum and Articles shall provide that the Company's Board shall consist of eight (8) members, which number of members shall not be changed except pursuant to an amendment to the Memorandum and Articles. The Parties agree to cause the composition of the Board to be determined as follows: (a) the holders of a majority of the voting power of the outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into) shall have right to designate three (3) directors on the Board (the "**Ordinary Directors**"), one of which shall be GUO Quji, (b) the holder(s) of a majority of Series A Preferred Shares shall have right to designate two (2) directors (each, a "**Series A Director**") on the Board, (c) the holder(s) of a majority of Series B Preferred Shares shall have right to designate one (1) director (the "**Series B Director**", (d) TBP shall have right to designate one (1) director (the "**TBP Director**", together with the Series A Directors and Series B Director, the "**Preferred Directors**") on the Board, as long as TBP or any of its parent corporation, subsidiary, its fund manager or other funds managed by its fund manager holds at least one percent (1%) outstanding Shares of the Company (on an as-converted and fully-diluted basis), and (e) an additional director on the Board (the "**Other Director**") who shall initially be Liu Jun (□□); provided any change of the Other Director shall require approval of the holders of 67% of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis), and the candidate to replace the Other Director shall be designated mutually by the holders of a majority of the voting power of the outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into) and the holders of no less than ninety percent (90%) of the voting power of the outstanding Preferred Shares (voting together as one class and on an

as-converted basis), and shall be subject to approval by the holders of 67% of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis). Each member of the Company's Board has one vote at any Board meeting; provided that if there is a tie in a Board voting, GUO Quji shall cast two (2) votes to break the tie.

(ii) There shall be no vacancy for any directors of the Board which is caused by the removal of any director. Subject to Section 9.2(ii) below, (a) upon retirement or resignation of a director, the shareholder or shareholders originally appointed such director shall use its/their best efforts to designate a candidate to the Board replace such director within fifteen (15) days after the retirement or resignation of such director, in accordance with the same procedures set forth in this Agreement and the Memorandum and Articles; (b) the shareholder or shareholders shall not remove any director it/they originally appointed before designating a candidate to the Board to replace such director, in accordance with the same procedures set forth in this Agreement and the Memorandum and Articles. Notwithstanding anything to the contrary hereof, if there is any vacancy to the Board as a result of the retirement, resignation or removal of a director , then to the extent such vacancy still exists, and further to the extent the required time limit for replacing such director as specified above does not expire (in case of retirement or resignation of a director), the Board with any such foregoing vacancy shall not pass or adopt any resolutions which will unfairly or adversely affect any underrepresented shareholder(s) of the Company who is entitled to appoint director(s) to the Board.

(iii) Unless otherwise agreed by the holders of two thirds of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis), including holders of a majority of Series C Prefered Shares, each Group Company shall, and the Parties hereto shall cause (i) each Group Company to have a board of directors (the "**Subsidiary Board**"), (ii) the size of each Subsidiary Board at all times be the same size as the Board, and (iii) the composition of each Subsidiary Board to at all times consist of the same persons as directors as those then on the Board.

9.2 Voting Agreements

(i) With respect to each election of directors of the Board, each holder of voting securities of the Company shall vote at each meeting of shareholders of the Company, or in lieu of any such meeting shall give such holder's written consent with respect to, as the case may be, all of such holder's voting securities of the Company as may be necessary (i) to keep the size of the Board at eight (8) directors, (ii) to cause the election or re-election as members of the Board, and during such period to continue in office, each of the individuals designated pursuant to Section 9.1, and (iii) against any nominees not designated pursuant to Section 9.1.

(ii) Any Person or group of Persons entitled to designate any individual to be elected as an Ordinary Director or a Preferred Director on the Board pursuant to Section 9.1 shall have the exclusive right at any time or from time to time to remove any such director occupying such position and

to fill any vacancy caused by the death, disability, retirement, resignation or removal of any director occupying such position. The holders of 67% of the voting power of the outstanding Shares (voting together as one class and on an as-converted basis) shall have the exclusive right at any time or from time to time to remove the Other Director as a director on the Board, but the designation of any replacement to fill any vacancy caused by the death, disability, retirement, resignation or removal of the Other Director shall be made in the same manner as provided in Section 9.1(i)(e). Notwithstanding the foregoing, any replacement director designated by any Person or group of Persons in accordance with Section 9.1 shall be reasonably acceptable to the majority of the Board in good faith (whose consent shall not be unreasonably withheld or delayed), provided that the said approval process by the majority of the Board shall in no event unfairly deprive such Person or group of Persons' right to designate the replacement director pursuant to Section 9.1. Each holder of voting securities of the Company agrees to always vote such holder's respective voting securities of the Company in support of the principle that a director on the Board designated pursuant to Section 9.1 may only be removed from the Board with or without cause only in accordance with this Section 9.2(ii), and each such holder further agrees not to seek, vote for or otherwise effect the removal with or without cause of any such director in violation of this Section 9.2(ii).

(iii) The Company agrees to take such action, and each other Party hereto agrees to take such action, as is necessary to cause the election or appointment to each Subsidiary Board of each director designated to serve on the Subsidiary Board pursuant to Section 9.1. Upon a removal or replacement of such director from the Subsidiary Board in accordance with Section 9.2(ii), the Company agrees to take such action, and each other Party hereto agrees to take such action, as is necessary to cause the removal of such director from each Subsidiary Board.

9.3 Quorum. The Board and each Subsidiary Board shall hold no less than one (1) board meeting during each fiscal quarter. A meeting of the Board and each Subsidiary Board shall only proceed where there are present (whether in person or by means of a conference telephone or any other equipment which allows all participants in the meeting to speak to and hear each other simultaneously) at least six (6) directors of such Group Company then in office, provided that such majority include at least one Series A Director, the Series B Director and the TBP Director, and the Parties shall cause the foregoing to be the quorum requirements for the Board and each Subsidiary Board. Notwithstanding the foregoing, if notice of the board meeting has been duly delivered to all directors of the Board or the applicable Subsidiary Board seven days prior to the scheduled meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company, and the number of directors required to be present under this Section 9.3 for such meeting to proceed is not present within one half hour from the time appointed for the meeting solely because of the absence of a Series A Directors, the Series B Director or the TBP Director, each holder of voting securities of the Company, or the applicable Group Company, as the case may be, shall procure that the directors present at the meeting shall adjourn the meeting to the third following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all directors one day prior to the adjourned meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company and, if at the

adjourned meeting, the number of directors required to be present under this Section 9.3 for such meeting to proceed is not present within one half hour from the time appointed for the meeting solely because of the absence of a Series A Director, the Series B Director or the TBP Director, then the presence of such Series A Director, Series B Director or TBP Director shall not be required at such adjourned meeting and then the attendance of any six (6) directors shall constitute a quorum in such adjourned meeting.

9.4 Expenses. The Company will promptly pay or reimburse each non-employee Board member and each non-employee Subsidiary Board member for all reasonable out-of-pocket expenses incurred in connection with performing their duties as directors and committee members, except for those incurred in connection with attending any board or committee meetings.

9.5 Alternates. Subject to applicable Law, each Preferred Director shall be entitled to appoint an alternate to serve at any Board meeting, and such alternate shall be permitted to attend all Board meetings and vote on behalf of the director for whom she or he is serving as an alternate.

9.6 D&O Insurance. The Company shall, as promptly as practicable after the written request of the holders of a majority of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis), purchase, and thereafter shall maintain, directors' and officers' insurance on commercially reasonable and customary terms approved by a majority of the Board, in relation to any person who is a director or an officer of the Company, or who at the request of the Company is serving as a director or an officer of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, except to the extent otherwise agreed by the holders of a majority of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis).

10. Protective Provisions

10.1 Acts of the Group Companies Requiring Approval of Series A Preferred Holders and Series B Preferred Holders. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Party shall permit any Group Company to, and the shareholders of the Company shall not permit the Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of two thirds of the voting power of the outstanding Series A Preferred Shares and Series B Preferred Shares (voting as a single class on an as-converted basis) in advance:

(i) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred Shares or the Series B Preferred Shares;

(ii) any action that authorizes, creates or issues (A) any class or series of Equity Securities of any Group Company having rights, preferences, privileges or powers superior to or on a parity with the Series A Preferred Shares or the Series B Preferred Shares, whether as to liquidation,

conversion, dividend, voting, redemption, or otherwise, or (B) any other Equity Securities of any Group Company except for the Conversion Shares;

(iii) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with the Series A Preferred Shares or the Series B Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise.

10.2 Acts of the Group Companies Requiring Approval of Series C Preferred Holders. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Party shall permit any Group Company to, and the shareholders of the Company shall not permit the Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of a majority of the voting power of the outstanding of Series C Preferred Shares:

(i) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series C Preferred Shares;

(ii) any action that authorizes, creates or issues (A) any class or series of Equity Securities of any Group Company having rights, preferences, privileges or powers superior to or on a parity with the Series C Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise, or (B) any other Equity Securities of any Group Company except for the Conversion Shares;

(iii) any action that reclassifies any outstanding shares into shares having rights, preferences, privileges or powers senior to or on a parity with the Series C Preferred Shares, whether as to liquidation, conversion, dividend, voting, redemption, or otherwise.

10.3 Acts of the Group Companies Requiring Approval of Preferred Holders. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Party shall permit any Group Company to, and the shareholders of the Company shall not permit the Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of two thirds of the voting power of the outstanding Preferred Shares (voting as a single class on an as-converted basis) in advance, including the approval of a majority of the voting power of the outstanding of Series C Preferred Shares:

(i) any purchase, repurchase, redemption or retirements of any of the voting Equity Securities of any Group Company other than pursuant to contractual rights to repurchase shares held by employees, directors or consultants of the Company or its Subsidiaries upon termination

of their employment or services in accordance with the ESOP or the Restricted Share Agreements, or pursuant to the exercise of a contractual right of first refusal held by such Group Company, if any;

(ii) any amendment or modification to or waiver under any of the Charter Documents of any Group Company, other than amendments pursuant to and in compliance with Section 12.17 hereof;

(iii) any declaration, set aside or payment of a dividend or other distribution by any Group Company except for any distribution or dividend with respect to which the sole recipient of any proceeds therefrom is the Company;

(iv) any transaction (including but not limited to the termination, extension, continuation after expiry, renewal, amendment, variation or waiver of any term under agreement with respect to any transaction or series of transactions) with any Related Party;

(v) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any substantial part of the assets of any Group Company;

(vi) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or arrangement of any of the Group Companies under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, which is not resulted from or a part of the Trade Sale**,** or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;

(vii) any change of the size or composition of the board of directors of any Group Company other than changes pursuant to and in compliance with Section 9 hereof; or

(viii) any investment in, or divestiture or sale by any Group Company of an interest in a Subsidiary.

10.4 Acts of the Company Requiring Supermajority Approval of the Shareholders. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to any Trade Sale, and no Party shall permit any Group Company to and the Shareholders of the Company shall not permit the Company to take, permit to occur, approve, authorize, or agree or commit to any Trade Sale, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the holders of at least 67% of the voting power of all outstanding Shares of the Company (voting together as a single class and calculated on an as-converted basis), which consent must include the written consent of holders of a majority of outstanding Preferred Shares (voting together as one class and on an as-converted basis), the written consent of holders of a majority of outstanding Series C Preferred Shares, and the written consent of holders of a majority of

outstanding Ordinary Shares (excluding the Ordinary Shares which the Preferred Shares are converted or convertible into). After the receipt of such consents and approvals, each Shareholder of the Company shall consent to such Trade Sale and do and perform, or cause to be done and performed, acts and things reasonably necessary to facilitate the Trade Sale if such Trade Sale has been duly approved in accordance with this Section 10.4.

10.5 Acts of the Group Companies Requiring Preferred Directors Approval. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Party shall permit any Group Company to, and the shareholders of the Company shall not permit the Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved by a majority of the board of directors of such Group Company (which majority must include the approval of at least one Series A Director, the Series B Director and the TBP Director, or their respective equivalents at the board of such Group Company):

(i) incurrence by the Group Companies of Indebtedness or guarantees of Indebtedness in excess of RMB500,000 individually or in the aggregate during any fiscal year;

(ii) the purchase or lease by the Group Companies of any business and/or assets valued in excess of RMB1,000,000 individually during any fiscal year;

(iii) the investment by any Group Company in any other Person in excess of RMB500,000 individually or in the aggregate during any fiscal year;

(iv) the approval of, or any deviation from or amendment of, the annual budget of any Group Company;

(v) subject to the Section 11.6 below, the adoption, amendment or termination of the ESOP or any other equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies;

(vi) any loans to employees;

(vii) the appointment or removal of the Auditors or the auditors for any other Group Company, or the change of the term of the fiscal year for any Group Company;

(viii) any public offering of any Equity Securities of any Group Company, other than a Qualified IPO;

(ix) any material change to the business scope, or nature of business of any Group Company, or cessation of any business line of any Group Company;

(x) any adoption of or change to, a significant tax or accounting practice or policy or any internal financial controls and authorization policies, or the making of any significant tax or accounting election; or

(xi) any other material actions or transaction which is not within the ordinary course of business of such Group Company consistent with its past practice, and which is beyond the business scope of applicable Group Company as set forth in the Recitals and the natural development, extension or derivative of the businesses under the aforesaid business scope.

10.6 Acts Requiring Special Approval of the Board. Regardless of anything else contained herein or in the Charter Documents of any Group Company but subject to Sections 10.1 to 10.5, unless approved by the Board of the Company with affirmative votes of at least six directors out of a Board composed of eight directors, the Company shall not, and shall not permit any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to, and the Members shall not permit the Company or any other Group Company to, take, permit to occur, approve, authorize, or agree or commit to, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, any action that authorizes, creates or issues any Equity Securities of any Group Company except for the Conversion Shares.

11. Additional Covenants.

11.1 Business of the Group Companies. The business of each Group Company shall be restricted to those as described in the Recital B, except with the approval of the Board pursuant to Section 10.5 hereof.

11.2 SAFE Registration. Each of the Founders and Angels who is a "Domestic Resident" as defined in Circular 75 shall file with the Shenzhen branch of SAFE an amendment to his existing offshore investment foreign exchange registration in relation to the transactions contemplated under the Transaction Documents in accordance with the SAFE Rules and Regulations, and procure the completion of such registration as soon as practicable within the time limit set forth in the Purchase Agreement. If any holder or beneficial owner of any Equity Security of the Company other than Ceyuan Investors, GSR Investors and TBP (each, a "**Security Holder**") is a "Domestic Resident" as defined in Circular 75 and is subject to the SAFE registration or reporting requirements under Circular 75, the Parties (other than the Investors) shall use their best efforts to promptly obtain a Power of Attorney in the form attached hereto as Exhibit A from such Security Holder, and shall use their best efforts to cause the designated representative under such Power of Attorney to promptly take such actions and execute such instruments on behalf of such Security Holder to comply with the applicable SAFE registration or reporting requirements under SAFE Rules and Regulations, and in the event such Security Holder fails to comply with the applicable SAFE registration or reporting requirements under SAFE Rules and Regulations, the Parties (other than the Investors) shall use their best efforts to promptly cause such Security Holder to cease to be a holder or beneficial owner of any Equity Security of the Company.

11.3 Control Documents. The Group Companies shall ensure that each party to the relevant Control Documents fully perform its/his/her respective obligations thereunder and carry out the terms and the intent of the Control Documents. Any termination, or material

modification or waiver of, or material amendment to any Control Documents shall require the written consent of a majority of the Board, which majority shall include a majority of Preferred Directors including the TBP Director. If any the Control Documents become illegal, void or unenforceable under PRC Laws after the date hereof, the Group Companies shall devise a feasible alternative legal structure reasonably satisfactory to a majority of the Board, which majority shall include a majority of Preferred Directors including the TBP Director, which gives effect to the intentions of the parties in each Control Document and the economic arrangement thereunder as closely as possible.

11.4 Control of Subsidiaries. The Company shall institute and keep in place such arrangements as are reasonably satisfactory to the Board (with the affirmative votes including a majority of the Preferred Directors) such that the Company (i) will at all times control the operations of each other Group Company, and (ii) will at all times be permitted to properly consolidate the financial results for each other Group Company in the consolidated financial statements for the Company prepared under the Accounting Standards.

11.5 Compliance with Laws.

(i) The Group Companies shall (A) conduct their respective business in compliance in all material respects with all applicable Laws, including but not limited to Laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, telecommunication and e-commerce, intellectual property rights, labor and social welfare, and taxation, the breach of which would incur material damage or loss to any Investor or adversely impact the tangible prospects of a Qualified IPO; and (B) obtain, make and maintain in effect, all Consents from the relevant Governmental Authority or other Person required in respect of the due and proper establishment and operations of each Group Company as now conducted in accordance with applicable Laws. Without limiting the generality of the foregoing, none of the Group Companies shall, and the Group Companies shall use their best efforts to ensure that its and their respective Affiliates and its respective officers, directors, and representatives shall not, directly or indirectly, (a) offer or give anything of value to any Public Official with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such Person, assisting any Group Company in obtaining or retaining business for, or with, or directing business to, any Person, or constituting a bribe, kickback or illegal or improper payment to assist any Group in obtaining or retaining business, (b) take any other action, in each case, in violation of the Foreign Corrupt Practices Act of the United States of America, as amended (as if it were a U.S. Person), or any other applicable similar anti-corruption, recordkeeping and internal controls Laws, or (c) establish or maintain any fund or assets in which any Group Company has proprietary rights that have not been recorded in its books and records of Group Company.

11.6 Stock Option Plan.

(i) The increase of the number of shares or other securities which have been reserved as of the closing date for the sale and purchase of Series B Preferred Shares for the ESOP to be adopted thereafter, or any adoption of any new ESOP, which will result in the dilution of the

equity shareholding of any Investor in the Company, shall be subject to the approval of the holders of two thirds of the voting power of the outstanding Preferred Shares (voting together as a single class and on an as-converted basis), including holders of a majority of the voting power of the outstanding Series C Preferred Shares. For the avoidance of doubt, the ESOP is pre-existing as of the date hereof, shall remain as it is, and shall not further dilute holders of Series C Preferred Shares.

(ii) Subject to the foregoing Section 11.6(i), the adoption, amendment or termination of the ESOP or any other equity incentive, purchase or participation plan for the benefit of any employees, officers, directors, contractors, advisors or consultants of any of the Group Companies shall be approved and passed by a majority of the Board including the affirmative votes of at least one Series A Director, the Series B Director and the TBP Director.

(iii) Notwithstanding the foregoing, the chief executive officer of the Company or other person designated by the Board of the Company, subject to applicable laws and the provisions of the ESOP, may have the authority, in his/her discretion to implement the ESOP, including without limitation, (a) to select the employees, directors and consultants to whom the options, shares or other securities or awards granted or issued under the ESOP (the "**Awards**") may be granted from time to time, (b) to determine the number of Shares or the amount of other consideration to be covered by each Award granted, (c) to determine the terms and conditions of any Award granted, (d) to construe and interpret the terms of the ESOP and Awards, (e) to approve forms of Award agreements for use under the ESOP.

(iv) Except with the approval of the Board (including the affirmative votes of at least one Series A Director, the Series B Director and the TBP Director) pursuant to Section 11.6(ii) hereof, all shares, options or other securities or awards granted or issued under the ESOP shall vest over a period of four years following the grant.

(v) The shares issued under the ESOP shall be subject to the Company's right of first refusal which shall be provided in relevant ESOP documents.

(vi) As soon as practicable after the date hereof, the Company shall, and shall cause each Group Company to, obtain all authorizations, consents, orders and approvals of all Governmental Authorities that may be or become necessary to effectuate the ESOP in the PRC in accordance with PRC Law.

(vii) In the event of (x) an IPO, (y) the liquidation, winding up, dissolution, reorganization, or (z) a Trade Sale of the Company, the Company may, upon approval of the Board, reduce the number of the Ordinary Shares reserved to be issued under the ESOP by deducting the number of the non-granted options, and upon the approval of the Board, the shares corresponding to the non-granted options shall be issued to holders of

then outstanding Ordinary Shares and Preferred Shares on the pro-rata basis as a reverse dilution.

11.7 Intellectual Property Protection. Except with the written consent of a majority of the Board (which majority shall include a majority of Preferred Directors), the Group Companies shall, and shall cause each of the other Group Companies to, take all reasonable steps to protect their respective material Intellectual Property rights, including without limitation (a) registering their material respective trademarks, brand names, domain names and copyrights, and (b) requiring each employee and consultant of each Group Company to enter into a confidential information and intellectual property assignment agreement and a non-competition and non-solicitation agreement requiring such persons to protect and keep confidential such Group Company's confidential information, intellectual property and trade secrets, prohibiting such persons from competing with such Group Company for a reasonable time after their tenure with any Group Company, and requiring such persons to assign all ownership rights in their work product to such Group Company, in each case in form and substance reasonably acceptable to a majority of the Board (which majority shall include a majority of Preferred Directors).

11.8 Internal Control System**.** Each Group Company shall maintain the books and records in accordance with sound business practices and implement and maintain an adequate system of procedures and controls with respect to finance, management, and accounting that meets international standards of good practice and is reasonably satisfactory to a majority of the Board (which majority shall include a majority of Preferred Directors).

11.9 Non-compete. So long as a Founder is employed by a Group Company, unless the holders of two thirds of the voting power of the outstanding Preferred Shares (voting together as a single class and on an as-converted basis) including holders of a majority of the voting power of the outstanding Series C Preferred Shares otherwise consent in writing, such Founder (a) shall devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies and (b) shall not, and shall use his best efforts to cause his Affiliate or Associate not to, directly or indirectly, (i) own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the business of any Group Company or otherwise competes with the Group Companies (a "**Restricted Business**"); provided, however, that the restrictions contained in this clause (i) shall not restrict the acquisition by the Founders, directly or indirectly, of less than 2% of the outstanding share capital of any publicly traded company engaged in a Restricted Business, (ii) solicit any Person who is or has been at any time a customer of the Group for the purpose of offering to such customer goods or services similar to or competing with those offered by any Group Company, or canvass or solicit any Person who is or has been at any time a supplier or licensor or customer of any Group Company for the purpose of inducing any such Person to terminate its business relationship with such Group Company, or (iii) solicit or entice away or endeavour to solicit or entice away any director, officer, consultant or employee of any Group Company. Each of the Angels, so long as he holds directly or indirectly more than 5% of all the outstanding shares of the Company (on an as-converted basis) or has access to proprietary or confidential information in relation to the financial or business operations of the Group, shall be subject to the same non-competition obligations as provided above in Section 11.9 (b) as if such Angel were a Founder thereunder, provided, however, that so long as Mr. Liu Jun is a

party to a confidentiality, non-compete and invention assignment agreement with a Group Company, he shall always be subject to such same non-competition obligations as provided above in Section 11.9 (b) as if he were a Founder thereunder. The Founders and the Angels expressly agree that the limitations set forth in this Section 11.9 are reasonably tailored and reasonably necessary in light of the circumstances. Furthermore, if any provision of this Section 11.9 is more restrictive than permitted by the Laws of any jurisdiction in which a Party seeks enforcement thereof, then this Section 11.9 will be enforced to the greatest extent permitted by Law. Each of the undertakings contained in this Section 11.9 shall be enforceable by each Group Company and each Investor separately and independently of the right of the other Group Companies and the other Investors.

11.10 No Avoidance; Voting Trust. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed hereunder by the Company, and the Company will at all times in good faith assist and take action as appropriate in the carrying out of all of the provisions of this Agreement. Each holder of Shares agrees that it shall not enter into any other agreements or arrangements of any kind with respect to the voting of any Shares or deposit any Shares in a voting trust or other similar arrangement.

11.11 United States Tax Matters.

(i) None of the Group Companies will take any action inconsistent with its treatment of the Company as a corporation for U.S. federal income tax purposes and will elect to be treated as an entity other than a corporation for U.S. federal income tax purposes.

(ii) The Company shall use, and shall cause each of its Subsidiaries to use, its commercially reasonable best efforts to arrange its management and business activities in such a way that the Company and each of its Subsidiaries are not treated as residents for tax purposes, or is otherwise subject to income tax in, a jurisdiction other than the jurisdiction in which they have been organized.

(iii) The Company shall use its commercially reasonable best effort to avoid future status of the Company or any of its Subsidiaries as a PFIC. Within forty-five (45) days from the end of each taxable year of the Company, the Company shall determine, in consultation with a reputable accounting firm, whether the Company or any of its Subsidiaries was a PFIC in such taxable year (including whether any exception to PFIC status may apply). If the Company determines that the Company or any of its Subsidiaries was a PFIC in such taxable year (or if a Government Authority or an Investor informs the Company that it has so determined), it shall, within sixty (60) days from the end of such taxable year, provide the following information to each holder of Preferred Shares that is a United States Person ("**Direct US Investor**") and each United States Person that holds either direct or indirect interest in such holder ("**Indirect US Investor**") (hereinafter, collectively referred to as a "**PFIC Shareholder**"): (i) all information reasonably available to the Company to permit such PFIC Shareholder to (a) accurately prepare its U.S. tax returns and comply with any other reporting requirements , if any, arising from its investment in the Company and relating to the Company or any of its Subsidiaries' classification as a

PFIC and (b) make any election (including, without limitation, a "qualified electing fund" election under Section 1295 of the Code), with respect to the Company (or any of its Subsidiaries); and (ii) a completed "PFIC Annual Information Statement" as described under Treasury Regulation Section 1.1295-1(g). The Company shall be required to provide the information described above to an Indirect US Investor only if the relevant holder of Preferred Share requests in writing that the Company provide such information to such Indirect US Investor and furnish the Company with written identifying information (such as name, address, and other identifying information) about the Indirect US Investor.

(iv) Each of the Founders and Angels represents that such Person is not a United States Person and such Person is not owned, wholly or in part, directly or indirectly, by any United States Person. Each of the Founders and Angels shall provide prompt written notice to the Company of any subsequent change in its United States Person status. The Company shall use its commercially reasonable best effort to avoid future status of the Company or any of its Subsidiaries as a CFC. Upon written request of a holder of Preferred Shares from time to time, the Company will promptly provide in writing such information concerning its shareholders and the direct and indirect interest holders in each shareholder sufficient for such holder of Preferred Shares to determine whether the Company is a CFC. In the event that the Company does not have in its possession all the information necessary for the holder of Preferred Shares to make such determination, the Company shall promptly procure such information from its shareholders. The Company shall, (i) upon written request of a holder of Preferred Shares, furnish on a timely basis all information requested by such holder to satisfy its (or any Indirect US Investor's) U.S. federal income tax return filing requirements, if any, arising from its investment in the Company and relating to the Company or any of its Subsidiaries' classification as a CFC. The Company and each of its Subsidiaries shall use their commercially reasonable best efforts to avoid generating for any taxable year in which the Company or any of its Subsidiaries is a CFC, income that would be includible in the income of such holder of Preferred Shares (or any Indirect US Investor) pursuant to Section 951 of the Code.

(v) The Company shall comply and shall cause each of its Subsidiaries to comply with all record-keeping, reporting, and other requirements that a holder of Preferred Shares inform the Company are necessary to enable such holder to comply with any applicable U.S. tax rules. The Company shall also provide each holder of Preferred Shares with any information reasonably requested by such holder of Preferred Shares to enable such holder to comply with any applicable U.S. tax rules.

(vi) The cost incurred by the Company in providing the information that it is required to provide, or is required to cause to be provided, and the cost incurred by the Company in taking the action, or causing the action to be taken, as described in this Section 11.11 shall be borne by the Company.

11.12 Transfers to Competitors. None of the holders of any Equity Securities of the Company shall transfer or dispose of any Equity Securities or any interests in any Equity Securities, to any Person who is a Competitor or an Affiliate of such Competitor, unless approved in writing by the holders of at least 67% of the voting power of all outstanding Shares of the Company (voting together as a single class and calculated on an as-converted basis), which majority must include the written consent of holders of a majority of outstanding Preferred Shares (voting together as one class and on an as-converted basis), the written consent of holders of a majority of the voting power of the outstanding Series C Preferred Shares, and the written consent of holders of a majority

of outstanding Ordinary Shares (voting together as a single class and excluding the Ordinary Shares which the Preferred Shares are converted or convertible into). For purposes hereof, "**Competitor**" means any Person, who either on its/his/her own account or through any of its/his/her Affiliates, or in conjunction with or on behalf of any other Person, actively invests in any other corporate or entity which carries out any business that is similar to, or in competition with, the business of any Group Company currently conducted or proposed to be conducted, or is engaged directly or indirectly in any such business. In case of any disputes among the Parties with respect to whether a prospective transferee is a Competitor, the Board of the Company, with affirmative votes of at least six directors out of a Board composed of eight directors, shall have the authority to determine whether such transferee is a Competitor, provided that the Board shall make the determination in good faith (whose consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, the Company shall be entitled to propose a list of competitor (the "**List of Competitors**"), which may be updated and modified by the Company from time to time to include additional Person. Upon the approval of the Board in good faith pursuant to the provisions hereof, which approval shall include the affirmative votes of at least six directors out of a Board composed of eight directors, any Person listed in such List of Competitors shall be duly deemed as a Competitor, which shall be binding to all of the parties hereof.

11.13 Confidentiality.

(i) Disclosure of Terms. The terms and conditions of the Transaction Documents, and all exhibits and schedules attached to such agreements, and the information of the Group Companies obtained by any of the Investors in connection with the exercise of their rights under Section 8 that is valuable and crucial to the business of the Group Companies and is kept confidential by each Group Company with reasonable protective measures including their existence (collectively, the "**Confidential Information**"), shall be considered confidential information and shall not be disclosed by any Party hereto to any third party.

(ii) Press Releases. No announcement regarding any of the Confidential Information in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the prior written consent of a majority of the Board, which majority shall include a majority of Preferred Directors, and any press release issued by the Company shall not disclose any of the Confidential Information and the final form of such press release shall be approved in advance in writing by a majority of the Board, which majority shall include a majority of Preferred Directors; provided that, if any of the foregoing announcements or press releases mentions or alludes to the identity or the name of TBP, any of its Affiliates, or any of their

respective members, shareholders, partners, directors, officers, employees, representatives or agents, the Company shall obtain a prior written consent from TBP.

(iii) Permitted Disclosures**.** Notwithstanding the foregoing, Section 11.13(i) shall not apply to (a) Confidential Information which a restricted party learns from a third party which such third party reasonably believes to have the right to make the disclosure, provided the restricted party complies with any restrictions imposed by such third party; (b) Confidential Information which is rightfully in the restricted party's possession prior to the time of disclosure by the protected party and not acquired by the restricted party under a confidentiality obligation; (c) Confidential Information which enters the public domain without breach of confidentiality by the restricted party, (d) disclosures of Confidential Information by a Party to its current or bona fide prospective investors, Affiliates and their respective employees, bankers, lenders, accountants, legal counsels, business partners or representatives or advisors who need to know such information, in each case only where such persons or entities are informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth in Section 11.13, (e) disclosures of Confidential Information to a bona fide purchaser or transferee of the Shares held by the Investors where such purchaser or transferee is informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth in this Section 11.13, (f) disclosures of Confidential Information if such disclosure is approved in writing by the other Parties hereto, and (g) disclosures of Confidential Information to the extent required pursuant to applicable Law (including the applicable rules of any stock exchange), in which case the party required to make such disclosure (the "**Disclosing Party**") shall provide the other Parties hereto with prompt written notice of that fact, shall consult with the other Parties hereto regarding such disclosure, and shall, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required to be disclosed.

(iv) The provisions of this Section 11.13 shall terminate and supersede the provisions of any separate nondisclosure agreement executed by any of the Parties hereto with respect to the transactions contemplated hereby, including without limitation any term sheet, letter of intent, memorandum of understanding or other similar agreement entered into by the Company and the Investors in respect of the transactions contemplated hereby.

12. Miscellaneous.

12.1 Termination. This Agreement shall terminate upon mutual consent of the Parties hereto. The provisions of Sections 7, 8, 9, 10, and 11 shall terminate on the consummation of the Qualified IPO. Upon the termination of this Agreement or of the foregoing sections, the Memorandum and Articles shall be amended accordingly. If this

Agreement terminates, the Parties shall be released from their obligations under this Agreement, except in respect of any obligation stated, explicitly or otherwise, to continue to exist after the termination of this Agreement (including without limitation those under Sections 2 through 6 and Section 12). If any Party breaches this Agreement before the termination of this Agreement, it shall not be released from its obligations arising from such breach on termination.

12.2 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious

manner practicable, the transactions contemplated by this Agreement and, to the extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto.

12.3 Assignments and Transfers; No Third Party Beneficiaries. Subject to Section 11.12 hereof, or except as otherwise provided herein, this Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. Subject to Section 11.12 hereof, the rights of any Investor hereunder (including, without limitation, registration rights) are assignable in connection with the transfer (subject to Applicable Securities Laws and other Laws) of Equity Securities held by such Investor but only to the extent of such transfer, provided, however, that in either case no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and any such transferee shall execute and deliver to the Company and the other parties hereto a joinder agreement becoming a party hereto as an "Investor" subject to the terms and conditions hereof. This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties.

12.4 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of laws thereunder.

12.5 Dispute Resolution.

(i) Any dispute, controversy or claim (each, a "**Dispute**") arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "**Arbitration Notice**") to the other.

(ii) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.

(iii) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 12.5, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 12.5 shall prevail.

(iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive Law.

(vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(viii) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(ix) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(1) In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "**Principal Tribunal**") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(2) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(3) If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes

forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio

under this Section 12.5); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(4) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when any claim or defence was raised for the purpose of applying any limitation period or any like rule or provision.

(5) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 12.5 where such objections are based solely on the fact that consolidation of the same has occurred.

12.6 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule C (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section 12.6). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

12.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

12.8 Rights Cumulative. Each and all of the various rights, powers and remedies of a Party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right,

power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

12.9 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Memorandum and Articles, or elsewhere, as the case may be.

12.10 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

12.11 Amendments and Waivers. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Group Companies, only by the Company; (ii) as to the holders of Preferred Shares, by persons or entities holding at least two thirds of the Preferred Shares (voting as a single class and on an as-converted basis) including holders of a majority of voting power of Series C Preferred Shares; provided, however, that if such amendment adversely affects the obligations or rights of any holder of Preferred Shares or group of holders thereof in a manner that is materially different and adverse from the manner in which such amendment affects the obligations and rights of all other holders of Preferred Shares in their capacity as such, such amendment shall also require the written consent of such differently affected holder or group of holders;(iii) as to the Founders or the Founder Holding Entities, by persons or entities holding at least a majority of the Ordinary Shares held by the Founders, the Founders Holding Entities and their permitted transferees; and (iv) as to Angels or the Angel Holding Entities, by persons or entities holding at least a majority of the Ordinary Shares held by the Angels, the Angel Holding Entities and their transferees. Notwithstanding the foregoing, any party hereunder may waive any of its rights hereunder without obtaining the consent of any other parties. Any amendment or waiver effected in accordance with this Section 12.11 shall be binding upon all the Parties hereto.

12.12 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

12.13 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor

shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

12.14 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

12.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

12.16 Entire Agreement. This Agreement (including the Exhibits hereto) constitutes the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersedes all other agreements between or among any of the Parties with respect to the subject matter hereof (including the Prior Agreement). After the execution and delivery of this Agreement, to the extent that there is any conflict between this Agreement and any provision of any other agreement, arrangement or understanding between the Company and any holder of equity securities of the Company, the terms and conditions of this Agreement shall prevail as between the Shareholders only, who hereby agree to procure any required alteration to the Charter Documents of the Company to resolve such conflict or inconsistency.

12.17 Control. In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of any of the Charter Documents for any of the Group Companies (other than the Company), or in the event of any dispute related to any such Charter Document, the terms of this Agreement shall prevail in all respects, the Parties shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Charter Documents, and the Parties hereto shall exercise all voting and other rights and powers (including to procure any required alteration to such Charter Documents to resolve such conflict or inconsistency) to make the provisions of this Agreement effective, and not to take any actions that impair any provisions in this Agreement.

12.18 Aggregation of Shares. All Shares held or acquired by any Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

12.19 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the relevant class or series of the Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of Shares by such subdivision, combination or share dividend.

12.20 GSR Seal. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

12.21 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been intentionally left blank.*]

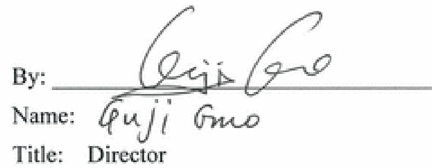
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________________
Name: Quji Guo
Title: Director

LIGHT IN THE BOX LIMITED



By: ______________________________
Name: Quji Guo
Title: Director

LANTING JISHI TRADE (SHENZHEN) CO, LTD. (兰亭集势贸易(深圳)有限公司)

By: ______________________________
Name: Wen Xin
Title: Legal Representative

Shenzhen Lanting Huitong Technologies Co., Ltd. (深圳兰亭汇通科技有限公司)

By: ______________________________
Name: Wen Xin
Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________________

Name:

Title: Director

LIGHT IN THE BOX LIMITED

By: ______________________________

Name:

Title: Director

LANTING JISHI TRADE (SHENZHEN) CO, LTD. (兰亭集势贸易(深圳)有限公司)

By: ______________________________

Name: Wen Xin

Title: Legal Representative

Shenzhen Lanting Huitong Technologies Co., Ltd. (深圳兰亭汇通科技有限公司)

By: ______________________________

Name: Wen Xin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

GUO QUJI (郭去疾)

____

ZHANG LIANG (张良)

____

WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By:
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

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Name: Zhang Liang
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____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

ANGELS:

XU XIAOPING (徐小平)

____

CHIT JEREMY CHAU

____

LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

FOCUS CHINA HOLDINGS LIMITED

By: ______________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITED

By: ______________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

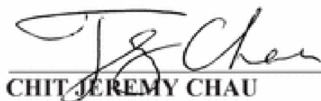
By: ______________________________
Name: Liu Jun
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

ANGELS:

____

XU XIAOPING (徐小平)



____

CHIT JEREMY CHAU

____

LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

FOCUS CHINA HOLDINGS LIMITED

By: ________________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITE

By: ________________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

By: ________________________________
Name: Liu Jun
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

ANGELS:

____
XU XIAOPING (徐小平)

____
CHIT JEREMY CHAU

____
LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

FOCUS CHINA HOLDINGS LIMITED

By: ______________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITED

By: ______________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

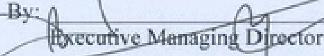
By: ______________________________
Name: Liu Jun
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

CEYUAN VENTURES II, L.P.

By: Ceyuan Ventures Management II, LLC
Its: General Partner

By: ______________________

Executive Managing Director

CEYUAN VENTURES ADVISORS FUND II, LLC

By: ______________________

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By: ______________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By: ______________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

Trustbridge Partners III, L.P.

BY: TB Partners GP3, L.P.
BY: TB Partners GP LIMITED
Its general partner

By:
Name:
Title:

SCHEDULE A-1

List of Founders and Founder Holding Entities

Founder	PRC Identification Card Number	Founder's Holding Entity	Number of Ordinary Shares Held by Founder's Holding Entity After the 2:3 Share Split
Mr. Guo Quji (□□□), a PRC citizen	510105197509100012	Wincore Holdings Limited	10,555,555
Mr. Zhang Liang (□□), a PRC citizen	610302197610292034	Clinet Investments Limited	7,038,889
Mr. Wen Xin (□□), a PRC citizen	440301198004202314	Vitz Holdings Limited	7,038,889

SCHEDULE A-2

List of Angels and Angel's Holding Entities

Angel	PRC Identification Card Number or Passport Number	Angel's Holding Entity	Number of Ordinary Shares Held by Angel's Holding Entity After the 2:3 Share Split
Mr. Xu Xiaoping (□□□), a Canadian citizen	BA487004	Focus China Holdings Limited	5,333,334
Mr. Chit Jeremy Chau, a Hong Kong permanent resident	HA0668315	Kingmax Holdings Group Limited	920,076
Chit Jeremy Chau	HA0668315		1
Mr. Liu Jun (□□), a PRC citizen	310109197206254418	Fulltrend Holdings Limited	5,222,221

SCHEDULE B

Capitalization Table

Security	Holder	Beneficial Owner	Number of Shares
Ordinary Shares	Wincore Holdings Limited	Guo Quji	10,555,555
	Vitz Holding Limited	Wen Xin	7,038,889
	Clinet Investments Limited	Zhang Liang	7,038,889
	Fulltrend Holdings Limited	Liu Jun	5,222,221
	Kingmax Holdings Group Limited	Chit Jeremy Chau	920,076
	Chit Jeremy Chau	Chit Jeremy Chau	1
	Focus China Holdings Limited	Xu Xiaoping	5,333,334
Subtotal			**36,108,965**
Series A Preferred Shares	Ceyuan Ventures II, L.P.	N/A	14,443,500
	Ceyuan Ventures Advisors Fund II, LLC	N/A	556,500
Subtotal			**15,000,000**
Series B Preferred Shares	Ceyuan Ventures II, L.P.	N/A	3,151,454
	Ceyuan Ventures Advisors Fund II, LLC	N/A	121,424
	GSR Ventures III, L.P.	N/A	14,249,847
Subtotal			**17,522,725**
ESOP			4,444,444
Total			**73,076,134**

SCHEDULE C

NOTICES

If to the Group Companies:

Address: □□□□□□□□□□□□ 16 □□□□□ 2 □□ 2902
2902, Park Avenue Intl. Apt. Tower 2, 16 JianGuoMenWai St. Chao Yang Dist., Beijing 100022
Tel: 010-65691295
Fax: 010-65691793
Attention: □□

If to the Founders and the Founder Holding Entities:

Wincore Holdings Limited and/or GUO QUJI (□□□)
Address: □□□□□□□□□□□□□□□ 18 □1 □□ 201
Tel: 13911526695
Attention: □□□

Clinet Investments Limited and/or ZHANG LIANG (□□)
Address: □□□□□□□□□□□□□□□□□□ 717 □
Tel: 010-66062647
Fax: 010-66062719
Attention: □□

Vitz Holdings Limited and/or WEN XIN (□□)
Address: □□□□□□□□□□□□□□ 4 □□ 9E
Tel: 010-85624369
Fax: 010-85624369
Attention: □□

If to the Angels and the Angel Holding Entities:

Fulltrend Holdings Limited and/or LIU JUN (□□)
Address: □□□□□□□□□□□□ 8 □□ 1 □ 1B
Tel: 010-51650018
Fax: 010-88898602
Attention: □□

Focus China Holdings Limited and/or XU XIAOPING (□□□)
Address: □□□□□□□□□□□□ 6 □□□□□1 □□ 21C
Tel: 010-65306250
Attention: □□□

Kingmax Holdings Group Limited and/or CHIT JEREMY CHAU

Address: 66/F, Unit C, the Victoria Towers Tower 3, 188 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong
□□□□□□□□ 188 □; □□□ 3 □ 66/F C □
Tel: 15910601640
Attention: CHIT JEREMY CHAU

<u>If to the Investors</u>:

Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC:

Address: M&C Corporate Services Limited, Ugland House, P.O. Box 309GT, Grand Cayman, Cayman Islands

with a copy to:

No. 35 Qin Lao Hutong, Dongcheng District, Beijing, 100009 PRC

Tel: 86-10-8402 8800
Fax: 86-10-8402 0999
Attention: Mr. Yuan Ye

GSR Ventures III, L.P. and Banean Holdings Ltd:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

Trustbridge Partners III, L.P.:

Unit 1206, One Lujiazui, No.68 Yincheng Road (C)
Shanghai 200120
China
Tel: (8621) 5010 6188
Fax: (8621) 5010 6162
Attention: Qingsheng Zheng

Exhibit A Form of Power of Attorney

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Exhibit 4.11

Execution Copy

AMENDED AND RESTATED RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

THIS AMENDED AND RESTATED RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this "**Agreement**") is entered into as of September 28, 2010 (the "**Effective Date**"), by and among:

1. LightInTheBox Holding Co., Ltd., an exempted company organized under the Laws of the Cayman Islands (the "**Company**"),

2. each of the individuals and their respective holding company listed on Schedule A-1 attached hereto (each such individual, a "**Founder**" and collectively, the "**Founders**", each such holding company, a "**Founder Holding Entity**" and collectively, the "**Founder Holding Entities**"),

3. each of the individuals and their respective holding company listed on Schedule A-2 attached hereto (each such individual, an "**Angel**" and collectively, the "**Angels**", each such holding company, a "**Angel Holding Entity**" and collectively, the "**Angel Holding Entities**"),

4. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC. (collectively, the "**Ceyuan Investors**"),

5. GSR Ventures III, L.P. and Banean Holdings Ltd (collectively, the "**GSR Investors**"), and

6. Trustbridge Partners III, L.P. ("**TBP**", together with the Ceyuan Investors and GSR Investors, the "**Investors**").

Each of the parties listed above referred to herein individually as a "**Party**" and collectively as the "**Parties**". Capitalized terms used herein without definition shall have the meanings set forth in the Shareholders Agreement (as defined below).

RECITALS

A. The Investors have agreed to purchase from the Company, and the Company has agreed to sell to the Investors, certain Series C Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series C Preferred Share Purchase Agreement entered into concurrently with this Agreement by and among the Company, the Founders, the Founder Holding Entities, the Investors, and certain other parties thereto (the "**Purchase Agreement**").

B. The Company, the Founders, the Angels, and certain Investors entered into a Right of First Refusal and Co-sale Agreement dated June 26, 2009 (the "**Prior Agreement**").

C. The Purchase Agreement provides that the amendment and restatement of the Prior Agreement by the execution and delivery of this Agreement shall be a condition precedent to the consummation of the transactions contemplated under the Purchase Agreement.

D. The Parties hereto, representing all of the parties to the Prior Agreement, desire to amend and restate the Prior Agreement by entering into this Agreement on the terms

and conditions set forth herein, which shall amend, restate, supersede and replace in its entirety the Prior Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereto hereby agree as follows:

1. Definitions.

1.1 The following terms shall have the meanings ascribed to them below:

"**Affiliate**" means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. In the case of an Investor, the term "Affiliate" also includes (v) any shareholder of the Investor, (w) any of such shareholder's or Investors' general partners or limited partners, (x) the fund manager managing such shareholder or Investor (and general partners, limited partners and officers thereof) and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

"**Business Day**" means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC.

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**Charter Documents**" means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, memorandum of association, articles of association, bylaws, articles of organization, certificate of formation, limited liability company agreement, operating agreement, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

"**Control**" of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"**Equity Securities**" means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing.

"**Governmental Authority**" means any government of any nation or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"**Governmental Order**" means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

"**Group Company**" means each of the Company, and its Subsidiaries, except for Lanting Jishi (Beijing) Technology, Co., Ltd., and "**Group**" refers to all of Group Companies collectively.

"**IPO**" means the first firm underwritten registered public offering by the Company of its Ordinary Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States, including a Qualified IPO.

"**Law**" or "**Laws**" means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

"**Memorandum and Articles**" means the Memorandum of Association of the Company and the Articles of Association of the Company, as each may be amended and/or restated from time to time.

"**Ordinary Share Equivalents**" means any Equity Security which is by its terms convertible into or exchangeable or exercisable for Ordinary Shares, including without limitation, the Preferred Shares.

"**Ordinary Shares**" means the Company's ordinary shares, par value US$1/15000 per share.

"**Person**" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

"**PRC**" means the People's Republic of China, but solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region ("**Hong Kong**"), the Macau Special Administrative Region and the islands of Taiwan.

"**Preferred Holder**" means a holder of Preferred Shares.

"**Preferred Shares**" means collectively, the Series A Preferred Shares, the Series B Preferred Shares, and the Series C Preferred Shares.

"**Qualified IPO**" has the meaning given to such term in the Memorandum and Articles.

"**Shareholders Agreement**" means the second amended and restated shareholders agreement entered into by and among the Company, the Investors, the Founders, the Founder Holding Entities and the other parties thereto concurrently with this Agreement.

"**Restricted Share Agreement**" means the second amended and restated restricted share agreement entered into by and among the Company, the Investors, the Founders, the Founder Holding Entities and the other parties thereto concurrently with this Agreement.

"**Series A Preferred Shares**" means the Series A Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series B Preferred Shares**" means the Series B Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Series C Preferred Shares**" means the Series C Preferred Shares of the Company, par value US$1/15000 per share, with the rights and privileges as set forth in the Memorandum and Articles.

"**Subsidiary**" means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person.

"**Transaction Documents**" has the meaning given to such term in the Purchase Agreement.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Agreement	Preamble
Additional Transfer Notice	2.3(i)
Angel	Preamble
Angel Holding Entity	Preamble
Angel Transferor	2.2(i)
Arbitration Notice	5.5(i)
Ceyuan Investors	Preamble
Competitor	3
Company	Preamble
Company First Refusal Period	2.2(ii)

Co-Sale Notice	2.4(i)
Co-Sale Right Holder	2.4(i)
Co-Sale Right Period	2.4(i)
Dispute	5.5(i)
Effective Date	Preamble
Exercising Shareholder	2.3(ii)
Founder	Preamble
Founder Holding Entity	Preamble
Founder Transferor	2.2(i)
GSR Investors	Preamble
HKIAC	5.5(ii)
HKIAC Rules	5.5(ii)
Investors	Preamble
Offered Shares	2.2(i)
Option Period	2.3(i)(a)
Party	Preamble
Permitted Transferee	2.6
Principal Tribunal	5.5(ix)(1)
Pro Rata Share	2.3(i)(b)
Purchase Agreement	Recitals
Remaining Shares	2.3(i)
Required Consents	2.1(i)
TBP	Preamble
Transfer	2.1(i)

Transferor	2.2(i)
Transfer Notice	2.2(i)

1.3 Interpretation. For all purposes of this Agreement, except as otherwise expressly herein provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1 and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned under the applicable accounting standards, (iii) all references in this Agreement to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (vi) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (vii) references to this Agreement, and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, (viii) the term "or" is not exclusive, (ix) the term "including" will be deemed to be followed by ", but not limited to," (x) the terms "shall," "will," and "agrees" are mandatory, and the term "may" is permissive, (xi) the phrase "directly or indirectly" means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and "direct or indirect" has the correlative meaning, (xii) the expressions "Investor", "Founder" and "Founder Holding Entities" shall, unless the context prohibits, include their respective successors, permitted transferees and assigns and any Persons deriving title under them, and (xiii) the term "voting number" refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles, (xiv) the headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

2. Restriction on Transfers; Rights of First Refusal and Co-Sale Rights; Drag-along Rights

2.1 Restriction on Transfers.

(i) Founders and Founder Holding Entities. Subject to Section 2.6 below, no Founder or Founder Holding Entity of any Founder, regardless of such Founder's employment status with the Company, shall directly or indirectly sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to ("**Transfer**") all or any part of any interest in any Equity Securities of the Company now or hereafter owned or held by such Founder or Founder Holding Entity, prior to the IPO without the prior written consents (collectively, the "**Required Consents**") of (i) the holders of a two thirds majority of the voting power of the outstanding Preferred Shares (voting together as an single class and on an as-converted basis) and (ii) a majority of the Board respectively; provided that in any case, if the price of Transfer per share thereof is less than the purchase price per share of the Series C Preferred Shares (adjusted for share splits, share dividends, recapitalizations or other similar events), then such Transfer shall require the prior written consent of holders of a majority of outstanding Series C Preferred Shares.

(ii) Prohibited Transfers Void. Any Transfer of Equity Securities not made in compliance with this Agreement or any applicable Restricted Share Agreement shall be null and void as against the Company, shall not be recorded on the books of the Company and shall not be recognized by the Company.

(iii) No Indirect Transfers.

(a) Each Founder and Founder Holding Entity agrees that the transfer restrictions set forth in this Agreement shall not be capable of being avoided by any of them by the holding of the Equity Securities of the Company indirectly through another Person (including a Founder Holding Entity) or by the issuance of any Equity Securities by any such Person (including a Founder Holding Entity). Each Founder and each Founder Holding Entity of such Founder furthermore agrees that, subject to Section 2.6 below, so long as such Founder is bound by this Agreement, the Transfer, sale or issuance of any Equity Securities of any Founder Holding Entity of such Founder prior to the IPO without the Required Consents shall be prohibited, and such Founder and each such Founder Holding Entity agrees not to make, cause or permit any Transfer, sale or issuance of any Equity Securities of such Founder Holding Entity prior to the IPO without the Required Consents. Any purported Transfer, sale or issuance of any Equity Securities of any Founder Holding Entity in contravention of this Agreement shall be void and ineffective for any and all purposes and shall not confer on any transferee or purported transferee any rights whatsoever, and no Founder Holding Entity shall recognize any such Transfer, sale or issuance.

(b) Each Angel and Angel Holding Entity agrees that any Transfer by him/it of all or any part of any interest in any Equity Securities of the Company now or hereafter owned or held by such Angel or Angel Holding Entity, shall be made in compliance with Sections 2.2, 2.3 and 2.4 of this Agreement, and shall not be capable of being avoided by any of them by the holding of the Equity Securities of the Company indirectly through another Person (including An Angel Holding Entity) or by the issuance of any Equity Securities by any such Person (including an Angel Holding Entity). Each Angel and each Angel Holding Entity of such Angel furthermore agrees that, the Transfer, sale or issuance of any Equity Securities of any Angel Holding Entity of such Angel prior to the IPO in contravention of this Agreement shall be prohibited, and such Angel and each such Angel Holding Entity agrees not to make, cause or permit any Transfer, sale or issuance of any Equity Securities of such Angel Holding Entity prior to the IPO in contravention of this Agreement. Any purported Transfer, sale or issuance of any Equity Securities of any Angel Holding Entity in contravention of this Agreement shall be void and ineffective for any and all purposes and shall not confer on any transferee or purported transferee any rights whatsoever, and no Angel Holding Entity shall recognize any such Transfer, sale or issuance.

(iv) Performance. Each Founder irrevocably agrees to cause and guarantee the performance by each of such Founder's Founder Holding Entities of all of their respective covenants and obligations under this Agreement, the Shareholders Agreement, and the Restricted Share Agreement. Each Angel irrevocably agrees to cause and guarantee the performance by each of such Angel's Angel Holding Entities of all of their respective covenants and obligations under this Agreement and the Shareholders Agreement.

(v) Cumulative Restrictions. For purposes of clarity, the restrictions on transfer set forth in this Agreement are cumulative with, and in addition to, the restrictions set forth in the Restricted Share Agreement and not in lieu thereof. Notwithstanding anything to the contrary contained herein, in no event may a Founder or Founder Holding Entity Transfer any Restricted Shares (as defined in the Restricted Share Agreement) not in compliance with the Restricted Share Agreement.

2.2 Company's Right of First Refusal

(i) Transfer Notice. Subject to Section 2.6, if (a) any Founder or Founder Holding Entity (the "**Founder Transferor**"), to the extent the Required Consents are given pursuant to Section 2.1, or (b) any Angel or Angel Holding Entity (the "**Angel Transferor**", together with the Founder Transferor, a "**Transferor**" collectively), proposes to sell any Ordinary Shares of the Company to one or more third parties, then the Transferor shall give the Company and each Preferred Holder written notice of the Transferor's intention to make the Transfer (the "**Transfer Notice**"), which shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Ordinary Shares to be sold or transferred (the "**Offered Shares**"), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

(ii) Company's Option. The Company shall have the right, exercisable upon written notice to the Transferor and each Preferred Holder, within ten (10) days after receipt of the Transfer Notice (the "**Company First Refusal Period**"), with (i) the prior written consent of holders of a majority of the voting power of the outstanding Preferred Shares (voting together as an single class and on an as-converted basis) and (ii) six (6) directors out of a Board composed of eight (8) directors respectively, to elect to purchase all or any part of the Offered Shares at the same price as described in the Transfer Notice and subject to the same material terms and conditions as described in the Transfer Notice (if any). The Company may exercise such purchase option and purchase all or any portion of the Offered Shares by notifying the Transferor in writing before expiration of such ten (10) day period as to the number of shares that it wishes to purchase. If the Company gives the Transferor notice that it desires to purchase such shares, then payment for the Offered Shares shall be made by check or wire transfer, against the delivery of the Offered Shares to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than ten (10) days after the delivery to the Company of the Transfer Notice.

2.3 Preferred Holder's Rights of First Refusal.

(i) Option of Preferred Shareholders. To the extent the Company fails, is disapproved or declines to purchase any or all of the Offered Shares of the Transferor by exercising its right under Section 2.2 within the Company First Refusal Period, the remaining Offered Shares of the Transferor shall be subject to the right of the Preferred Holders pursuant to this Section 2.3. Within five (5) days following the expiration of the Company First Refusal Period, or if earlier, the date when the Company indicates its declination to purchase all, or a portion of, the Offered Shares, the Transferor shall give each Preferred Holder an "**Additional Transfer Notice**" that shall include all of the information required in a Transfer Notice and shall additionally identify the Offered Shares of the Transferor that the Company has declined or failed to purchase (the "**Remaining Shares**").

(a) Each Preferred Holder shall have an option for a period of ten (10) days following receipt of the Additional Transfer Notice (the "**Option Period**") to elect to purchase all or any portion of its respective Pro Rata Share of the Remaining Shares at the same price and subject to the same material terms and conditions (if any) as described in the Additional Transfer Notice, by notifying the Transferor and the Company in writing before expiration of the Option Period as to the number of such Remaining Shares that it wishes to purchase.

(b) For the purposes of this Section 2.3(i), a Preferred Holder's "**Pro Rata Share**" of the Offered Shares shall be equal to (i) the total number of Remaining Shares, multiplied by (ii) a fraction, the numerator of which shall be the aggregate number of Ordinary Shares held by such Preferred Holder on the date of the Additional Transfer Notice (including all Preferred Shares held by such Preferred Holder on an as-converted to Ordinary Share basis) and the denominator of which shall be the total number of Ordinary Shares held by all Preferred Holders on such date (including all Preferred Shares held by such Preferred Holders on an as-converted to Ordinary Share basis).

(ii) Procedure. If any Preferred Holder gives the Transferor notice that it desires to purchase Remaining Shares, then payment for the Remaining Shares to be purchased shall be by check (if agreeable to the Transferor), or by wire transfer in immediately available funds of the appropriate currency, against delivery of such Remaining Shares to be purchased, at a place agreed to by the Transferor, the Company and all the Preferred Holders exercising their rights of first refusal (the "**Exercising Shareholders**") and at the time of the scheduled closing therefor, but if they cannot agree, then at the principal offices of the Company on the 30th day after the Company's receipt of the Additional Transfer Notice, unless such notice contemplated a later closing date with the prospective third party transferee. The Transferor shall have the right to terminate or withdraw any Transfer Notice and any intent to transfer Offered Shares at any time, whether or not the Company or any Preferred Holder has elected to purchase under Section 2.2 any Offered Shares or under this Section 2.3 any Remaining Shares offered thereby.

(iii) Purchase Price. The purchase price for the Remaining Shares to be purchased by the Exercising Shareholders will be the price set forth in the Additional Transfer Notice, but will be payable as set forth in Section 2.3(ii) above. If the purchase price in the Additional Transfer Notice includes consideration other than cash, the cash equivalent value of such non-cash consideration shall be as determined and approved by the Board in good faith, which determination will be binding upon the Company, the Exercising Shareholder(s) and the Founder Transferor, absent fraud or error.

2.4 Right of Co-Sale.

(i) (a) Subject to Section 2.6, to the extent any Preferred Holder does not exercise its respective rights of first refusal as to any of the Equity Securities proposed to be sold by any Founder Transferor pursuant to Section 2.3, then (x) each Preferred Holder that did not exercise its right of first refusal pursuant to Section 2.3 with respect to such Remaining Shares, and (y) each Founder or Founder Holding Entity who is not the Transferor, or

(b) to the extent any Preferred Holder does not exercise its respective rights of first refusal as to any of the Equity Securities proposed to be sold by any Angel Transferor pursuant to Section 2.3, then each Preferred Holder that did not exercise its right of first refusal pursuant to Section 2.3 with respect to such Remaining Shares,

shall have the right to participate in such sale of Offered Shares to one or more third party transferees or purchasers other than any sale of Offered Shares to the Company, at the same purchase price and subject to the same terms and conditions (if any) as set forth in the Transfer Notice, exercisable in each case upon written notice to the Transferor, the Company,

each other Preferred Holder, and, if applicable, each other Founder or Founder Holding Entity (the "**Co-Sale Notice**") within ten (10) days following the expiration of Option Period (the "**Co-Sale Right Period**") (such Preferred Holder, the "**Preferred Co-Sale Right Holder**", and, if applicable, each other Founder or Founder Holding Entity provided in this Section 2.4(i), the "**Founder Co-Sale Right Holder**", together with the Preferred Co-Sale Right Holder, a "**Co-Sale Right Holder**" collectively). Such Co-Sale Right Holder's notice to the Transferor shall indicate the number of Equity Securities the Co-Sale Right Holder wishes to sell under its right to participate. To the extent one or more Co-Sale Right Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of Remaining Shares of the Company that the Transferor may sell in the Transfer shall be correspondingly reduced proportionally.

(ii) In case of a transfer proposed by a Founder Transferor,

(a) the total number of Equity Securities that each Preferred Co-Sale Right Holder may elect to sell shall be equal to the product of (x) the aggregate number of the remaining Offered Shares being transferred after giving effect to the exercise or waiver of all rights of first refusal pursuant to Section 2.2 and Section 2.3 hereof, multiplied by (y) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted to Ordinary Share basis) owned by such Preferred Co-Sale Right Holder on the date of the Co-Sale Notice and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted to Ordinary Share basis) owned by the Founder Transferor and all Preferred Co-Sale Right Holders on the date of the Co-Sale Notice.

(b) the total number of Equity Securities that each Founder Co-Sale Right Holder may elect to sell shall be equal to the product of (x) the aggregate number of the remaining Offered Shares being transferred after giving effect to the exercise or waiver of all rights of first refusal pursuant to Section 2.2 and Section 2.3 hereof and all rights of co-sale pursuant to Section 2.4(ii)(a) above, multiplied by (y) a fraction, the numerator of which is the number of Ordinary Shares owned by such Founder Co-Sale Right Holder on the date of the Co-Sale Notice and the denominator of which is the total number of Ordinary Shares owned by the Founder Transferor and all Founder Co-Sale Right Holders on the date of the Co-Sale Notice.

(iii) In case of a transfer proposed by an Angel Transferor, the total number of Equity Securities that each Preferred Co-Sale Right Holder may elect to sell shall be equal to the product of (a) the aggregate number of the remaining Offered Shares being transferred after giving effect to the exercise or waiver of all rights of first refusal pursuant to Section 2.2 and Section 2.3 hereof, multiplied by (b) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted to Ordinary Share basis) owned by such Preferred Co-Sale Right Holder on the date of the Co-Sale Notice and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted to Ordinary Share basis) owned by the Angel Transferor and all Preferred Co-Sale Right Holders on the date of the Co-Sale Notice.

(iv) Each Co-Sale Right Holder shall effect its participation in the sale by promptly delivering to the Transferor for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent the type and number of Equity Securities which such Co-Sale Right Holder elects to sell; provided, however that if the prospective third party purchaser objects to the delivery of Ordinary Share Equivalents in lieu

of Ordinary Shares, such Co-Sale Right Holder shall only deliver Ordinary Shares (and therefore shall convert any such Ordinary Share Equivalents into Ordinary Shares) and certificates corresponding to such Ordinary Shares, and the Company shall effect any such conversion concurrent with the actual transfer of such shares to the purchaser and contingent on such transfer.

(v) The share certificate or certificates that a Co-Sale Right Holder delivers to the Transferor pursuant to this Section 2.4(v) shall be transferred to the prospective purchaser in consummation of the sale of the Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Transferor shall concurrently therewith remit to such Co-Sale Right Holder that portion of the sale proceeds to which such Co-Sale Right Holder is entitled by reason of its participation in such sale.

(vi) To the extent that any prospective purchaser prohibits the participation of a Co-Sale Right Holder in a proposed Transfer or otherwise refuses to purchase shares or other securities from a Co-Sale Right Holder, the Transferor shall not sell to such prospective purchaser any Offered Shares unless and until, simultaneously with such sale, the Transferor shall purchase from such Co-Sale Right Holder such shares or other securities that such Co-Sale Right Holder would otherwise be entitled to sell to the prospective purchaser pursuant to its co-sale rights for the same consideration and on the same terms and conditions as the proposed transfer described in the Transfer Notice.

2.5 Non-Exercise of Rights.

(i) Subject to any applicable Restricted Share Agreement, to the extent that there are any Offered Shares not purchased by the Company in accordance with Section 2.2, and to the extent that there are any Remaining Shares not purchased by the Preferred Holders in accordance with Section 2.3, and subject to the right of the Co-Sale Right Holders to exercise their rights to participate in the sale of the relevant remaining Offered Shares within the time periods specified in Section 2.4, the Transferor shall have a period of ninety (90) days from the expiration of such rights specified in Section 2.2 and Section 2.3 in which to sell the remaining Offered Shares to the third party transferee identified in the Transfer Notice upon the terms and conditions (including the purchase price) no more favorable to the purchaser than specified in the Transfer Notice, so long as any such sale is effected in accordance with any applicable securities Laws. The Parties agree that each such transferee, prior to and as a condition to the consummation of any sale, shall execute and deliver to the Parties documents and other instruments assuming the obligations of such Transferor under this Agreement, the Shareholders Agreement and if applicable, the Restricted Share Agreement with respect to the remaining Offered Shares.

(ii) In the event the Transferor does not consummate the sale or disposition of any remaining Offered Shares within ninety (90) days from the expiration of the rights of the Company under Section 2.2, rights of the Preferred Holders under Section 2.3, and the rights of the Co-Sale Right Holders under Section 2.4, as the case may be, such rights shall be re-invoked and shall be applicable to each subsequent disposition of such Offered Shares by the Transferor until such rights lapse in accordance with the terms of this Agreement.

(iii) The exercise or non-exercise of the rights of the Company or Preferred Holders or Founders/Founder Holding Entities under this Section 2 to purchase Offered Shares from a Transferor, or the Remaining Shares from a Transferor, or participate in the sale of the remaining Offered Shares by a Transferor, as the case may be, shall not adversely

affect their rights to make subsequent purchases from the Transferor of Equity Securities or subsequently participate in sales of Equity Securities by the Transferor hereunder.

2.6 Limitations to Rights of First Refusal and Co-Sale. Subject to the requirements of applicable Law, the restriction on transfers under Section 2.1, the right of first refusal of the Company under Section 2.2, the right of first refusal and right of co-sale of the Preferred Holders under Sections 2.3 and 2.4, and the right of co-sale of the Founders/Founder Holding Entities under Sections 2.4 shall not apply to (a) any Transfer of any Equity Securities of the Company now or hereafter held by a Founder or Founder Holding Entity to the Company in accordance with the Restricted Share Agreement or for the purpose to increase the number of the Equity Securities available for issuance to the employees under the Company's employee share option plans or other incentive plan duly adopted by the Company in compliance with the Shareholders Agreement, (b) Transfer of any Equity Securities of the Company now or hereafter held by a Founder or his respective Founder Holding Entity to such Founder's parents, children, spouse, or to a trustee, executor, or other fiduciary for the benefit of such Founder or such Founder's parents, children, spouse for bona fide estate planning purposes, provided that to the extent any voting rights respecting the Equity Securities will be transferred to such transferee, then prior to the completion of the transfer, such transferee shall deliver to the Company a duly executed irrevocable proxy in favor of the applicable Founder Transferor appointing the applicable Founder Transferor as the attorney and proxy of the transferee to vote all Equity Securities transferred, and (c) Transfer of any Equity Securities of the Company now or hereafter held by a Founder or his respective Founder Holding Entity to one or more current employees of the Group Companies as incentive shares in accordance with the Company's employee share option plans or other incentive plan (if applicable) duly adopted by the Company in compliance with the Shareholders Agreement (each such transferee pursuant to clause (b) and clause (c) above, a **"Permitted Transferee"**, and collectively, the **"Permitted Transferees"**); provided, that each such Permitted Transferee, shall execute a document in form and substance reasonably satisfactory to the holders of a majority of the Preferred Shares assuming the obligations of such Founder or Founding Holding Entity under this Agreement, the Restricted Share Agreement (if applicable), and the Shareholders Agreement as a Founder or Founder Holding Entity, with respect to the transferred Equity Securities; provided further, that the Transferor shall remain liable for any breach by such Permitted Transferee of any provision under this Agreement, the Restricted Share Agreement or the Shareholders Agreement.

2.7 Written Notice on Solicitation. Without prior written notice to the Company, none of the Preferred Holders shall solicit any Founder, Founder Holding Entity, Angel or Angel Holding Entity for the purpose of purchasing or acquiring any Equity Securities from such Founder, Founder Holding Entity, Angel or Angel Holding Entity.

3. Transfers to Competitors.

None of the holders of any Equity Securities of the Company shall transfer or dispose of any Equity Securities or the interests in any Equity Securities, to any Person who is a Competitor or an Affiliate of such Competitor, unless approved in writing by the holders of at least 67% of the voting power of all outstanding Shares of the Company (voting together as a single class and calculated on an as-converted basis), which majority must include the written consent of holders of a majority of outstanding Preferred Shares (voting together as one class and on an as-converted basis) including holders of a majority of Series C Preferred Shares and the written consent of holders of a majority of outstanding Ordinary Shares (voting

together as a single class and excluding the Ordinary Shares which the Preferred Shares are converted or convertible into). For purposes hereof, "**Competitor**" means any Person, who either on its/his/her own account or through any of its/his/her Affiliates, or in conjunction with or on behalf of any other Person, actively invests in any other corporate or entity which carries out any business that is similar to, or in competition with, the business of any Group Company currently conducted or proposed to be conducted, or is engaged directly or indirectly in any such business. In case of any disputes among the Parties with respect to whether a prospective transferee is a Competitor, the Board of the Company, with affirmative votes of at least six directors out of a Board composed of eight directors, shall have the authority to determine whether such transferee is a Competitor, provided that the Board shall make the determination in good faith (whose consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, the Company shall be entitled to propose a list of competitor (the "**List of Competitors**"), which may be updated and modified by the Company from time to time to include additional Person. Upon the approval of the Board in good faith pursuant to the provisions hereof, which approval shall include the affirmative votes of at least six directors out of a Board composed of eight directors, any Person listed in such List of Competitors shall be duly deemed as a Competitor, which shall be binding to all of the parties hereof.

4. Legend.

Each existing or replacement certificate for Equity Securities of the Company now owned or hereafter acquired by the Founders, the Founder Holding Entities and their permitted transferees shall bear the following legend:

> "THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN RESTRICTED SHARE AGREEMENT BY AND BETWEEN THE SHAREHOLDER, THE COMPANY AND CERTAIN HOLDERS OF SHARES OF THE COMPANY AND A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND BETWEEN THE SHAREHOLDER, THE COMPANY AND CERTAIN OTHER PARTIES THERETO. COPIES OF SUCH AGREEMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY."

5. Miscellaneous.

5.1 Termination. This Agreement shall terminate upon the closing of the IPO. If this Agreement terminates, the Parties shall be released from their obligations under this Agreement, except in respect of any obligation stated, explicitly or otherwise, to continue to exist after the termination of this Agreement, including Section 3. If any Party breaches this Agreement before the termination of this Agreement, it shall not be released from its obligations arising from such breach on termination.

5.2 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its reasonable best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and, to the

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extent reasonably requested by another Party, to enforce rights and obligations pursuant hereto.

5.3 Assignments and Transfers; No Third Party Beneficiaries. Except as otherwise provided herein, this Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. Subject to Section 3, the rights of any Preferred Holder hereunder are assignable in connection with the transfer (subject to applicable Laws) of Equity Securities of the Company held by such Preferred Holder but only to the extent of such transfer, provided, however, that in either case no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and any such transferee shall execute and deliver to the Company and the other parties hereto a joinder agreement becoming a party hereto as an "Investor" and a "Preferred Holder" subject to the terms and conditions hereof. This Agreement and the rights and obligations of any Party hereunder shall not otherwise be assigned without the mutual written consent of the other Parties.

5.4 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of laws thereunder.

5.5 Dispute Resolution.

(i) Any dispute, controversy or claim (each, a "**Dispute**") arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of either party to the dispute with notice (the "**Arbitration Notice**") to the other.

(ii) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the "**HKIAC**") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "**HKIAC Rules**") in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be one (1) arbitrator. The HKIAC Council shall select the arbitrator, who shall be qualified to practice law in Hong Kong.

(iii) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section 5.5, including the provisions concerning the appointment of the arbitrators, the provisions of this Section 5.5 shall prevail.

(iv) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(v) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(vi) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong, without regard to principles of conflict of laws thereunder, and shall not apply any other substantive Law.

(vii) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(viii) During the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

(ix) The Parties to this Agreement agree to the consolidation of arbitrations under the Transaction Documents in accordance with the following:

(1) In the event of two or more arbitrations having been commenced under any of the Transaction Documents, the tribunal in the arbitration first filed (the "**Principal Tribunal**") may in its sole discretion, upon the application of any party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (A) there are issues of fact and/or law common to the arbitrations, (B) the interests of justice and efficiency would be served by such a consolidation, and (C) no prejudice would be caused to any party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the party making such application shall give notice to the other parties to the arbitrations.

(2) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.

(3) If the Principal Tribunal makes an order for consolidation, it: (A) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (B) shall order that notice of the consolidation order and its effect be given

immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (C) may also give such directions as it considers appropriate (x) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered functus officio under this Section 5.5); and (y) to ensure the proper organization of the arbitration proceedings and that all the issues between the parties are properly formulated and resolved.

(4) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be functus officio, on and from the date of the consolidation order. Such cessation is without prejudice to (A) the validity of any acts done or orders made by such arbitrators before termination, (B) such arbitrators' entitlement to be paid their proper fees and disbursements and (C) the date when

any claim or defence was raised for the purpose of applying any limitation period or any like rule or provision.

(5) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 5.5 where such objections are based solely on the fact that consolidation of the same has occurred.

5.6 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule C attached to the Shareholders Agreement (or at such other address as such Party may designate by fifteen (15) days' advance written notice to the other Parties to this Agreement given in accordance with this Section 5.6). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a "with a copy to" address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

5.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

5.8 Rights Cumulative. Each and all of the various rights, powers and remedies of a Party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

5.9 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or

unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

5.10 Amendments and Waivers. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Company, only by the Company; (ii) as to the Preferred Holders, the holders of a majority of the Ordinary Shares held by all holders of Preferred Shares (including Preferred Shares on an as-converted to Ordinary Share basis) including holders of a majority of the voting power of Series C Preferred Shares, except that any such amendment or waiver that treats a Preferred Holder in a materially adverse manner than the other Preferred Holders in their capacity as such shall require the consent of such adversely affected holder; and (iii) as to the Principals, by persons or entities holding at least a majority of the Ordinary Shares held by them. Notwithstanding the foregoing, any Party may waive the observance as to such Party of any provision of this Agreement (either generally or in a particular instance and either retroactively or prospectively) by an instrument in writing signed by such Party without obtaining the consent of any other Party. Any amendment or waiver effected in accordance with this Section 5.10 shall be binding upon all the Parties hereto.

5.11 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

5.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of

any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

5.13 **No Presumption.** The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

5.14 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

5.15 **Entire Agreement.** This Agreement together with the other instruments and agreements referenced herein constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. For the avoidance of doubt, the Parties hereby agree and acknowledge that the Founders and the Founder Holding Entities are subject to further, additional restrictions under the terms of the Restricted Share Agreement.

5.16 **Control.** In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of any of the Charter Documents for any of the Group Companies, or in the event of any dispute related to any such Charter Document, the terms of this Agreement shall prevail in all respects, the Parties shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Charter Documents, and the Parties hereto shall exercise all voting and other rights and powers (including to procure any required alteration to such Charter Documents to resolve such conflict or inconsistency) to make the provisions of this Agreement effective, and not to take any actions that impair any provisions in this Agreement.

5.17 **Aggregation of Shares**. All Shares held or acquired by any Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.18 **Adjustments for Share Splits, Etc**. Wherever in this Agreement there is a reference to a specific number of Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the relevant class or series of the Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of Shares by such subdivision, combination or share dividend.

5.19 **GSR Seal**. Notwithstanding anything to the contrary contained herein, this Agreement shall not come into effect unless the signature page of GSR Ventures III, L.P. is accompanied by its seal or chop.

5.20 **Use of English Language**. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

GROUP COMPANIES:

LIGHTINTHEBOX HOLDING CO., LTD.

By:

Name: Quji Guo

Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

GUO QUJI (郭去疾)

____

ZHANG LIANG (张良)

____

WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

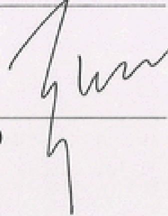
By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:



____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

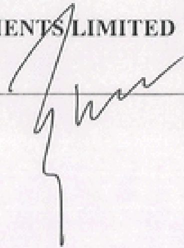
WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED



By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

FOUNDERS:

____
GUO QUJI (郭去疾)

____
ZHANG LIANG (张良)

____
WEN XIN (文心)

FOUNDER HOLDING ENTITIES:

WINCORE HOLDINGS LIMITED

By: ______________________________
Name: Guo Quji
Title: Director

VITZ HOLDINGS LIMITED

By: ______________________________
Name: Wen Xin
Title: Director

CLINET INVESTMENTS LIMITED

By: ______________________________
Name: Zhang Liang
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

ANGELS:

XU XIAOPING (徐小平)

____
CHIT JEREMY CHAU

____
LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

FOCUS CHINA HOLDINGS LIMITED

By: ______________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITED

By: ______________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

By: ______________________________
Name: Liu Jun
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

ANGELS:

____
XU XIAOPING (徐小平)

____
CHIT JEREMY CHAU

____
LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

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By: ______________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITED

By: ______________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

By: ______________________________
Name: Liu Jun
Title: Director

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ANGELS:

____
XU XIAOPING (徐小平)

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CHIT JEREMY CHAU

____
LIU JUN (刘俊)

ANGEL HOLDING ENTITIES:

FOCUS CHINA HOLDINGS LIMITED

By: ______________________________
Name: Xu Xiaoping
Title: Director

KINGMAX HOLDINGS GROUP LIMITED

By: ______________________________
Name: Chit Jeremy Chau
Title: Director

FULLTREND HOLDINGS LIMITED

By: ______________________________
Name: Liu Jun
Title: Director

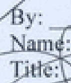
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

CEYUAN VENTURES II, L.P.

By: Ceyuan Ventures Management II, LLC
Its: General Partner

By: ______________________
Executive Managing Director



CEYUAN VENTURES ADVISORS FUND II, LLC

By: ______________________
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By: ______________________
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

GSR Ventures III, L.P.

By: GSR Partners III, L.P.
Its General Partner

By: GSR Partners III, Ltd.
Its General Partner

By: ______________________
Authorized Signatory

Banean Holdings Ltd

By:
Authorized Signatory

Address:

101 University Ave, 4th Floor
Palo Alto, CA 94301
Tel: +1-650-331-7300
Fax: +1-650-331-7301
Attention: Richard Lim

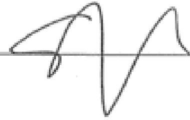
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

INVESTORS:

Trustbridge Partners III, L.P.

BY: TB Partners GP3, L.P.
BY: TB Partners GP LIMITED
Its general partner

By: ________________________
Name:



SCHEDULE A-1

List of Founders and Founder's Holding Entities

Founder	Founder's PRC Identification Card Number	Founder's Holding Entity
Mr. Guo Quji (□□□), a PRC citizen	510105197509100012	Wincore Holdings Limited
Mr. Zhang Liang (□□), a PRC citizen	610302197610292034	Clinet Investments Limited
Mr. Wen Xin (□□), a PRC citizen	440301198004202314	Vitz Holdings Limited

SCHEDULE A-2

List of Angels and Angel's Holding Entities

Angel	PRC Identification Card Number or Passport Number	Angel's Holding Entity
Mr. Xu Xiaoping (□□□), a Canadian citizen	BA487004	Focus China Holdings Limited
Mr. Chit Jeremy Chau, a Hong Kong permanent resident	HA0668315	Kingmax Holdings Group Limited
Mr. Liu Jun (□□), a PRC citizen	310109197206254418	Fulltrend Holdings Limited

Exhibit 5.1

Our ref DLK/665661-000001/4654772v9
Direct tel +852 2971 3006
Email derrick.kan@maplesandcalder.com

LightInTheBox Holding Co., Ltd.
Building 2, Area D, Floow 1-2, Diantong Times Square
No. 7 Jiuxianqiao North Road
Chaoyang District, Beijing 100020
People's Republic of China

17 April 2013

Dear Sirs

LightInTheBox Holding Co., Ltd.

We have acted as Cayman Islands legal advisers to LightInTheBox Holding Co., Ltd. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), originally filed with the Securities and Exchange Commission (the "**Commission**") under the U.S. Securities Act of 1933, as amended, on 17 April 2013, relating to the offering (the "**Offering**") by the Company of American Depositary Shares (the "**ADSs**") each representing certain Ordinary Shares of par value US$0.000067 each in the Company (the "**Shares**").

We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

1 Documents Reviewed

For the purposes of this opinion letter, we have reviewed only originals, copies or final drafts of the following documents:

1.1 The certificate of incorporation of the Company dated 28 March 2008.

1.2 The third amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 28 September 2010 (the "**Pre-IPO M&A**").

1.3 The written resolutions of the board of directors of the Company dated 17 April 2013 (the "**Directors' Resolutions**");

1.4 A certificate from a Director of the Company addressed to this firm dated 21 February 2013 (the "**Director's Certificate**").

1.5 A certificate of good standing dated 10 April 2013, issued by the Registrar of Companies in the Cayman Islands (the "**Certificate of Good Standing**").

1.6 The Registration Statement.

2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have

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relied (without further verification) upon the completeness and accuracy of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

2.1 Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

2.2 The genuineness of all signatures and seals.

2.3 There is nothing under any law (other than the law of the Cayman Islands) which would or might affect the opinions set out below.

3 Opinion

Based upon, and subject to, the foregoing assumptions, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing and in good standing under the laws of the Cayman Islands.

3.2 Immediately upon the completion of the Company's initial public offering of its ADSs representing its Ordinary Shares, the authorised share capital of the Company will be US$50,000 divided into 750,000,000 Ordinary Shares of a nominal or par value of US$0.000067 each.

3.3 The allotment and issuance of the Shares has been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement and entered in the register of members (shareholders), the Shares will be legally issued, fully paid and non-assessable.

3.4 The statements under the caption “Taxation” in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and such statements constitute our opinion.

4 Qualifications

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion letter or otherwise with respect to the commercial terms of the transactions the subject of this opinion letter.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to our name under the headings “Enforcement of Civil Liabilities”, “Description of Share Capital”, “Taxation” and “Legal Matters” and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Maples and Calder

Maples and Calder

Encl

Exhibit 8.1

SIMPSON THACHER & BARTLETT LLP
425 LEXINGTON AVENUE
NEW YORK, N.Y. 10017-3954
(212) 455-2000

FACSIMILE (212) 455-2502

DIRECT DIAL NUMBER E-MAIL ADDRESS

April 17, 2013

LightInTheBox Holding Co., Ltd.
Building 2, Area D, Floor 1-2, Diantong Times Square
No. 7 Jiuxianqiao North Road
Chaoyang District, Beijing 100020
People's Republic of China

Ladies and Gentlemen:

We have acted as United States federal tax counsel to LightInTheBox Holding Co., Ltd., a Cayman Islands company (the "Company"), in connection with the registration statement on Form F-1, including the prospectus contained therein (together, the "Registration Statement"), filed on the date hereof by the Company with the U.S. Securities and Exchange Commission (the "Commission") under the U.S. Securities Act of 1933, as amended, relating to the registration of shares of the Company's ordinary shares, par value US$0.000067 per share, which will be represented by American depositary shares evidenced by American depositary receipts.

We have examined the Registration Statement. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other and further investigations as we have deemed necessary or appropriate as a basis for the opinion hereinafter set forth. In such examination, we have assumed the accuracy of the factual matters described in the Registration Statement and that the Registration Statement and other documents will be executed by the parties in the forms provided to and reviewed by us.

In rendering the opinion set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein and in the Registration Statement, we hereby confirm that the discussion of the material United States federal income tax consequences set forth in the Registration Statement

under the caption "Taxation—Material United States Federal Income Tax Considerations" represents the opinion of Simpson Thacher & Bartlett LLP.

We do not express any opinion herein concerning any law other than the United States federal income tax law.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the reference to our firm under the headings "Taxation" and "Legal Matters" in the Registration Statement.

Very truly yours,

/s/ SIMPSON THACHER & BARTLETT LLP

SIMPSON THACHER & BARTLETT LLP

Exhibit 8.3

April 17, 2013

LightInTheBox Holding Co., Ltd.
Building 2, Area D, Floor 1-2, Diantong Times Square
No. 7 Jiuxianqiao North Road
Chaoyang District, Beijing 100020
People's Republic of China

Ladies and Gentlemen,

Re: Legal Opinion on PRC Tax Matters

We are lawyers qualified in the People's Republic of China (the "**PRC**", for purposes of this legal opinion, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) and are qualified to issue an opinion on the laws and regulations of the PRC.

We are acting as the PRC counsel for LightInTheBox Holding Co., Ltd. (the "Company"), a company incorporated under the laws the Cayman Islands, in connection with the Company's Registration Statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), publicly filed with the Securities and Exchange Commission on February 26, 2013 under the U.S. Securities Act of 1933, as amended, relating to the offering by the Company of a certain number of the Company's American Depositary Shares representing ordinary shares of the Company, par value US$ 0.000067 per share (the "Offering") by the Company.

A. Documents Examined, Definition and Information Provided

In connection with the furnishing of this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of documents provided by the Company, including the Registration Statement, and such other documents, corporate records, certificates, Approvals (as defined below) and other instruments as we have deemed necessary for the purpose of rendering this opinion, including, without limitation, originals or copies of the certificates issued by PRC government authorities and officers of the

Company. All of these documents are hereinafter collectively referred to as the "**Documents**".

Unless the context of this opinion otherwise provides, the following terms in this opinion shall have the meanings set forth below:

"**Approvals**" means all necessary approvals, consents, waivers, sanctions, certificates, authorizations, filings, registrations, exemptions, permissions, endorsements, annual inspections, qualifications and licenses.

"**PRC Laws**" means any and all laws, regulations, statutes, rules, decrees, notices, currently in force and publicly available in the PRC.

B. Assumptions

In our examination of the aforesaid Documents, we have assumed, without independent investigation and inquiry that:

1. all signatures, seals and chops are genuine and were made or affixed by representatives duly authorized by the respective parties, all natural persons have the necessary legal capacity, all Documents submitted to us as originals are authentic, and all Documents submitted to us as certified or photo copies conform to the originals; and

2. no amendments, revisions, modifications or other changes have been made with respect to any of the Documents after they were submitted to us for the purposes of this opinion.

In expressing the opinions set forth herein, we have relied upon the factual matters contained in the representations and warranties set forth in the Documents.

C. Opinion

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein and in the Registration Statement, we are of the opinion that:

The statements set forth under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Regulations," and "Taxation" in the Registration Statement, insofar as such statements relate to PRC tax law, are accurate in all material respects. The opinion set forth under "Taxation - People's Republic of China Taxation" of the Registration Statement, as it relates to matters of PRC tax law, constitutes

our opinion.

This opinion relates only to PRC Laws and we express no opinion as to any laws other than PRC Laws. PRC Laws as used in this opinion refers to the PRC Laws currently in force.

We hereby consent to the use of this opinion in, and its being filed as an exhibit to, the Registration Statement. We consent to the reference to our firm under the heading “Taxation”. In giving such consent, we do not thereby admit that we fall within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/TransAsia Lawyers

TransAsia Lawyers

Exhibit 10.1

LIGHTINTHEBOX HOLDING CO., LTD

AMENDED AND REINSTATED 2008 SHARE INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement.

(a) "Administrator" means the Chairman of the Board or, as the case may be, the applicable Committee appointed to administer the Plan in accordance with Section 4.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any jurisdiction applicable to Awards granted to residents therein.

(d) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(e) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Share, Restricted Share Unit or Performance-Based Award.

(f) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(g) "Board" means the Board of Directors of the Company.

(h) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term is expressly defined in a then-effective written agreement between the

Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of any crime.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Company" means LightInTheBox Holding Co., Ltd., an exempted company incorporated under the Laws of the Cayman Islands or any successor corporation that adopts the Plan in connection with a Corporate Transaction.

(k) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as an Employee or Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(l) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Share Option granted under the Plan, if such leave exceeds ninety (90) days, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Share Option shall be treated as a Non-Qualified Share Option on the day three (3) months and one (1) day following the expiration of such ninety (90) day period.

(m) "Corporate Transaction" means any of the following transactions, provided, however, that the Administrator shall determine under clauses (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the Ordinary Shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger, but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction; or

(v) the acquisition, in a single or series of related transactions, by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(n) "Director" means a member of the Board or the board of directors of any Related Entity.

(o) "Dividend Equivalent Right" means a right entitling the Grantee to compensation measured by dividends paid with respect to Ordinary Shares.

(p) "Employee" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company or such Related Entity.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(r) "Fair Market Value" means, as of any date, the value of Ordinary Shares determined as follows:

(i) If the Ordinary Shares are listed on one or more established stock exchanges or national market systems, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, the Fair Market Value of an Ordinary Share shall be the closing sales price for an Ordinary Share (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Ordinary Shares are listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Ordinary Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, the Fair Market Value of an Ordinary Share shall be the closing sales price for an Ordinary Share as quoted on such system on the date of determination, but if selling prices are not reported, the Fair Market Value of an Ordinary Share shall be the mean between the high bid and low asked prices for the Ordinary Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; and

(iii) In the absence of an established market for the Ordinary Shares of the type described in clauses (i) and (ii), above, the Fair Market Value of an Ordinary Share shall be determined by the Administrator in good faith.

(s) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(t) "Incentive Share Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(u) "Non-Qualified Share Option" means an Option not intended to qualify as an Incentive Share Option.

(v) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(x) "Ordinary Share" means an ordinary share of US$0.00006667 par value of the Company having the rights and restrictions set out in the memorandum and articles of association of the Company, as amended from time to time.

(y) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Plan" means this Amended and Reinstated 2008 Share Incentive Plan.

(aa) "Registration Date" means the first to occur of (i) the closing of the first sale to the general public pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act, or by a recognized regional or national securities exchange in another jurisdiction pursuant to the applicable laws of such jurisdiction of (A) the Ordinary Shares or (B) the same class of securities of a successor corporation (or its Parent) issued pursuant to a Corporate Transaction in exchange for or in substitution of the Ordinary Shares; and (ii) in the event of a Corporate Transaction, the date of the consummation of the Corporate Transaction if the same class of securities of the successor corporation (or its Parent) issuable in such Corporate Transaction shall have been sold to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, or by a recognized regional or national securities exchange in another jurisdiction pursuant to the applicable laws of such jurisdiction on or prior to the date of consummation of such Corporate Transaction.

(bb) "Related Entity" means any Parent or Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity in which the Company or a Parent or a Subsidiary of the Company holds a substantial ownership interest, directly or indirectly.

(cc) "Replaced" means that pursuant to a Corporate Transaction the Award is replaced with a comparable share or stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(dd) "Restricted Share" means a Share issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(ee) "Restricted Share Units" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(ff) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto

(gg) "SAR" means a share appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator in the Award Agreement pursuant to which such SAR was granted, measured by appreciation in the value of Ordinary Shares.

(hh) "Securities Act" means the Securities Act of 1933, as amended.

(ii) "Share" means an Ordinary Share of the Company.

(jj) "Spin-off Transaction" means a distribution by the Company to its shareholders of all or any portion of the securities of any Subsidiary of the Company.

(kk) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Shares Subject to the Plan.

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) is 4,444,444 Shares.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at the lower of their original purchase price or their Fair Market Value at the time of repurchase, such Shares shall become available for future grant under the Plan. To the extent not prohibited by Section 422(b)(1) of the Code (and the corresponding regulations thereunder), the listing requirements of The Nasdaq National Market or such other established stock exchange or national market system on which the Ordinary Shares are traded and Applicable Law, any Shares covered by an Award which are surrendered (i) in payment of the exercise price of an Option or an SAR or (ii) in satisfaction of tax withholding obligations incident to the exercise or vesting of an Award shall be deemed not to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator.

4. Administration of the Plan.

(a) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Chairman of the Board or, as the case may be, (B) a Committee consisting of at least two non-Employee Directors designated by the Board, which Committee shall be constituted in such a manner as to satisfy Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(b) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors

nor Officers of the Company, the Plan shall be administered by (A) the Chairman of the Board or, as the case may be, (B) a Committee consisting of one or more Directors of the Company designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. Subject to Applicable Laws, the Board may also authorize one or more Officers to act as the Committee and grant Awards to Employees or Consultants who are neither Directors nor Officers of the Company and may limit such authority as the Board determines from time to time.

(c) Administration Errors. In the event an Award is granted in a manner inconsistent with the provisions of subsection (a) of this Section 4, such Award shall be presumptively valid as of its grant date to the extent permitted by Applicable Laws.

(d) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board if the Administrator is not the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent;

(vii) to construe and interpret the terms of the Plan and Awards, including without limitation, any Award Agreement;

(viii) to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan, and may delegate such authority, as it deems appropriate;

(ix) to correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Administrator deems necessary or desirable;

(x) to grant Awards to Employees, Directors and Consultants employed outside the United States on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the Plan; and

(xi) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

(e) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards other than Incentive Share Options may be granted to Employees, Directors and Consultants. Incentive Share Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option or an SAR, with an exercise or conversion privilege, or a vesting condition, related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Shares, Restricted Share Units or Dividend Equivalent Rights, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Share Option or a Non-Qualified Share Option. However, notwithstanding

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such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Share Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Share Options. For this purpose, Incentive Share Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria.

(d) Performance-Based Awards.

(i) The Administrator, in its sole discretion, may grant Awards which are denominated in Shares or cash (such Awards, "Performance-Based Awards"). Such Performance-Based Awards shall be in such form, and dependent on such conditions, as the Administrator shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares or the cash value of the Award upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Performance-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Administrator shall determine to whom and when Performance-Based Awards will be made, the number of Shares or aggregate amount of cash to be awarded under (or otherwise related to) such Performance-Based Awards, whether such Performance-Based Awards shall be settled in cash, Shares or a combination of cash and Shares, and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued, to the extent applicable, shall be fully paid and non-assessable).

(ii) A Grantee's Performance-Based Award shall be determined based on the attainment of written performance goals approved by the Administrator for a performance period established by the Administrator. The performance goals shall be based upon one or more of the following criteria: (i) consolidated income before or after taxes (including income before interest, taxes, depreciation and amortization); (ii) EBITDA; (iii) adjusted EBITDA; (iv) operating income; (v) net income; (vi) net income per Share; (vii) book value per Share; (viii) return on members' or stockholders' equity; (ix) expense management; (x) return on investment; (xi) improvements in capital structure; (xii) profitability of an identifiable business unit or product; (xiii) maintenance or improvement of profit margins; (xiv) stock price; (xv) market share; (xvi) revenue or sales; (xvii) costs; (xviii) cash flow; (xix) working capital; (xx) multiple of invested capital; and (xxi) total return. The foregoing criteria may relate to the Company, any Related Entity, or one or more of its or their divisions or units, or any combination of the

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foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, all as the Administrator shall determine.

(e) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, share purchase, asset purchase or other form of transaction.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, that the term of an Incentive Share Option shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Share Option granted to a Grantee who, at the time the Option is granted, owns shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Share Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(h) Transferability of Awards. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the Grantee, to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(i) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such later date as is determined by the Administrator on the date of such determination.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Share Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Share Option owns shares representing more than ten percent (10%) of the voting power of all classes of shares of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

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(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be the price determined by the Administrator; provided, that, if the Grantee is subject to U.S. income tax, the per Share exercise price not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of SARs, the base appreciation amount shall be the amount determined by the Administrator; provided, that, if the Grantee is subject to U.S. income tax, such amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of other Awards, such price as is determined by the Administrator.

(v) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(e), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Share Option, shall be determined at the time of grant). The Administrator may provide, either in an Award Agreement or at the time of the exercise of an Award, that any of the following types of consideration may be accepted by the Company for Shares issued under the Plan:

(i) cash (including by check or wire transfer);

(ii) if the exercise or purchase occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised, provided, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Grantee for a period of more than six (6) months (or such longer or shorter period as the Company's accountants may determine is necessary to avoid a charge to earnings in connection with the use of such Shares) and not used for another Award exercise by attestation during such period;

(iii) with respect to Options, if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares

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and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

(iv) by a reduction in the number of Shares otherwise deliverable pursuant to the Awards as the Administrator may require which have a Fair Market Value on the date of reduction equal to the aggregate exercise price of the Shares as to which said Award shall be exercised; or

(v) any combination of the foregoing methods of payment.

(c) Taxes. The Administrator shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the exercise, grant or vesting of an Award and the Company or any Related Entity shall have the right and is authorized to withhold any applicable withholding taxes in respect to the Award, its exercise or vesting, any payment or transfer under or with respect to the Award, and to take such other action as may be necessary in the opinion of the Administrator to satisfy all obligations for the payment of such withholding taxes. To the extent permitted by the Administrator, a Grantee may elect to pay a portion or all of such withholding taxes by (i) delivery of Shares, provided that such Shares have been held by the Grantee for such period of time as the Company's accountants may require or (ii) with respect to minimum withholding amounts only, having Shares with a Fair Market Value equal to the amount of such withholding taxes withheld by the Company from any Shares that would have otherwise been received by the Grantee.

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Shareholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised (including for any applicable tax withholding) has been received by the Company.

(b) Exercise of Award Following Termination of Continuous Service.

(i) An Award may not be exercised after the termination date of such Award set forth in the Award Agreement and may be exercised following the termination of a Grantee's Continuous Service only to the extent provided in the Award Agreement. Where the Award Agreement permits a Grantee to exercise an Award following the termination of the Grantee's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first. Notwithstanding the foregoing, in no event will an Award be exercisable following a termination of a Grantee's Continuous Service for Cause.

(ii) Any Award designated as an Incentive Share Option to the extent not exercised within the time permitted by law for the exercise of Incentive Share Options following the termination of a Grantee's Continuous Service shall convert automatically to a Non-Qualified Share Option

and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Award Agreement.

9. Conditions Upon Issuance of Shares.

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance. The exercise of Option shall be conditioned by the Grantee's receipt of requisite approvals issued by the State Administration of Foreign Exchange ("SAFE") with regard to the Shares and other requisite approvals issued by the relevant PRC government authorities in connections thereof, and if requested by the Administrator, an unqualified opinion of counsel satisfactory to the Administrator stating to the effect that the issuance of the Shares to the Grantee would be in full compliance with Applicable Laws.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

(c) As a condition to the exercise of an Award, the Grantee shall grant a power of attorney to the Company's chief executive officer to exercise the voting rights with respect to the Shares and the Company may require the person exercising such Award to acknowledge and agree to be bound by the provisions of the Shareholders Agreement, the Right of First Refusal and Co-Sale Agreement and other agreements entered into among the shareholders of the Company from time to time, as if the Grantee is an Ordinary Shareholder thereunder.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, share dividend, extraordinary cash dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Ordinary Shares including a corporate merger, consolidation, acquisition of property or equity, separation (including a Spin-off Transaction or other distribution of shares or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, that conversion of any convertible

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securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award. In the event of a Spin-off Transaction, the Administrator may in its discretion make such adjustments and take such other action as it deems appropriate with respect to outstanding Awards under the Plan, including but not limited to: (i) adjustments to the number and kind of Shares, the exercise or purchase price per Share and the vesting periods of outstanding Awards, (ii) prohibit the exercise of Awards during certain periods of time prior to the consummation of the Spin-off Transaction, or (iii) the substitution, exchange or grant of Awards to purchase securities of the Subsidiary; provided that the Administrator shall not be obligated to make any such adjustments or take any such action hereunder.

11. Corporate Transactions.

(b) Termination of Award to the Extent Not Assumed in a Corporate Transaction. Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, an Award shall not terminate to the extent it is Assumed in connection with the Corporate Transaction.

(c) Acceleration of Award upon a Corporate Transaction. The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or at the time of an actual Corporate Transaction and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction. The Administrator may provide that any Awards so vested or released from such limitations in connection the Corporate Transaction, shall remain fully exercisable until the expiration or sooner termination of the Award. The portion of any Award that is not Assumed shall terminate under subsection (a) of this Section 11 to the extent not exercised (if such Award is exercisable) prior to the consummation of a Corporate Transaction.

12. Effective Date and Term of Plan. The Plan shall become effective upon the later to occur of its adoption by the Board or its approval by the shareholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Applicable Laws, Awards may be granted under the Plan upon its becoming effective; provided, that, if agreed by the Company and any Grantee, Awards made to such Grantee prior to the effective date of the Plan may be made subject to the terms of the Plan.

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13. Amendment, Suspension or Termination of the Plan.

(a) The Board may at any time amend, suspend or terminate the Plan; provided, that no such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by Applicable Laws, or if such amendment would change any of the provisions of Section 4(d)(vi) or this Section 13(a).

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Service at any time, with or without cause, and with or without notice. The ability of the Company or any Related Entity to terminate the Continuous Service of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for cause for the purposes of this Plan.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Shareholder Approval. The grant of Incentive Share Options under the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted excluding Incentive Share Options issued in substitution for outstanding Incentive Share Options pursuant to Section 424(a) of the Code. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws. The Administrator may grant Incentive Share Options under the Plan prior to approval by the shareholders, but until such

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approval is obtained, no such Incentive Share Option shall be exercisable. In the event that shareholder approval is not obtained within the twelve (12) month period provided above, all Incentive Share Options previously granted under the Plan shall be exercisable as Non-Qualified Share Options.

18. Unfunded Obligation. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

19. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

20. Awards Subject to the Plan. In the event of a conflict between any term or provision contained in the Plan and a term contained in any Award Agreement, the applicable terms and provisions of the Plan will govern and prevail.

21. Choice of Law. The Plan shall be governed by and construed in accordance with the laws of the Cayman Islands, without regard to its conflicts of law principles.

22. Section 409A of the Code. Notwithstanding other provisions of the Plan or any Award Agreement, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Grantee. In the event that it is reasonably determined by the Administrator that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Grantee holding such Award to be subject to taxation under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Grantee incurring any tax liability under Section 409A of the Code. References under the Plan or an Award Agreement to a Grantee's termination of Continuous Service shall be deemed to refer to the date upon which the Grantee has experienced a "separation from service" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, (a) if at the time of a Grantee's separation from service, the Grantee is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a

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result of such separation from service is necessary in order to prevent the imposition of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Grantee) to the minimum extent necessary to satisfy Section 409A of the Code until the date that is six months and one day following the Grantee's separation from service (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of Continuous Service and (b) if any other payments of money or other benefits due to a Grantee hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred, if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the minimum

extent necessary, in a manner, reasonably determined by the Administrator, that does not cause such an accelerated or additional tax or result in an additional cost to the Company (without any reduction in such payments or benefits ultimately paid or provided to the Grantee).

The Company shall use commercially reasonable efforts to implement the provisions of this Section 24 in good faith; provided that neither the Company, the Board, the Administrator nor any of the Company's Employees, Directors or representatives shall have any liability to Participants with respect to this Section 24.

Exhibit 10.2

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is entered into as of by and between LightInTheBox Holding Co., Ltd., a Cayman Islands company (the "Company") and the undersigned, a [director/officer] of the Company ("Indemnitee").

RECITALS

1. The Company recognizes that highly competent persons are becoming more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their services to the corporation.

2. The Board of Directors of the Company (the "Board") has determined that the inability to attract and retain highly competent persons to serve the Company is detrimental to the best interests of the Company and its shareholders and that it is reasonable and necessary for the Company to provide adequate protection to such persons against risks of claims and actions against them arising out of their services to the corporation.

3. The Company and Indemnitee do not regard the indemnities available under the Company's current memorandum and articles of association (the "Articles of Association") as adequate to protect Indemnitee against the risks associated with his service to the Company.

4. The Company is willing to indemnify Indemnitee to the fullest extent permitted by applicable law, and Indemnitee is willing to serve and continue to serve the Company on the condition that he be so indemnified.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

I. Definitions

The following terms shall have the meanings defined below:

Disinterested Director means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

Change in Control shall be deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (a) a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity; (b) a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of ordinary shares of the Company; or (c) any current beneficial shareholder or group, as defined by Rule 13d-5 of the Exchange Act, including the heirs, assigns and successors thereof, of beneficial ownership, within the meaning of Rule 13d-3 of the Exchange Act, of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities; hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 20% of the total combined

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voting power represented by the Company's then outstanding ordinary shares, (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the ordinary shares of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into ordinary shares of the surviving entity) at least 80% of the total voting power represented by the ordinary shares of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

Expenses shall include damages, judgments, fines, penalties, settlements and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, liabilities, losses, taxes, any expenses paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding, and any taxes, interests, assessments or other charges imposed as a result of the actual or deemed receipt of any payments under this Agreement.

Indemnifiable Event means any event or occurrence that takes place either before or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or an officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other entity, including services with respect to employee benefit plans, or was a director or officer of an entity that was a predecessor of the Company or another entity at the request of such predecessor entity, or related to anything done or not done by Indemnitee in any such capacity.

Independent Counsel means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

Participant means a person who is a party to, or witness or participant (including on appeal) in, a Proceeding.

Proceeding means any threatened, pending, or completed action, suit or proceeding, or any inquiry, hearing or investigation, whether civil, criminal, administrative, investigative or other, including any appeal thereof, in which Indemnitee may be or may have been

involved as a party or otherwise by reason of an Indemnifiable Event, including, without limitation, any threatened, pending, or completed action, suit or proceeding by or in the right of the Company.

Reviewing Party means (i) the Board by a majority vote of a quorum consisting of Disinterested Directors, or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, said Disinterested Directors so direct, Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee.

II. Agreement To Indemnify

1. General Agreement. In the event Indemnitee was, is, or becomes a Participant in, or is threatened to be made a Participant in, a Proceeding, the Company shall indemnify the Indemnitee from and against any and all Expenses which Indemnitee incurs or becomes obligated to incur in connection with such Proceeding, to the fullest extent permitted by applicable law.

2. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of Expenses, but not for the total amount of Expenses, the Company shall indemnify the Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

3. Exclusions. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification under this Agreement:

(a) to the extent that payment is actually made to Indemnitee under a valid, enforceable and collectible insurance policy;

(b) to the extent that Indemnitee is indemnified and actually paid other than pursuant to this Agreement;

(c) in connection with any Proceeding initiated by Indemnitee against the Company, any director or officer of the Company or any other party, and not by way of defense, unless (i) the Company has joined in or the Reviewing Party (as hereinafter defined) has consented to the initiation of such Proceeding; or (ii) the Proceeding is one to enforce indemnification rights under this Agreement or any applicable law;

(d) for a disgorgement of profits made from the purchase and sale by the Indemnitee of securities pursuant to Section 16(b) of the Exchange Act or similar provisions of any applicable U.S. state statutory law or common law;

(e) brought about by the dishonesty or fraud of the Indemnitee seeking payment hereunder; provided, however, that the Indemnitee shall be protected under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnitee establishes that he committed (i) acts of active and deliberate dishonesty, (ii) with actual dishonest purpose and intent, and (iii) which acts were material to the cause of action so adjudicated;

(f) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity;

(g) arising out of Indemnitee's personal tax matter; or

(h) arising out of Indemnitee's breach of an employment agreement with the Company (if any) or any other agreement with the Company or any of its subsidiaries.

4. No Employment Rights. Nothing in this Agreement is intended to create in Indemnitee any right to continued employment with the Company.

5. Contribution. If the indemnification provided in this Agreement is unavailable and may not be paid to Indemnitee for any reason other than those set forth in Section II. 3, then the Company shall contribute to the amount of Expenses paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and by the Indemnitee on the other hand from the transaction from which such Proceeding arose, and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such Expenses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section II. 5 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

III. Indemnification Process

1. Notice and Cooperation By Indemnitee. Indemnitee shall give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be given in accordance with Section VI.7 below. In addition, Indemnitee shall give the Company such information and cooperation as the Company may reasonably request.

2. Indemnification Payment.

(a) *Advancement of Expenses*. Indemnitee may submit a written request with reasonable particulars to the Company requesting that the Company advance to Indemnitee all Expenses that may be reasonably incurred in advance by Indemnitee in connection with a Proceeding. The Company shall, within ten (10) business days of receiving such a written request by Indemnitee, advance all requested Expenses to Indemnitee. Any excess of the advanced Expenses over the actual Expenses will be repaid to the Company.

(b) *Reimbursement of Expenses*. To the extent Indemnitee has not requested any advanced payment of Expenses from the Company, Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable after Indemnitee makes a written request to the Company for reimbursement.

(c) *Determination by the Reviewing Party*. Notwithstanding the foregoing, (i) the obligations of the Company under Section II.1 shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the Independent Counsel referred to in Section III.2(e) hereof is involved) that

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Indemnitee would not be permitted to be indemnified under applicable law or the Company's Articles of Association, and (ii) the obligation of the Company to make an advance payment of Expenses to Indemnitee pursuant to Section III. 2(a) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law or the Company's Articles of Association, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any advanced Expenses until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). The Indemnitee's obligation to reimburse the Company for any advanced Expenses shall be unsecured and no interest shall be charged thereon. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board who were directors immediately prior to such Change in Control), the Reviewing Party shall be the Independent Counsel referred to in Section III.2(e) hereof.

(d) *Enforcement of Indemnification Rights*. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, or if Indemnitee has not otherwise been paid in full within 30 days after a written demand has been received by the Company, Indemnitee shall have the right to commence litigation in any court having subject matter jurisdiction thereof and in which venue is proper to recover the unpaid amount of the demand (an "Enforcement Proceeding") and, if successful in whole or in part, Indemnitee shall be entitled to be paid any and all Expenses in connection with such Enforcement Proceeding. The Company hereby consents to service of process and to appear in any such proceeding.

(e) *Change in Control*. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board who were directors immediately prior to such Change in Control) then, with respect to all matters thereafter arising concerning the rights of Indemnitees to payments of Expenses under this Agreement or any other agreement or under the Company's Articles of Association as now or hereafter in effect, Independent Counsel shall be selected by the Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law, and the Company agrees to abide by such opinion. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

3. Assumption of Defense. In the event the Company is obligated under this Agreement to advance or bear any Expenses for any Proceeding against Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved

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by Indemnitee, upon delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee in writing and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, unless (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have reasonably concluded that, based on written advice of counsel, there may be a conflict of interest of such counsel retained by the Company between the Company and Indemnitee in the conduct of any such defense, or that counsel selected by the Company may not be adequately representing Indemnitee, or (iii) the Company ceases or terminates the employment of such counsel with respect to the defense of such Proceeding, in any of which events the fees and expenses of Indemnitee's counsel shall be at the expense of the Company. At all times, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's expense.

4. Defense to Indemnification, Burden of Proof and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement that it is not permissible under this Agreement or applicable law for the Company to indemnify the Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified under this Agreement, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company to have made a determination prior to the commencement of such action by Indemnitee that indemnification is proper under the circumstances because Indemnitee has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or the Company that Indemnitee had not met such applicable standard of conduct shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

5. No Settlement Without Consent. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any damage, loss, penalty or limitation on Indemnitee without the other party's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement.

6.	Company Participation. Subject to Section II.5, the Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

**IV.	Director and Officer Liability Insurance**

1.	Liability Insurance. The Company shall obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses incurred in connection with their services to the Company or to ensure the Company's performance of its indemnification obligations under this Agreement. To the extent the Company determines that it is no longer practicable for the Company to maintain such insurances, it shall notify promptly its directors and officers before it terminates such insurances and such termination must be approved by the majority of the Company's directors.

2.	Coverage of Indemnitee. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be

covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any of the Company's directors or officers.

3.	No Obligation. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain any director and officer insurance policy if a majority of the Company's directors determines in good faith that such insurance is not reasonably available in the case that (i) premium costs for such insurance are disproportionate to the amount of coverage provided, (ii) the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or (iii) Indemnitee is covered by similar insurance maintained by a parent or subsidiary of the Company.

**V.	Non-Exclusivity; Federal Preemption; Term**

1.	Non-Exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Articles of Association, any vote of shareholders or directors, applicable law or any written agreement between Indemnitee and the Company (including its subsidiaries and affiliates). The indemnification provided under this Agreement shall continue to be available to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in any such capacity at the time of any Proceeding.

2.	Federal Preemption. Notwithstanding the foregoing, both the Company and Indemnitee acknowledge that in certain instances, U.S. federal law or public policy may override applicable law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Such instances include, but are not limited to, the U.S. Securities and Exchange Commission's prohibition on indemnification for liabilities arising under certain U.S. federal securities laws. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

3.	Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer and/or a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding by reason of his former or current capacity at the Company or any other enterprise, including service with respect to employee benefit plans) at the Company's request, whether or not he is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer and/or a director of the Company or any other enterprise at the Company's request.

**VI.	Miscellaneous**

1.	Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy shall constitute a waiver.

2.	Subrogation. In the event of payment to Indemnitee by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to bring suit to enforce such rights.

3.	Assignment; Binding Effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party; except that the Company may, without such consent, assign all such rights and obligations to a successor in interest to the Company which assumes all obligations of the Company under this Agreement in a written agreement in form and substance satisfactory to Indemnitee. Notwithstanding the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the parties hereto and the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns, as well as Indemnitee's spouses, heirs, and personal and legal representatives.

4.	Severability and Construction. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to a court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. In addition, if any portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by applicable law. The parties hereto acknowledge

that they each have opportunities to have their respective counsels review this Agreement. Accordingly, this Agreement shall be deemed to be the product of both of the parties hereto, and no ambiguity shall be construed in favor of or against either of the parties hereto.

5. Counterparts. This Agreement may be executed in two (2) counterparts, both of which taken together shall constitute one instrument.

6. Governing Law. This agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, U.S.A., without giving effect to conflicts of law provisions thereof.

7. Notices. All notices, demands, and other communications required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, on the date of delivery, or mailed, on the third business day after mailing, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

LightInTheBox Holding Co., Ltd.
25F, Tower A, Ocean International Center,
No. 56 East Fourth Ring Road, Chaoyang District
Beijing 100025
People's Republic of China
Attention: Mr. Quji Guo

and to Indemnitee at:

[Name]
[Address]
[Address]
[Address]

Notice of change of address shall be effective only when done in accordance with this Section.

8. Certain Relationships. The obligations and rights created under this Agreement shall not be affected by any amendment to the Company's Articles of Association or any other agreement or instrument to which Indemnitee is not a party, and shall not diminish any other rights which Indemnitee now or in the future has against the Company or any other person or entity.

9. Acknowledgment. The Company expressly acknowledges that it has entered into this Agreement and assumed the obligations imposed on the Company under this Agreement in order to induce Indemnitee to serve or to continue to serve as a director or officer and acknowledges that Indemnitee is relying on this Agreement in serving or continuing to serve in such capacity. The Company further agrees to stipulate in any court proceeding that the Company is bound by all of the provisions of this Agreement.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, or Indemnitee's estate, heirs, executors, administrators or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

11. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first written above.

COMPANY

LightInTheBox Holding Co., Ltd.

____
Name:
Title:

INDEMNITEE

____
Name:

Exhibit 10.3

LIGHTINTHEBOX HOLDING CO., LTD.

FORM OF EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement, dated as of , 20 (this "Agreement"), is executed by and between LightInTheBox Holding Co., Ltd., an exempted company with limited liability incorporated and existing under the laws of the Cayman Islands (the "Company") and (holding passport of with passport number of /PRC Identification Card No.) (the "Executive").

RECITALS

The Company desires to employ the Executive, and the Executive agrees to be employed by the Company, and act as of the Company, all pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM OF EMPLOYMENT

1.1 The Company shall employ the Executive to take the position as set forth in Article 2 hereof, perform the duties and responsibilities as set forth in Article 2 hereof, and render services to the Company during a term of five (5) years commencing on , 20 and ending on , 20 (the "Term") . The Term may be early terminated pursuant to the provisions of Articles 4 and 5 hereof.

2. POSITION, DUTIES AND RESPONSIBILITIES

2.1 Position. The Executive shall be employed and act as the of the Company with all responsibilities that are customary for such officer, as well as other responsibilities reasonably assigned to the Executive by the Company. The Executive may take position in any Affiliate (as defined in Article 2.2 hereof) of the Company and is hereby appointed as of , an Affiliate of the Company, subject to the approval of such appointment by the board of directors of such Affiliate, and shall initial work in [Beijing, China]. The entity in which the Executive takes position and the location where the Executive works may be appropriately adjusted according to the operative demands of the Company in the future. The Executive shall use his/her best efforts to perform his/her duties and shall comply with all applicable laws, regulations and rules as well as the memorandum and articles of association and corporate and business policies and procedures of the Company. The Executive shall adhere to good business ethics and practices and shall not take advantage of his/her position for personal gains.

2.2 For the purpose of this Agreement, "Affiliate" means any entity directly or indirectly controlled by the Company. For the purpose of this Article, "Control" means the direct or indirect possession of the power to direct or cause to direct the management and policies of such entity, whether through ownership of voting securities, by contract or otherwise, including, without limitation, (a) the direct or indirect ownership of 50% or more of the outstanding stocks or other equity interests issued by such entity, (b) direct or indirect

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ownership of the 50% or more voting power of such entity, or (c) the power to appoint, directly or indirectly, a majority of the members of the board of directors or other similar decision-making organization of such entity.

2.3 Voting Restriction. If the Executive is elected as a director of the Company, the Executive shall refrain from voting, in his/her capacity of a director of the Company, on matters in relation to his/her employment or termination of his/her employment at meetings of the board of directors of the Company.

2.4 Other Activities. Except with the prior written approval of the Company, the Executive shall not render commercial or professional services of any nature to any person or organization, whether or not for compensation; and the Executive will not directly or indirectly engage, participate, invest, finance or otherwise assist in any business activity that is potentially competitive in any manner with the business of the Company or any Affiliate or any business activity that may cause the Executive to be in conflict of interest with the Company or any Affiliate, whether or not for profit.

3. COMPENSATION AND BENEFITS

As full consideration for the services to be provided by the Executive under this Agreement and as full compensation for the obligations and restrictions to be imposed on the Executive by this Agreement, the Company shall or have its Affiliate in which the Executive holds a position, as the case may be, pay the Executive, and the Executive agrees to accept, the base salary, bonus, share option and other incentive programs, and other benefits as set forth in this Article 3.

3.1 Base salary. The Company shall pay base salaries to the Executive in the amount and by the means as set forth in Part I of Exhibit A hereof.

3.2 Bonus. The Executive may be entitled to the performance-based bonus as set forth in Part II of Exhibit A hereof.

3.3 Share Options and Other Incentive Programs. The Executive shall be eligible to participate in any share option or other incentive program available to officers or employees of the Company as determined by the Company.

3.4 Benefits. The Executive will be eligible to receive any benefit as the Company or the Affiliate with which the Executive works generally provides to its other employees of comparable position in accordance with the benefit plans established and amended from time to time at its sole discretion by the Company or such Affiliate, including without limitation, various mandatory health care, insurance and pension

plans required in the jurisdiction where the Company or such Affiliate is located. The annual paid leave of the Executive shall be [twenty (20)] working days.

4. TERMINATION BY THE COMPANY.

4.1 Termination for Cause. For purposes of this Agreement, unless otherwise provided under applicable laws, "Cause" will exist at any time after the occurrence of one or more of the following events: (a) the Executive commits willful misconduct or gross negligence in performance of his duties hereunder ("Malfeasance") and fails to correct such Malfeasance within a reasonable period specified by the Company after the Company has sent the Executive a written notice demanding correction within such a period; (b) the

Executive has committed Malfeasance and has caused serious losses and damages to the Company; (c) the Executive seriously violates the internal rules of the Company and fails to correct such violation within a reasonable period specified by the Company after the Company has sent the Executive a written notice demanding correction within such a period; (d) the Executive has seriously violated the internal rules of and has caused serious losses and damages to the Company; (e) the Executive is convicted by a court or has pleaded guilty of theft, fraud or other criminal offense; or (f) the Executive seriously breaches his/her duty of loyalty to the Company or an Affiliate under the laws of the Cayman Islands, the PRC or other relevant jurisdictions. The Company may terminate the employment of the Executive for Cause at any time without prior written notice. Upon termination, the Company shall pay all compensation of the Executive accrued up to the date of termination pursuant to Article 3 hereof; provided, however, that the Company may deduct and withhold any amount it is entitled to as damages under applicable laws. Thereafter, all obligations of the Company under this Agreement shall terminate.

4.2 Termination without Cause. The Company may terminate the Executive's employment by a 30-day prior written notice. Upon termination, the Company shall pay all compensation of the Executive accrued up to the date of termination pursuant to Article 3 hereof; provided, however, that the Company may deduct and withhold any amount it is entitled to as damages under applicable laws. Thereafter, all obligations of the Company under this Agreement shall terminate.

4.3 Termination By Reason of Death. The employment of the Executive by the Company shall be automatically ceased upon the death of the Executive. In the event that employment of the Executive by the Company terminates as a result of the Executive's death, the Executive's estate or heirs will receive all unpaid compensation accrued as of the date of the termination of the employment as provided in Article 3 hereof; provided that, the Company may deduct and withhold any amount it is entitled to as damages under applicable laws. Thereafter, all obligations of the Company under this Agreement shall terminate. Nothing contained herein shall prevent the estate or heirs of the Executive from being entitled to any interest or other applicable benefits under any life insurance programs (if any). If the death of the Executive occurs during the performance of his/her duties for the Company, the Company shall pay to the appropriate beneficiaries a special compensation at an amount to be determined by the Company which shall not exceed the annual base salary of the Executive as set forth in Article 3.1 hereof.

4.4 Termination By Reason of Disability. In the event that the Executive is entitled to long-term disability benefits of the Company, or in the event that, in the judgment of the Company, the Executive is not able to perform his/her duties for 90 consecutive days or 120 days or longer in a 12-month period due to his/her physical or psychological problems, the Company may terminate the Executive's employment, provided that such termination is permitted by the law. Upon termination, the Company shall pay all compensation of the Executive accrued up to the date of termination pursuant to Article 3 hereof; provided, however, that the Company may deduct and withhold any amount it is entitled to as damages under applicable laws. Thereafter, all obligations of the Company under this Agreement shall terminate. The provisions of this Article 4.3 shall not affect the Executive's rights under any disability program that he/she participates (if any).

5. TERMINATION BY THE EXECUTIVE

5.1 The Executive may voluntarily terminate his/her employment with the Company with or without cause by a three-month prior written notice. During such three-month notice period, the Executive shall continue to perform diligently his/her duties and responsibilities under this Agreement. The Company shall have the discretion to terminate its employment with the Executive prior to the last day of such three-month period; provided that the Company shall have paid the Executive all of his/her compensation accrued through the last day of such three-month period pursuant to Article 3 hereof. Thereafter, the Company's obligations hereunder shall terminate. In such case, the Company shall not be responsible for paying any severance pay or other benefits to the Executive.

6. RESPONSIBILITIES UPON TERMINATION

6.1 Return of Documents. The Executive agrees to promptly return to the Company all documents and materials in any form received by the Executive by virtue of his/her employment with the Company upon or prior to the termination of his/her employment with the Company, including, without limitation, all originals and copies of any Proprietary Information as defined in Article 8 hereof as well as any part thereof, together with all equipment and other tangible or intangible assets of the Company. The Executive agrees not to retain any document or material that contains such Proprietary Information or any copy thereof.

6.2 Survival. The Executive further agrees that (a) all representations, warranties and obligations under Articles 6, 7, 8, 9, 11 and 14 hereof shall survive the termination or expiration of the Term; (b) all representations, warranties and obligations under Articles 6, 7, 8, 9, 11 and 14 hereof shall also survive the termination of this Agreement; and (c) after termination or expiration of the Term, the Executive shall use his/her best efforts to cooperate with the Company in connection with such surviving obligations, including, without limitation to, completion of outstanding work on behalf of the Company, transfer of his/her assignments to designated employees of the Company, and dependence of the Company against claims raised by any third party in connection with any action or negligence of the Executive during his employment with the Company.

7. RESTRICTED ACTIVITIES

7.1 No-use of Proprietary Information. The Executive acknowledges that to conduct any activity restricted in this Article will certainly involve the use or disclosure of Proprietary Information as defined in Article 8 hereof and consequently result in a breach of such Article, and it will be difficult to directly demonstrate a breach of Article 8 hereof. Therefore, in order to prevent the Executive from using or disclosing the Proprietary Information as defined in Article 8 and as a condition to employing the Executive, the Executive agrees that during his/her employment with the Company and for a period of two years after the termination or expiration of the employment, the Executive shall not, directly or indirectly:

(a) refer or attempt to refer to any third party any business in which the Company or its Affiliates currently engage or will likely engage or participate, including, without limitation, solicitation or provision of any business or services that are essentially similar to the business of the Company or its Affiliates on behalf of

any individual, company or other entity who was then an existing or prospective customer, supplier or partner of the Company or its Affiliates.

(b) solicit or employ any person with whom the Company or its Affiliates maintain employment or consulting relation, or otherwise direct or cause any person to terminate his/her employment or consulting relationship with the Company or its Affiliates.

7.2 Non-Competition

(a) During the Restrictive Period set forth in Article 7.2(b) hereof, the Executive shall not, directly or indirectly, engage in any manner in any business that may compete with the business of the Company anywhere in the world, and without the prior written consent of the Company, the Executive shall not, directly or indirectly, anywhere in the world, own an interest in, manage, operate, join, control, lend money or render financial or other assistance to or participate in or be connected with, as an officer, employee, partner, stockholder, consultant or otherwise, any person that competes with the Company.

(b) In this Article 7.2, “Restricted Period” shall mean the Term of this Agreement and two (2) years after the expiration or early termination thereof.

(c) In the event that the Executive is in breach of the provisions of Article 7.2(a) hereof, the Restricted Period shall be extended by the length of the period of such breach.

(d) The Executive acknowledges that the compensation to be paid by the Company shall have contained any and all economic consideration for each and all obligations of the Executive under this Article 7.2.

7.3 Enforceability. Each covenant contained in this Article 7 constitutes an independent covenant, and if any covenant in unenforceable, other covenants shall continue to be valid and binding. In the event the term of any restriction or the territorial restriction contained in this Article 7 is finally determined by a competent court to have exceeded the maximum extent deemed reasonable and enforceable by such court, then this Agreement shall be amended as such to adopt the longest term or largest territory deemed by such court to be enforceable.

7.4 Independent Covenant. All covenants contained in this Article 7 shall be interpreted as a separate agreement independent of other provisions of this Agreement. Any lawsuit or claim brought by the Executive against the Company (whether by virtue of this Agreement or any other agreement) shall not constitute a defense against the enforcement of this Article 7 by the Company.

8. PROPRIETARY INFORMATION

8.1 The Executive agrees that during his/her employment with the Company and within two (2) years after termination of his/her employment with the Company, he/she will keep in strict confidence all Proprietary Information and, without the prior written consent of the Company, will not use or disclose to any individual, entity or company the Proprietary Information other than the use or disclosure for the purposes of performing his/her duties

and responsibilities and in favor of the Company to the extent necessary. “Proprietary Information” shall mean any proprietary, confidential or secret information disclosed to the Executive in connection with the Company, the business of the Company, or the parent, subsidiaries, Affiliates, customers or suppliers of the Company or their respective businesses, or any other party to which the Company has confidentiality obligation (the “Related Party”) or its business. Such Proprietary Information shall include, without limitation, trade secrets, manuals, hardware, students’ personal information, terms of business agreements and contracts, research materials, business strategies, personnel information, market information, technical materials, forecasts, promotion, financial and other business information of the Company or the Related Parties, no matter such information is directly or indirectly disclosed to the Executive in writing, orally, in the form of image or object or otherwise. The Executive understands that the Proprietary Information does not include any of the foregoing that has become known to the public.

9. INTELLECTUAL PROPERTY

9.1 Inventions Retained and Licensed. Exhibit B of this Agreement sets forth all inventions which were made by the Executive prior to his/her employment with the Company (collectively, the “Prior Inventions”), including all processes, inventions, technology, original works of authorship, developments, improvements, formulas, patents, discoveries, copyrights and trade secrets. Such Prior Inventions, which belong to the Executive and are related to the Company’s proposed business, products or research and development, are not assigned to the

Company hereunder. In case that there is no Prior Invention listed in Exhibit B hereof, the Executive hereby confirms that no Prior Invention exist. If in the course of his/her employment with the Company, the Executive incorporates into a Company product, process, machine or other project a Prior Invention owned by the Executive or in which the Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, sell and engage in other actions with respect to such Prior Invention as part of or in connection with such product, process or machine.

9.2 Assignment of Inventions. The Executive agrees that he/she will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, without further compensation, all his/her right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements or trade secrets, whether or not patentable or registrable under copyright or similar laws, which the Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time the Executive is in the employment of the Company and within twelve (12) months after the termination or expiration of the employment (collectively referred to as "Inventions"), except as provided in Article 9.3 below. The Executive further agrees that all patentable and copyrightable works which are made by the Executive (solely or jointly with others) within the scope of and during the period of his/her employment with the Company, are "works made for hire" and the Executive hereby assigns all proprietary rights, including patent and copyright, in these works to the Company without further compensation.

9.3 Unrelated Inventions. Inventions as referenced to in Article 9.2 hereof does not include inventions which the Executive can demonstrate to be developed entirely on his/her own time without using the Company's equipment, supplies, facilities or trade secret information (the "Unrelated Inventions"), unless those inventions that are either (i)

related at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company, or (ii) result from any work performed by Executive for the Company. The Executive agrees to disclose promptly to the Company all such Unrelated Inventions and to provide the Company or its assignee first rights of refusal to license such disclosed Unrelated Inventions within three months after his/her disclosure of such Unrelated Inventions based on commercially negotiated terms.

9.4 Maintenance of Records. The Executive agrees to keep and maintain adequate and current written records of all Inventions made by the Executive (solely or jointly with others) during the term of his/her employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

9.5 Patent and Copyright Registrations.

(a) The Executive agrees to assist the Company, or its designee, upon the instruction of the Company, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents or other intellectual property rights relating thereto.

(b) The Executive further agrees that his/her obligation to execute or cause to be executed any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of the Executive's mental or physical incapacity or for any other reason to secure his/her signature to apply for or to pursue any application for any domestic or foreign patents or copyright registrations covering Inventions assigned to the Company as above, then the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as his/her agent and attorney in fact, to act for and in his/her behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by the Executive.

10. INFORMATION OF PREVIOUS EMPLOYER

10.1 The Executive agrees that during his/her employment with the Company he/she will not inappropriately use or disclose any proprietary information or trade secrets owned by any previous employer of the Executive or any other individual or entity obtained prior to his/her employment with the Company, nor will he/she bring to the Company any such non-public document or proprietary information.

11. INFORMATION OF THIRD PARTIES

11.1 The Executive hereby acknowledges that the Company has received and may continue to receive from third parties confidential or proprietary information. The Executive agrees to keep in strict confidence all of such confidential or proprietary information in his/her possession and to refrain from using or disclosing to any individual, entity or company such confidential or proprietary information, except that such use or disclosure is in compliance with the agreement between the Company and such third party and is necessary for the performance of relevant work on behalf of the Company.

12. NO-CONFLICT

12.1 The Executive represents and warrants that the execution by the Executive of this Agreement, the employment with the Company, and the performance by the Executive of his/her duties and responsibilities pursuant to this Agreement will not breach any of his/her legal or contractual obligation to any prior employer of the Executive or any other parties, including, without limitation, any obligation in respect of proprietary or confidential information or intellectual property rights of such party.

13. FOREIGN CORRUPTION ACT

13.1 The Executive agrees to diligently adhere to the Foreign Corrupt Practices Act attached as Exhibit E hereof.

13.2 The Executive agrees and promises not to provide or offer any remuneration, gift, service or article of value to any government officials (including working stuff or employees of any government or administrative agencies, political parties or candidates) of any country for any reason. The Executive further agrees and promises that the Executive will not accept any remuneration in the form of cash or other tangible objects from any person in performing his/her duties under this Agreement other than the compensation specified in Article 3 of this Agreement. The Executive promises that all conducts of the Executive under this Agreement shall be in compliance with all relevant laws, regulations and administrative rules of the People's Republic of China at all times.

14. MISCELLANEOUS

14.1 Continuing Obligation. If the Executive is employed by any existing or future Affiliate of the Company at any time, or provides services to such Affiliate, or otherwise retained by such Affiliate, then the obligations under this Agreement shall continue to apply. Any reference to the Company shall include such Affiliate. In the event that this Agreement expires or terminates for any reason, the Executive shall immediately resign from any position at such Affiliate of the Company, unless otherwise required by the Company.

14.2 Notice to Employer. The Executive hereby authorizes the Company to notify the relevant provisions of this Agreement and the Executive's obligations under this Agreement to the actual or future employer of the Executive (including the Affiliate with which the Executive will work).

14.3 Right to Name and Image. The Executive hereby authorizes the Company to use, or authorize any other person to use, once or from time to time during his/her employment with the Company, the names, photos, images (including cartoons), voices and resume of

the Executive as well as photocopies and duplicates thereof in any media now known or developed in the future (including but not limited to movies, videos, digital or any other electronic media) for purposes as may be deemed appropriate by the Company.

14.4 Legal Fees. In any dispute arise from or in connection with this Agreement, the winning party shall be entitled to be reimbursed for reasonable legal fees.

14.5 Amendments, Extension and Waiver. This Agreement may not be amended, revised, extended or terminated unless by a written instrument executed by the Executive or a duly authorized representative of the Company (excluding the Executive). Any failure or delay to assert any right, remedy or power shall not be construed as a waiver of such right, remedy or power. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

14.6 Transfer; Successors and Assigns. The Executive agrees that he/she will not transfer, sell, assign or otherwise dispose of (whether voluntarily, involuntarily or by operation of law) any rights or interests under this Agreement, and the rights of the Executive shall not be subject to any security interest or creditors' claims. Any such transfer, assign or other disposal shall be invalid. Nothing contained in this Agreement shall prevent the Company from merging into or with any other company or selling all or substantially all of the assets of the Company, or transfer this Agreement or any obligation under this Agreement. In the event of any change in the ownership interest or the control of the Company, the provisions of this Agreement shall continue to apply and shall be binding upon any successors. Notwithstanding and subject to the foregoing, this Agreement shall be valid and binding upon, and inure to the benefit of, the successor, representative, heirs and permitted assigns of each party, and shall not vest in any other individual or entity any interest.

14.7 Notice. All notices or other communications under this Agreement shall be made in writing and delivered to the following addresses or any other addresses designated by each party in writing from time to time:

To the Company:

Address: 25F, Tower A, Ocean International Center,
No. 56 East Fourth Ring Road
Chaoyang District, Beijing 10025

To the Executive:

Address:
Fax:
Attention of:

Any notice shall be deemed to have been delivered:

(a) If by hand or courier, on the date of actual delivery;

(b) If by prepaid and registered mail, on the fourth business days after the date of dispatch; or

(c) If by fax, on the date on which the fax is transmitted (as evidenced by the confirmatory report with fax number, pages transmitted and date of transmission).

14.8 Severability; Enforceability. If all or any portion of any provision of this Agreement as applied to any person, to any place or to any circumstance shall be ruled by an arbitration commission or a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, the same shall in no way affect (to the maximum extent permissible by Law) that provision or the remaining portions of that provision as applied to any parties, places or circumstances or any other provisions of this Agreement or the validity or enforceability of this Agreement as a whole.

14.9 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the People's Republic of China.

14.10 Language. This Agreement is written and executed in English and Chinese.

14.11 Originals. This Agreement is executed by the parties in two originals. Each of the parties will hold one original, and the two originals shall be equally valid.

The Executive acknowledges that (a) he/she has consulted or has the opportunity to consult with independent counsel of his choice regarding this Agreement, and the Company has suggested that he do so and (b) he/she has read and understands this Agreement, fully understands its legal effect, and has entered into this Agreement voluntarily in his/her own judgment. The Executive hereby agrees that the obligations under Articles 7, 8 and 9 hereof and the definition of the Proprietary Information contained in those provisions shall also apply to the Proprietary Information relating to any work performed for the Company prior to the execution of this Agreement.

[Signatures Page to Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above.

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________
Name:
Title:

EXECUTIVE

By: ______________________
Name:

EXHIBIT A

Compensation

Part I. Base Salary

Part II. Bonus

EXHIBIT B

Prior Inventions

[To be provided by the Executive]

Exhibit 10.4

Exclusive Technical and Consulting Service Agreement

This Exclusive Technical and Consulting Service Agreement (**Agreement**), dated as of June 9, 2011, is made in Beijing by and between the following parties (**Parties**):

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Whereas:

1) Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**), and has extensive resources for providing technical and consulting services.

2) Party B is a limited liability company registered in China and engages in software development, research and development of Internet system platforms, and computer technology consulting services.

NOW THEREFORE, through friendly consultations and based on the principles of equality and mutual benefit, Party A and Party B agree as follows:

1. Technical and Consulting Services; Title and Exclusive Interests

1.1 During the term of this Agreement, Party A agrees to provide Party B with the technical and consulting services listed in Appendix I in accordance with the terms and conditions of this Agreement.

1.2 Party B hereby agrees to accept such technical and consulting services. Party B further agrees not to accept any technical and consulting service from any third party for the aforesaid business without the prior written consent of Party A during the term of this Agreement.

1.3 Party A shall be the sole and exclusive owner of all rights, titles, interests and intellectual property rights arising from the performance of this Agreement, including without limitation any copyright, patent, know-how and trade secret developed by Party A or Party B on the basis of Party A's intellectual property rights.

2. Calculation and Payment of Technical and Consulting Service Fees (Fees)

2.1 The Parties agree that the Fees payable to Party A for its provision of services to Party B under this Agreement (**Service Fee**) shall be equal to the amount of Party B's operating revenue for the then current quarter after the deduction of:

(1) working capital necessary for the maintaining of the daily operations of Party B; and (2) the amount of cash required for Party B's capital expenditures.

2.2 The Service Fee shall be paid on a quarterly basis at the end of each quarter. Within 20 days of the end of each quarter, Party B shall provide Party A with a statement on the Service Fee for that period. Subject to Article 2.3, Party A shall deliver a Service Fee payment notice on the basis of such statement and Party B shall pay the Service Fee within 10 days after receipt of such notice.

2.3 Party B shall permit Party A and/or one or more agent(s)designated by Party A to review, upon reasonable notice and at reasonable times during normal business hours, Party B's relevant books and records in order for the Service Fee to be verified. The Service Fee shall be subject to adjustments based on the results of such audit.

3. Representations and Warranties

3.1 Party A hereby represents and warrants that:

3.1.1 it is a company duly registered and validly existing under PRC law;

3.1.2 it is duly authorized to perform this Agreement within its authority and business scope, and has obtained all necessary corporate and government consents and approvals (if any). The performance of this Agreement does not violate any applicable law or contract binding on Party A.

3.1.3 This Agreement, once executed, will constitute a legal, valid and binding agreement of Party A enforceable against Party A in accordance with its terms.

3.2 Party B hereby represents and warrants that:

3.2.1 it is duly authorized to perform this Agreement within its authority and business scope, and has obtained all necessary corporate and government consents and approvals (if any). The performance of this Agreement does not violate any applicable law or contract binding on Party B.

3.2.2 This Agreement, once executed, will constitute a legal, valid and binding agreement of Party B enforceable against Party B in accordance with its terms.

4. Confidentiality

4.1 Party B shall protect and maintain the confidentiality of the confidential data and information it obtains from Party A hereunder (**Confidential Information**), and shall not disclose or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination or expiry of this Agreement, Party B shall, at Party A's request, return or destroy

any document, material or software which contains the aforesaid Confidential Information, delete the aforesaid Confidential Information from any memory device and cease to use such Confidential Information. Party B may disclose such Confidential Information only to its employees, agents or professional consultants who need to know such information, provided that it shall cause them to comply with the confidentiality obligations hereunder.

4.2 Article 4.1 shall not apply to:

4.2.1 any information that is already known to the public at the time of disclosure;

4.2.2 any information that becomes known to the public after the disclosure other than as a result of the fault of Party B;

4.2.3 any information that is proved to have been obtained before the disclosure from any party other than the Parties hereto; or

4.2.4 any information that is required to be disclosed according to any law or court order or the requirements of any stock exchange or any governmental or regulatory authority, provided that Party B shall, to the extent practicable, provide Party A with the draft of such disclosure and incorporate any revision as reasonably required by Party A.

4.3 The Parties agree that this Article shall survive any amendment, cancellation or termination of this Agreement.

5. Indemnity

5.1 If any Party hereto breaches this Agreement or any of its representations and warranties herein, the non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, any damages to the non-breaching Party and resume the performance of this Agreement within 10 days after its receipt of the notice. The breaching Party shall indemnify the non-breaching Party for any loss suffered by it.

5.2 Total damages payable by the breaching Party to the non-breaching Party shall be equal to the losses arising out of the breach of this Agreement, including the benefits the non-breaching Party would have received had this Agreement been performed, provided that they shall not exceed the Parties' reasonable expectations.

5.3 Where both Parties breach this Agreement, the Parties shall pay each other such indemnity as determined on the basis of their respective breaches.

6. Effective Date and Term

6.1 This Agreement shall become effective as of the date first written above.

6.2 This Agreement shall remain effective until the dissolution of Party A in accordance with PRC law unless it is terminated early according to the provisions herein or as agreed upon by the Parties.

7. Termination

7.1 Party B shall not terminate this Agreement early during the term hereof. Party A may terminate this Agreement at any time by 30 days prior written notice to Party B.

7.2 The Parties' rights and obligations under Article 4 and Article 5 shall survive any termination of this Agreement.

8. Governing Law and Dispute Resolution

8.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

8.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, either Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding on the Parties. This article shall survive the expiry or termination of this Agreement.

8.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

9. Force Majeure

9.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event**" means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Party of the same and shall further advise the other Party of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

9.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

10. Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Party either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518040
Attention: Xin Wen
Fax: 0755-8324100

Party B and Shareholders:
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518031
Attention: Xin Wen
Fax: 0755-8324100

11. Transfer

Party B may not transfer its rights or obligations hereunder to any third party without Party A's prior written consent. Party A may transfer its rights or obligations hereunder to any third party without Party B's consent but shall notify Party B of the same.

12. Severability

Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

13. Amendment and Supplement

13.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement with respect to the subject matter hereof and shall supersede all prior agreements, contracts, understandings and communications, either written or oral, between the

Parties with respect to the same. This Agreement shall amend and restate Exclusive Technical and Consulting Service Agreement dated October 23, 2008 by and between the Parties.

13.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed instrument of amendment or supplement shall be an integral part of this Agreement and shall have the same legal force and effect as this Agreement.

14. Further Assurance

Each Party shall, to the extent of its powers, execute all such instruments and do all such acts as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to the other Party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Appendix 1:

List of Technology and Consulting Services

Party A shall provide Party B with the following technology and consulting services:

1. Maintenance of computer rooms and websites;
2. Provision of technology platforms required for operations;
3. Provision and maintenance of office networks;
4. Conception, configuration, design, updating and maintenance of web pages;
5. Maintenance of customer service platforms;
6. Employee training;
7. Advertisements, publicity and promotions;
8. Provision of logistics support for product sales and services, including post-sale services;
9. Establishment and support of a stable sales network;
10. Public relations services; and
11. Other services agreed by the Parties.

Exhibit 10.5

Business Operation Agreement

This Business Operation Agreement (Agreement), dated as of June 9, 2011, is made in Beijing by and among the following parties:

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F(D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party C: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

Party D: Xin Wen
ID Card No.: 440301198004202314
Address: Room 9E, Building 4, Yijingyuan, Chaoyangmenwai Avenue, Chaoyang District, Beijing

Party E: Liang Zhang
ID Card No.: 610302197610292034,
Address: Room 717, Huaheng Plaza, No. 2 Xidan Hengertiao, Xicheng District, Beijing

Party F: Jun Liu
ID Card No.: 310109197206254418
Address: Room 1B, Unit 1, Building 8, Cuidieyuan, Landianchang, Haidian District, Beijing

(Individually a **Party** and collectively the **Parties**)

Whereas:

A. Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**);

B. Party B is a limited liability company registered in the PRC engaging in software development, network system platform research and development and computer technology consulting services;

C. Party A and Party B have established business cooperation ties through the entry into that certain Exclusive Technical and Consulting Service Agreement, pursuant to which Party B shall pay Party A a certain percentage of its gross operating income derived from its principal business for the exclusive

technical and consulting services received by it from Party A. Therefore, Party B's day-to-day operations will have a material effect on its ability to make such payment to Party A.

D. Party C, Party D, Party E and Party F are Party B's shareholders (**Shareholders**), holding 35%, 24%, 24% and 17% of Party B's equity interest respectively.

Now, therefore, the Parties, through friendly consultations and based on the principle of equality and mutual benefit, hereby agree as follows:

1. Negative Obligations

In order to guarantee the performance by Party B of the agreement entered into by and between Party A and Party B and all of Party B's obligations to Party A, Party B and its Shareholders hereby jointly acknowledge and agree that without prior written consent of Party A or its designee, Party B shall not engage in any transaction which may have a material effect on its assets, obligations, rights or business operations, including without limitation:

1.1 Any adoption of or modification to any business plan or budget;

1.2 Any undertaking of any business or entry into any transaction outside its normal business scope or beyond or in violation of Party B's business plan or budget;

1.3 Any entry into any loan or other debtor-creditor relationship with any third party or the making of any equity investment in any third party;

1.4 Any distribution of any profit, or any payment of any other amount, to the Shareholders;

1.5 Any appointment or removal of any director, supervisor or executive officer;

1.6 Any approval of or amendment to any share option plan or any arrangement in connection with Party B's equity;

1.7 Any sale or purchase of any asset or right to or from any third party;

1.8 Creation of guarantee or any other security on any of its assets in favor of any third party, or creation of any other obligation on any of its assets;

1.9 Entry into any transaction with any Shareholder or any of Party B's directors or executive officers;

1.10 Any amendment to Party B's articles of association, or any change to its business scope or registered capital, or any issuance of any securities;

1.11 Any division, merger, consolidation, dissolution or liquidation of Party B;

1.12 Any change to Party B's normal business operations or any amendment to any material management rules or policies;

1.13 Any replacing of its auditor; or

1.14 Any transfer of any of its rights and obligations hereunder to any third party.

2. Business Management and Human Resources Arrangement

2.1 Party B and its Shareholders hereby jointly agree to accept and stringently implement proposals put forward by Party A from time to time with respect to the employment and removal of Party B's employees, the day-to-day business management and financial management of Party B and the business development of Party B.

2.2 Party B and its Shareholders hereby jointly agree that the Shareholders shall only appoint Party A's designees as Party B's directors and supervisors and shall remove and replace such directors and supervisors at Party A's request in accordance with the procedures provided by laws and regulations and the articles of associations of Party B, shall cause such appointed directors to elect Party A's candidate as Party B's president and shall remove and replace such president at Party A's request. Further, Party B shall engage the candidates nominated by Party A to act as its general manager, chief financial officer and other executive officers, and shall remove and replace all of such executive officers at Party A's request.

2.3 For the purpose of this Article 2, the Shareholders shall take all necessary steps to appoint, remove, dismiss and replace the aforesaid persons.

2.4 The Shareholders hereby agree to execute the power of attorney in the form as set forth in Appendix 1 hereto concurrently with the execution of this Agreement. The Shareholders will, under such power of attorney, authorize Party A's designated person(s) to exercise their respective shareholder rights as well as all of their voting rights at Party B's general shareholders' meeting. Party B's Shareholders further agree to remove and replace the authorized persons appointed under the aforesaid power of attorney upon Party A's request at any time.

3. Other Agreements

3.1 The Shareholders jointly agree to pay or transfer to Party A, immediately and unconditionally, any bonus, dividend or any other income or benefit (in any form) obtained by them from Party B in their capacity as Party B's Shareholders.

3.2 The Shareholders severally and jointly undertake and warrant to Party A and Party B that all Shareholders shall act as a concert party with respect to the

rights or obligations to be exercised or performed by the Shareholders hereunder.

4. Confidentiality

4.1 Party B shall protect and maintain the confidentiality of the confidential data and information it obtains from Party A hereunder (**Confidential Information**) and shall not disclose or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination or expiry of this Agreement, Party B shall, at Party A's request, return or destroy any document, material or software which contains the aforesaid Confidential Information, delete the aforesaid Confidential Information from any memory device and cease to use such Confidential Information. Party B may disclose such Confidential Information only to its employees, agents or professional consultants who need to know such information, provided that it shall cause them to comply with the confidentiality obligations hereunder.

4.2 Article 4.1 shall not apply to:

4.2.1 any information that is already known to the public at the time of its disclosure;

4.2.2 any information that has become known to the public after the disclosure other than as a result of the fault of Party B;

4.2.3 any information that is proved to have been obtained before the disclosure from any party other than the Parties hereto; or

4.2.4 any information that is required to be disclosed according to any law or court order or the requirements of any stock exchange or any governmental or regulatory authority, provided that Party B shall, to the extent practicable, provide Party A with the draft of such disclosure and incorporate any revision as reasonably required by Party A.

4.3 The Parties agree that this Article shall survive any amendment, cancellation or termination of this Agreement.

5. Entire Agreement and Amendment

5.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement with respect to the subject matter hereof and shall supersede all prior agreements, contracts, understandings and communications, either written or oral, among the Parties with respect to the same. This Agreement shall amend and restate the Business Operation Agreement dated October 23, 2008 by and among the Parties.

5.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed

instrument of amendment or supplement shall be an integral part of this Agreement and shall have the same legal force and effect as this Agreement.

6. Breach of Agreement

6.1 If a Party breaches this Agreement or any of its representations and warranties herein, any non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, any damages to the non-breaching Party and resume the performance of this Agreement, within 10 days after its receipt of the notice.

6.2 If a Party breaches this Agreement and thereby causes any expense or liabilities or losses (including without limitation loss in profits) to any of the other Parties, the breaching Party shall indemnify such non-breaching Party(ies) for such expenses, liabilities or losses (including without limitation any loss of rights as a result of such breach and any attorney's fees). The amount of damages shall be equal to the losses incurred as a result of such breach. The damages shall cover all of the rights the non-breaching Party(ies) would have been entitled to had this Agreement been performed, provided that they shall not exceed the reasonable expectations of the Parties.

6.3 Where all the Parties breach this Agreement, the amount of damages shall be determined according to the severity of each Party's breach.

6.4 Notwithstanding any other provision hereof, Party A shall have the right to enforce its rights hereunder, and the other Parties acknowledge and agree that monetary damages will not be adequate to indemnify Party A for the losses suffered by it as a result of any breach by any of the other Parties of their obligations hereunder.

7. Force Majeure

7.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event**" means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Parties of the same and shall further advise the other Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

7.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to

perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

8. Governing Law and Dispute Resolution

8.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

8.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding on the Parties. This article shall survive the expiry or termination of this Agreement.

8.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

9. Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518040

Attention: Xin Wen
Fax: 0755-8324100

Party B and Shareholders:
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518031
Attention: Xin Wen
Fax: 0755-8324100

10. Miscellaneous

10.1 Any written consent, proposal, appointment or other decision in connection with this Agreement which has a material effect on Party B's day-to-day business operations shall be subject to the approval of Party A's board of directors.

10.2 This Agreement shall become effective upon the execution by each of the Parties' duly authorized representatives and the provisions hereof shall remain effective until Party A is dissolved in accordance with PRC law.

10.3 Party B and its Shareholders shall not terminate this Agreement during the effective term hereof. Party A shall have the right to terminate this Agreement at any time by sending a written notice 30 days in advance to Party B and its Shareholders.

10.4 Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

10.5 Any failure to exercise any right, power or privilege hereunder shall not be deemed a waiver thereof. Any single or partial exercise of such right, power or privilege shall not preclude any exercise by a Party of any other right, power or privilege.

10.6 Party B and its Shareholders agree that Party A may transfer its rights and obligations hereunder to any third party upon notice to Party B and its Shareholders. Party B and its Shareholders may not transfer any of their rights and obligations hereunder without Party A's prior written consent.

10.7 Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Shareholders, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to any other Party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party C: Quji Guo

Signature: /s/Quji Guo

Party D: Xin Wen

Signature: /s/Xin Wen

Party E: Liang Zhang

Signature: /s/Liang Zhang

Party F: Jun Liu

Signature: /s/Jun Liu

Appendix 1

Form Power of Attorney

The undersigned, [***please insert name and ID no.***], a citizen of the People's Republic of China, hereby authorizes [the proxy's name] or its designee to exercise all the voting rights that he/she has as a shareholder of Shenzhen Lanting Huitong Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall expire on the earlier of: (i) the tenth anniversary of the execution date of this Power of Attorney and (ii) the termination date of the Business Operation Agreement to which Lanting Jishi Trade (Shenzhen) Co., Ltd. and Shenzhen Lanting Huitong Technologies Co., Ltd. are both a contracting party. This Power of Attorney shall supersede the power of attorney executed by the undersigned on October 23, 2008.

By: ______________________________
[ ]
Date:

Equity Disposal Agreement

This Equity Disposal Agreement (**Agreement**), dated as of June 9, 2011, is made in Beijing by and among the following parties (**Parties**):

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Shenzhen Lanting Huitong & Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party C: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

Party D: Xin Wen
ID Card No.: 440301198004202314
Address: Room 9E, Building 4, Yijingyuan, Chaoyangmenwai Avenue, Chaoyang District, Beijing

Party E: Liang Zhang
ID Card No.: 610302197610292034
Address: Room 717, Huaheng Plaza, No. 2 Xidan Hengertiao, Xicheng District, Beijing

Party F: Jun Liu
ID Card No.: 310109197206254418
Address: Room 1B, Unit 1, Building 8, Cuidieyuan, Landianchang, Haidian District, Beijing

(Individually a **Party** and collectively the **Parties**)

WHEREAS:

A. Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**);

B. Party B is a limited liability company registered in the PRC engaging in software development, network system platform research and development and computer technology consulting services;

C. Party C, Party D, Party E and Party F are Party B's shareholders (**Grantors** or **Shareholders**), holding 35%, 24%, 24% and 17% of Party B's equity interest, respectively.

Now, therefore, the Parties, through friendly consultations and based on the principles of equality and mutual benefit, hereby agree as follows:

1. Granting of the Option

1.1 Granting

The Grantor hereby grants to Party A an option (**Option**) such that Party A may purchase at any time either in one lump sum or in installments the Equity Interest owned by each Grantor in Party B (**Equity Interest**). Party A or its third party designee may exercise the Option by paying a purchase price which shall be equal to the minimum amount as then permitted by PRC law (**Purchase Price**). If Party A exercises the Option to purchase only part of the Equity Interest (including but not limited to purchase of Party B's Equity Interest from part of the Grantors only or purchase of only part of Party B's Equity Interest from the Grantors), then the Purchase Price for said Equity Interest shall be equal to the total Purchase Price multiplied by the ratio of the Equity Interest subject to transfer relative to the total Equity Interest.

1.2 Term

This Agreement shall become effective upon execution of the Parties hereto and shall remain in full force until the completion of purchase by Party A or its third party designee of all Equity Interest held by the Grantors in Party B in accordance with PRC law.

2. Exercise and Closing of the Option

2.1 Exercise Time

2.1.1 The Grantors unanimously agree that, if and when permitted by PRC laws and regulations, Party A may exercise all or part of the Option at any time during the term of this Agreement.

2.1.2 The Grantors unanimously agree not to restrict the number of times Party A may exercise the Option until Party A or its third party designee has completed the purchase of all of the Equity Interest of Party B.

2.1.3 The Grantors unanimously agree that Party A may, upon issuance of written notice to the Grantors, designate in its discretion any third party to exercise the Option on its behalf.

2.2 Payment of the Purchase Price

Each of the Grantors hereby acknowledges and agrees that it has received consideration for the purchase and sale of the Equity Interest held by it in Party B in accordance with each agreement entered into between the Grantor and Party A or its affiliate and that the value of such consideration is equal to the Purchase Price. Each Grantor therefore agrees to report to Party B any

amount payable by Party A to any Grantor in connection with its exercise of the rights hereunder.

2.3 Assignment

The Grantors unanimously agree that Party A may, upon issuance of written notice to them, assign to any third party its rights and obligations hereunder. Without the written consent of Party A, the Grantors may not assign their rights and obligations hereunder.

2.4 Notice requirements

Each time Party A exercises the Option, it shall serve a written notice (**Notice of Exercise**) on the Grantors specifying:

2.4.1 the name of transferee that will purchase the Equity Interest from each Grantor;

2.4.2 the amount of the Equity Interest to be purchased from each Grantor; and

2.4.3 the power of attorney (if any) by which Party A designates a third party to exercise the Option.

The Grantors unanimously agree that Party A shall be entitled to exercise the Option and to select such third party as may be designated by it from time to time as the transferee of the Equity Interest.

Upon service of the Notice of Exercise, the Equity Interest transfer effected in accordance with such Notice of Exercise shall become immediately effective as to the Parties. Within 3 working days after service of the Notice of Exercise, always in accordance with the Notice of Exercise and this Agreement, the Grantors shall execute and deliver to Party A, and shall cause Party B to execute and deliver to Party A, the equity transfer agreement in the form as set forth in the appendix hereto, as well as any other documents necessary or advisable for the effectiveness of the Equity Interest transfer (including but not limited to the written statements by each Grantor waiving any right of first refusal to purchase each other's Equity Interest subject to transfer and any other documents required to be submitted to the relevant industry and commerce administration or competent telecommunications authority or other local authorities). On the execution date hereof, the Grantor shall, as requested by Party A from time to time, deliver to Party A an original copy of the duly executed (but undated) equity transfer agreement, the written statement issued by each Grantor waiving any right of first refusal to purchase each other's Equity Interest subject to transfer and other documents as referenced in the foregoing sentence.

2.5 Closing

The Grantor shall offer Party A and Party B all such assistance as is necessary

and appropriate for the effectiveness of the Equity Interest transfer, including but not limited to the obtaining of approvals (if required) for said transfer from the competent telecommunications authority or other local authorities and the completion of the Equity Interest change registration with the relevant industry and commerce administration.

3. Representations and Warranties

3.1 The Grantor hereby represents, warrants and undertakes to Party A as follows:

3.1.1 It has full power and authority to enter into and perform this Agreement;

3.1.2 The performance of the obligations hereunder neither violates any applicable law, regulation or contract nor requires any governmental authorization or approval;

3.1.3 There is no pending litigation, arbitration or other legal or administrative procedures that to its knowledge may have a material adverse effect on the performance of this Agreement.

3.1.4 The Grantor will not create any pledge, debt or other third party rights on the Party B's Equity Interest, or dispose of the same by transfer, gift, pledge or otherwise to any third party.

3.1.5 No pledge, debt or other third party rights exists on the Equity Interest of Party B.

3.1.6 The option granted to Party A is exclusive. The Grantor shall not, in any manner, grant to other parties any other option or similar rights or rights that will have an adverse effect on the Option as contemplated hereunder.

3.2 Undertaking

Considering that Party A or its third party designee will report to Party B all of the amounts received in respect of the Option, Party B hereby undertakes to Party A that it will bear all expenses arising out of the execution of all such documents and the completion of all such formalities and the execution of all such other documents as may be necessary in order for Party A or its third party designee to become shareholders of Party B pursuant to the exercise of the Option; and that it will complete all such procedures as may be necessary in order for Party A or its designee to fully and officially become shareholders of Party B, including without limitation assistance to Party A in connection with the obtaining of approvals (if any) for the Equity Interest transfer from relevant government departments and submission to the relevant industry and commerce administration of all documents required for amendment to the articles of association, shareholders change registration and other relevant changes.

The Grantors jointly and severally covenant and undertake to Party A and Party B that unless otherwise required by Party A in writing, all of the Grantors shall act as a concerted party in respect of the rights or obligations to be exercised or performed by the Grantors hereunder.

4. Tax

Party B shall bear all taxes incurred in connection with the performance of this Agreement.

5. Breach of Agreement

5.1 If any Party breaches this Agreement or any of its representations and warrants herein, any non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, damages to the non-breaching Party and resume the performance of this Agreement, within 10 days after receipt of the notice.

5.2 If a Party breaches this Agreement and thereby causes any expense or liabilities or losses (including without limitation loss in profits) to any of the other Parties, the breaching Party shall indemnify the non-breaching Party for such expenses, liabilities or losses (including without limitation any loss of rights as a result of such breach and any attorney's fees). The amount of damages shall be equal to the losses incurred as a result of such breach. The damages shall cover all of the rights the non-breaching Party(ies) would have been entitled to had this Agreement been performed, provided that they shall not exceed the reasonable expectations of the Parties.

5.3 Where all the Parties breach this Agreement, the amount of damages shall be determined according to the severity of each Party's breach.

5.4 Notwithstanding any other provision hereof, Party A shall have the right to enforce its rights hereunder, and the other Parties acknowledge and agree that monetary damages will not be adequate to indemnify Party A for the losses suffered by it as a result of any breach by any of the other Parties of their obligations hereunder.

6. Force Majeure

6.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event**" means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Parties of the same and shall further advise the other

Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

6.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

7. Governing Law and Dispute Resolution

7.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

7.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding upon the Parties. This article shall survive the expiry or termination of this Agreement.

7.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

8. Miscellaneous

8.1 Entire Agreement

8.1.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement with respect to the subject matter hereunder and shall supersede all prior agreements, contracts, understandings and communications, whether written or oral, among the Parties with respect to the same. This Agreement shall amend and restate the Business Operation Agreement dated 23 October 2008 by and among the Parties.

8.1.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed instrument of amendment or supplement shall be an integral part of this Agreement and shall have the same legal force and effect as this Agreement.

8.1.3 Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this

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Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

8.2 Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518040
Attention: Xin Wen
Fax: 0755-8324100

Party B and Shareholders:
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518031
Attention: Xin Wen
Fax: 0755-8324100

8.3 Further Assurance

Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Shareholders, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to any other Party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

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(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party C: Quji Guo

Signature: /s/Quji Guo

Party D: Xin Wen

Signature: /s/Xin Wen

Party E: Liang Zhang

Signature: /s/Liang Zhang

Party F: Jun Liu

Signature: /s/Jun Liu

Appendix:

Equity Transfer Agreement

This Equity Transfer Agreement (**Agreement**) is made on in by and between:

Transferor:

Transferee:

Whereas:

1. Shenzhen Lanting Huitong Technologies Co., Ltd. is a limited liability company registered in the PRC engaging in software development, network system platform research and development and computer technology consulting services.

2. The transferor is , and holds % of Equity Interest in the company.

3. The transferee is .

4. The transferor agrees to transfer certain Equity Interest it holds in the company to the transferee and the transferee agrees to accept such transfer.

It is hereby agreed as follows:

1. The transferor agrees to transfer % Equity Interest it holds in the company to the transferee.

2. The transfer price shall be RMB .

3. The Agreement shall become effective and binding upon both parties upon execution.

Transferor:

(Signature): ______________________________

Transferee:

(Signature): ______________________________

Waiver of Right of First Refusal

We, Quji Guo, Xin Wen, Liang Zhang and Jun Liu, shareholders of Shenzhen Lanting Huitong Technologies Co., Ltd., hereby state that when any of the shareholders of the company transfers part or all of the Equity Interest it holds in the company, all of the other shareholders shall waive their rights of first refusal to purchase such Equity Interest transferred by said shareholder and shall agree to execute legal instruments necessary for the completion of the Equity transfer procedures with the relevant industry and commerce administration.

This statement shall be irrevocable.

Quji Quo
Signature: /s/Quji Guo

Xin Wen
Signature: /s/Xin Wen

Liang Zhang
Signature: /s/Liang Zhang

Jun Liu
Signature: /s/Jun Liu

Date : June 9, 2011

Exhibit 10.7

Share Pledge Agreement

This Share Pledge Agreement (**Agreement**), dated as of June 9, 2011, is made in Beijing by and among the following parties:

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party C: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

Party D: Xin Wen
ID Card No.: 440301198004202314
Address: Room 9E, Building 4, Yijingyuan, Chaoyangmenwai Avenue, Chaoyang District, Beijing

Party E: Liang Zhang
ID Card No.: 610302197610292034
Address: Room 717, Huaheng Plaza, No. 2 Xidan Hengertiao, Xicheng District, Beijing

Party F: Jun Liu
ID Card No.: 310109197206254418
Address: Room 1B, Unit 1, Building 8, Cuidieyuan, Landianchang, Haidian District, Beijing

(Individually a **Party** and collectively the **Parties**)

Whereas:

A. Party A (Pledgee) is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**);

B. Party B is a limited liability company registered in the PRC engaging in software development, network system platform research and development and computer technology consulting services;

C. Party C, Party D, Party E and Party F (Pledgors) are the shareholders of Party B, holding 35%, 24%, 24% and 17% of the equity interest in Party B respectively.

D. The Pledgors wish to pledge all of the Equity Interest held by them in Party B to the Pledgee on a joint and several basis as security for the performance of their obligations under the Restructuring Agreements (as defined below).

NOW, THEREFORE, upon friendly consultations and based on the principles of equality and mutual benefit, the Parties agree as follows:

1. Definitions

Unless otherwise provided herein, the following terms shall have the meanings set forth below:

1.1 "Pledge" means a first priority continuing security interest created over the Equity Interest pursuant to *the Guarantee Law of the People's Republic of China* and the terms and conditions hereof.

1.2 "Equity Interest" means the 100% Equity Interest held by the Pledgors in Party B as well as all rights and interests existing in the Equity Interest currently or in the future, including any and all proceeds from the conversion, auction or sale of the foregoing Equity Interest.

1.3 "Restructuring Agreements" means the Equity Disposal Agreement dated 9 June 2011 by and among relevant parties thereto, the Exclusive Technical and Consulting Service Agreement dated 9 June 2011 by and between Party A and Party B and the Business Operation Agreement dated 9 June 2011 by and among relevant parties thereto.

2. Pledge

2.1 The Pledgors hereby pledge all the Equity Interest to the Pledgee as security for the full and timely performance by the Pledgors and Party B of their respective obligations under the Restructuring Agreements.

2.2 The obligations secured by the Pledge shall include the compliance with all undertakings, warranties and covenants, all costs, expenses and debts payable by Party B or the Pledgors under the Restructuring Agreements, and any civil liabilities to be assumed by Party B or the Pledgor in the event

of invalidity or partial invalidity of all or part of the Restructuring Agreements for whatever reason.

2.3 Unless otherwise agreed to by Party A in writing after the execution of this Agreement, the Pledge may not be released unless and until Party B and the Pledgors have performed their obligations and duties under the Restructuring Agreements and Party A has confirmed such release of the Pledge in writing. If Party B or the Pledgors fail to fully perform their obligations and duties under the Restructuring Agreements at the expiry of the term thereof, Party A shall maintain the Pledge hereunder in full force and effect until the performance of all such obligations and duties.

2.4 The Pledge under this Agreement shall be recorded in Party B's shareholders register in the form attached as Appendix 1 hereto.

3. Effectiveness

3.1 This Agreement shall be effective as of the date of execution hereof.

3.2 The Pledgors and the Pledgee shall register the Pledge hereunder with the relevant administration for industry and commerce pursuant to the *Property Law of the People's Republic of China*, the *Measures on Registration of Equity Pledge by the Administration for Industry and Commerce* and other relevant laws and regulations.

4. Warranties and Representations of the Pledgors

The Pledgors hereby make the following representations, warranties and undertakings to the Pledgee and acknowledge that Party A has relied upon such representations, warranties and undertakings in executing this Agreement:

4.1 The Pledgors lawfully possess the ownership of, and have the right to pledge, the Equity Interest hereunder.

4.2 The Equity Interest constitutes all of the registered capital of Party B as may exist from time to time.

4.3 Other than the Pledge hereunder, the Equity Interest held by the Pledgors is, and during the term of this Agreement will remain, free of any other encumbrance (including without limitation any pledge).

4.4 The enjoyment and exercise by Party A of its rights hereunder shall not require any consent or approval from any third party.

4.5 Party A has the right to dispose of the Equity Interest in accordance with law and pursuant to this Agreement.

4.6 The execution and performance by the Pledgors and Party B of this Agreement have obtained all necessary authorizations and are not in contravention of any relevant laws or regulations. The representative executing this Agreement on behalf of Party B has been legally and validly authorized to that effect.

4.7 As of the date of execution hereof, there are no threatened or pending civil, administrative or criminal proceedings, administrative penalty or arbitration in relation to the Equity Interest.

4.8 As of the date of execution hereof, the Equity Interest hereunder is not involved in any unpaid taxes or pending legal proceedings.

4.9 Each provision of this Agreement reflects the true intent of each party and is binding on each party.

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5. Undertakings of the Pledgors

5.1 The Pledgors undertake to Party A that during the term of this Agreement:

5.2 Without prior written consent of the Pledgee, the Pledgors will not assign or transfer the Equity Interest to any third party, nor will the Pledgors create or allow to be created any other security interest or encumbrance over the Equity Interest, or take any action that may have any adverse effect on the rights or interests of the Pledgee, other than any transfer of the Equity Interest to the Pledgee or its designee at the request of the Pledgee;

5.3 The Pledgors will comply with all laws and regulations relating to the Pledge, will deliver any relevant notices, orders or recommendations to Party A within five days of receipt of the same from relevant authorities, and will take actions as reasonably directed by Party A;

5.4 The Pledgors shall forthwith notify Party A of any event that affects the Pledgors' Equity Interest, Pledge or any part thereof or any relevant notices received in respect thereof, as well as any event that affects the Pledgors' undertakings and obligations hereunder or any relevant notices received in respect thereof, and shall take actions as reasonably directed by Party A.

5.5 The Pledgors agree that Party A's right to enforce the Pledge in accordance with this Agreement shall not be delayed or hindered by the Pledgors, any of Pledgors' successors or assignees or any other person. The Pledgors shall defend any claims and demands asserted by any third party in respect of the Pledgors' rights, title, liens and security interests.

5.6 In order to protect or perfect the security created hereunder, the Pledgors undertake to Party A that the Pledgors shall in good faith execute all title certificates and contracts and/or take all actions as may be requested by the Pledgee, and shall cause other interested parties to execute all title certificates and contracts and/or take all actions as may be requested by the Pledgee such that the Pledgee may exercise the rights and authorities granted by the Pledge hereunder. The Pledgor shall also execute all documents naming the Pledgee as the beneficiary in connection with the changes to the Equity Interest certificate(s), and shall on the date of execution hereof provide the Pledgee with all such documents as the Pledgee deems necessary, and shall after the date of execution hereof provide, at the request of the Pledgee from time to time, the Pledgee with all such documents as the Pledgee deems necessary.

5.7 The Pledgors warrant to Party A that the pledgors will comply with and satisfy all security, guarantee, agreements, representations and conditions as may exist in favor of the Pledgee. If the Pledgors fail to comply with or satisfy, or fail to fully comply with or satisfy, their security, guarantee, agreements, representations and conditions, the Pledgors shall indemnify Party A for any losses sustained by Party A as a result thereof.

5.8 The Pledgors undertake and warrant to the Pledgee that unless otherwise requested by the Pledgee in writing, all the Pledgors shall act as a concert

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party with respect to any rights or obligations to be exercised or performed by the Pledgors hereunder.

6. Events of Default

6.1 Any of the following events shall be deemed an event of default:

6.1.1 If Party B or the Pledgors are in breach of any of their undertakings, covenants or warranties, or fail to pay in full any costs, expenses or debts due and payable under the Restructuring Agreements.

6.1.2 If the Pledgors are in breach of any provision of this Agreement (including the representations and warranties under Article 4);

6.1.3 If the Pledgors fail to exercise any rights incidental to the Equity Interest pledged hereunder, or transfer such Equity Interest to any third party without prior written consent of the Pledgee;

6.1.4 If any loan, debt, security, indemnity, undertaking or any other liability to which the Pledgors are party or which are binding on the Pledgors (1) is required to be paid or satisfied prior to its original scheduled date, or (2) becomes due and payable or requires to be satisfied but is not paid or satisfied at the scheduled time, as a result of which the Pledgee believes that the Pledgors' ability to perform such obligations has been compromised.

6.1.5 If any Restructuring Agreement becomes illegal due to the promulgation of any relevant laws, or the Pledgors are unable to continue to perform any obligations under any Restructuring Agreement;

6.1.6 If any approval, permit, license or authorization obtained from relevant government authorities requisite for the performance of any Restructuring Agreement or the effectiveness or continuing validity of any Restructuring Agreement has been cancelled, suspended, voided or substantially modified;

6.1.7 If the properties of the Pledgors suffer any adverse change, as a result of which Party A believes that the Pledgors' ability to perform their obligations under this Agreement or the Restructuring Agreement has been adversely affected;

6.1.8 If Party B ceases its operation, is dissolved or is ordered to cease its operation, or is threatened with dissolution or bankruptcy;

6.1.9 If any Pledgor and/or Party B are/is involved in any dispute, lawsuit, arbitration, administrative proceeding or any other legal proceeding or governmental inquiry, action or investigation, as a result of which the Pledgee reasonably believes that: (i) any Pledgor's ability to perform the obligations under this Agreement or any Restructuring

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Agreement has been materially and adversely affected thereby, or (ii) the Company's ability to perform its obligations under any Restructuring Agreement has been materially and adversely affected;

6.1.10 Any other circumstance which results in or may result in the Pledgee's inability to enforce the Pledge pursuant to relevant laws; or

6.1.11 Any other circumstance as a result of which the Equity Interest is permitted to be disposed of under relevant laws and regulations.

6.2 If the Pledgors know or become aware of the occurrence of any event under Article 6.1, or if any circumstance that may give rise to such events has occurred or is occurring, the Pledgors shall forthwith notify Party A in writing.

6.3 Unless any Event of Default under Article 6.1 has been resolved to the satisfaction of Party A, Party A may at any time by serving a default notice (Default Notice) on the Pledgors exercise its right to dispose of the Equity Interest during or after the occurrence of the Event of Default.

7. Exercise of Pledge

7.1 Upon service of the Default Notice, the Pledgee shall have the right to dispose, subject to relevant laws and regulations, of the Equity Interest through one or more of methods set out below:

7.1.1 To purchase the Equity Interest at an agreed price;

7.1.2 To sell the Equity Interest through auction or private sale; or

7.1.3 Any other method permitted by relevant laws and regulations.

7.2 The Pledgors hereby unconditionally and irrevocably constitute and appoint the Pledgee as their formal and lawful attorney-in-fact to take the following actions in the name of or otherwise on behalf of Pledgors upon and during the occurrence of the event set forth in Article 6.1: (a) to execute all certificates or take all actions which should have been executed or taken by the Pledgors under this Agreement but which were not executed or taken, or execute all such certificates or take all such actions as may be necessary to give effect to the purpose and intent of this

Agreement, (b) to take any and all actions which in the discretionary and reasonable judgment of the Pledgee or any of its representative(s) or counsel(s) are necessary or required for the maintenance, preservation or protection of the security created under this Agreement or the Pledgee's rights, remedies, powers or privileges under this Agreement, (c) to generally exercise in the name of the Pledgors any and all power, authority and decision rights granted to or conferred upon the Pledgee by this Agreement, and without prejudice to the generality of the foregoing, to execute, deliver or otherwise perfect any deed, certificate, agreement, instrument or action which in the opinion of the Pledgee is appropriate for the exercise of the foregoing power, authority or decision rights. The Pledgors hereby agree and acknowledge all lawful actions required or proposed to be taken by the

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Pledgee or any of its representative(s) or counsel(s) when exercising the power of attorney granted to the Pledgee under this Article 7.2, and this grant of authority relating to the security shall be irrevocable.

7.3 Prior to full performance of all of the obligations of the Pledgors and Party B under the Restructuring Agreements and full payment of all amounts payable to Party A thereunder, Party A shall have priority in receiving the value assessment fee collected in accordance with legal procedures or the auction or sale proceeds of all of part of the Equity Interest.

7.4 Upon disposal by the Pledgee of the Equity Interest, the Pledgors shall forthwith execute all documents necessary or required for the disposal of the Equity Interest pursuant to this Article 7 and take any necessary or required actions, and shall cause Party B to execute all relevant documents and take all relevant actions. Without prejudice to the generality of the foregoing, the Pledgors shall use their best efforts to complete or assist the Pledgee in completing all approval procedures or registration formalities as may be required to be completed with any government authorities in connection with the disposal of the Equity Interest (including the competent authority for the telecommunication industry and relevant industry and commerce administration).

8. Transfer

8.1 The Pledgors may not transfer any rights or obligations under this Agreement to any third party without prior consent of the Pledgee.

8.2 This Agreement shall be binding on the Pledgors or their successors, and shall inure to the benefit of Party A and its successors and assignees.

8.3 Party A may at any time transfer any and all of its rights and obligations under this Agreement to any person by written notice to the Pledgors.

9. Costs and Expenses

The Pledgors shall pay all relevant costs and out-of-pocket expenses arising in connection with this Agreement, including without limitation attorney's fees, expenses relating to the drafting and execution of this Agreement, stamp duty and any other taxes and charges.

10. Force Majeure

10.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event**" means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A

Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Parties of the same and shall further advise the other Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

10.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall be exempted from any liabilities for the delay or impediment in its performance of obligations hereunder as a result of the Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

11. Governing Law and Dispute Resolution

11.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

11.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding on the Parties. This article shall survive the expiry or termination of this Agreement.

11.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

12. Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Attention: Xin Wen
Fax: 0755-8324100

Party B and the Pledgors:
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen

Attention: Xin Wen
Fax: 0755-8324100

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13. Waiver

Any failure or delay on the part of the Pledgee to exercise any right, remedy, power or privilege hereunder shall not be deemed a waiver thereof. Any single or partial exercise of such right, remedy, power or privilege shall not exclude the exercise by a party of any other right, remedy, power or privilege. The rights, remedies, powers and privileges hereunder are cumulative and shall not prejudice the performance of any other rights, remedies, powers or privileges under the relevant laws.

14. Miscellaneous

14.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement in respect of the subject matter hereof and shall supersede all prior agreements, contracts, understandings and communications, either written or oral, among the Parties with respect to the same. This Agreement shall amend and restate the Share Pledge Agreement dated October 23, 2008 by and among the Parties.

14.2 Any amendment, modification or supplement to this Agreement shall be in writing and shall become effective only after it has been executed and affixed with seals by all the Parties hereto.

14.3 Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

14.4 Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Pledgee, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to the Pledgee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

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(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party C: Quji Guo

By: /s/Quji Guo

Party D: Xin Wen

By: /s/Xin Wen

Party E: Liang Zhang

By: /s/Liang Zhang

Party F: Jun Liu

By: /s/Jun Liu

Power of Attorney

The undersigned, Quji Guo, a PRC citizen with identity card number 510105197509100012, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all voting rights that he has as a shareholder of Shenzhen Lanting Huitong Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the company. This Power of Attorney shall supersede the power of attorney executed by the undersigned on June 9, 2011.

By: Quji Guo /s/ Quji Guo
Date: July 26, 2011

Power of Attorney

The undersigned, Xin Wen, a PRC citizen with identity card number 440301198004202314, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all the voting rights that he has as a shareholder of Shenzhen Lanting Huitong Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the company. This Power of Attorney shall supersede the power of attorney executed by the undersigned on June 9, 2011.

By: Xin Wen /s/ Xin Wen
Date: July 26, 2011

Power of Attorney

The undersigned, Liang Zhang, a PRC citizen with identity card number 610302197610292034, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all the voting rights that he has as a shareholder of Shenzhen Lanting Huitong Technologie Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the shareholders' general meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the company. This Power of Attorney shall supersede the power of attorney executed by the undersigned on June 9, 2011.

By: Liang Zhang /s/ Liang Zhang
Date: July 26, 2011

Power of Attorney

The undersigned, Jun Liu, a PRC citizen with identity card number 310109197206254418, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all the voting rights that he has as a shareholder of Shenzhen Lanting Huitong Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the company. This Power of Attorney shall supersede the power of attorney executed by the undersigned on June 9, 2011.

By: Jun Liu /s/ Jun Liu

Date: July 26, 2011

Exhibit 10.9

SPOUSAL CONSENT
[illegible]

I, Yang YU, am the lawful spouse of Liang ZHANG. I hereby acknowledge fully and consent unconditionally and irrevocably that a certain percentage of the equity interest in Shenzhen Lanting Huitong Technology Ltd. that is held by and registered in the name of my spouse shall be disposed of pursuant to the arrangements under the Equity Disposal Agreement and the Share Pledge Agreement, which were executed by my spouse on June 9, 2011.

[illegible]2011[illegible]6[illegible]9[illegible]

I further undertake not to take any action against the above arrangements, including making any claim that such equity interest constitutes my property or community property between myself and my spouse or any relevant rights or interests in connection with such equity interest.

[illegible]

/s/Yang Yu
[illegible] / Yang YU

[illegible]/Date: June 9, 2011

SPOUSAL CONSENT
[illegible]

I, Wen XU, am the lawful spouse of Jun LIU. I hereby acknowledge fully and consent unconditionally and irrevocably that a certain percentage of the equity interest in Shenzhen Lanting Huitong Technology Ltd. that is held by and registered in the name of my spouse shall be disposed of pursuant to the arrangements under the Equity Disposal Agreement and the Share Pledge Agreement, which were executed by my spouse on June 9, 2011.

[illegible]2011[illegible]6[illegible]9[illegible]

I further undertake not to take any action against the above arrangements, including making any claim that such equity interest constitutes my property or community property between myself and my spouse or any relevant rights or interests in connection with such equity interest.

[illegible]

/s/Wen Xu
[illegible] / Wen XU

[illegible]/Date: June 9, 2011

Exhibit 10.10

Exclusive Technical and Consulting Service Agreement

This Exclusive Technical and Consulting Service Agreement (**Agreement**), dated as of December 7, 2011, is made in Beijing by and between the following parties (**Parties**):

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd.
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Legal Representative: Ping Zhou

Whereas:

1) Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**), and has extensive resources for providing technical and consulting services.

2) Party B is a limited liability company registered in China and engages in software development, computer system development and economic and trade consulting services.

NOW THEREFORE, through friendly consultations and based on the principles of equality and mutual benefit, Party A and Party B agree as follows:

1. Technical and Consulting Services; Title and Exclusive Interests

1.1 During the term of this Agreement, Party A agrees to provide Party B with the technical and consulting services listed in Appendix I in accordance with the terms and conditions of the Agreement.

1.2 Party B hereby agrees to accept such technical and consulting services. Party B further agrees not to accept any technical and consulting service from any third party for the aforesaid business without the prior written consent of Party A during the term of this Agreement.

1.3 Party A shall be the sole and exclusive owner of all rights, titles, interests and intellectual property rights arising from the performance of this Agreement, including without limitation any copyright, patent, know-how and trade secret developed by Party A or Party B on the basis of Party A's intellectual property rights.

2. Calculation and Payment of Technical and Consulting Service Fees (Fees)

2.1 The Parties agree that the Fees payable to Party A for its provision of services to Party B under this Agreement (**Service Fee**) shall be equal to the amount of Party B's operating revenue for the then current quarter after the deduction of: (1) working capital necessary for the maintaining of the daily operations of Party B; and (2) the amount of cash required for Party B's capital expenditures.

2.2 The Service Fee shall be paid on a quarterly basis at the end of each quarter. Within 20 days of the end of each quarter, Party B shall provide Party A with a statement on the Service Fee for that period. Subject to Article 2.3, Party A shall deliver a Service Fee payment notice on the basis of such statement and Party B shall pay the Service Fee within 10 days after receipt of such notice.

2.3 Party B shall permit Party A and/or one or more agent(s)designated by Party A to review, upon reasonable notice and at reasonable times during normal business hours, Party B's relevant books and records in order for the Service Fee to be verified. The Service Fee shall be subject to adjustments based on the results of such audit.

3. Representations and Warranties

3.1 Party A hereby represents and warrants that:

3.2 Party A is a company duly registered and validly existing under PRC law;

3.2.1 it is duly authorized to perform this Agreement within its authority and business scope, and has obtained all necessary corporate and government consents and approvals (if any). The performance of this Agreement does not violate any relevant law or contract binding on Party A.

3.2.2 This Agreement, once executed, will constitute a legal, valid and binding agreement of Party A enforceable against Party A in accordance with its terms.

3.3 Party B hereby represents and warrants that:

3.3.1 it is duly authorized to perform this Agreement within its authority and business scope, and has obtained all necessary corporate and government consents and approvals (if any). The performance of this Agreement does not violate any relevant law or contract binding on Party B.

3.3.2 This Agreement, once executed, will constitute a legal, valid and binding agreement of Party B enforceable against Party B in accordance with its terms.

4. Confidentiality

4.1 Party B shall protect and maintain the confidentiality of the confidential data and information that it obtains from Party A hereunder (**Confidential Information**), and shall not disclose or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination or expiry of this Agreement, Party B shall, at Party A's request, return or destroy any document, material or software which contains the aforesaid Confidential Information, delete the aforesaid Confidential Information from any memory device and cease to use such Confidential Information. Party B may disclose such Confidential Information only to its employees, agents or professional consultants who need to know such information, provided that it shall cause them to comply with the confidentiality obligations hereunder.

4.2 Article 4.1 shall not apply to:

4.2.1 any information that is already known to the public at the time of disclosure;

4.2.2 any information that becomes known to the public after the disclosure other than as a result of the fault of Party B;

4.2.3 any information that is proved to be obtained before the disclosure from any party other than the Parties hereto; or

4.2.4 any information that is required to be disclosed according to any law or court order or the requirements of any stock exchange or any governmental or regulatory authority, provided that Party B shall, to the extent practicable, provide Party A with the first draft of such disclosure and incorporate any revision as reasonably required by Party A.

4.3 The Parties agree that this Article shall survive any amendment, cancellation or termination of this Agreement.

5. Compensation

5.1 If any Party hereto breaches this Agreement or any of its representations and warranties herein, any non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, any

damages to the non-breaching Party and resume the performance of this Agreement within 10 days after its receipt of the notice. The breaching Party shall indemnify the non-breaching Party for any loss suffered by it.

5.2 Total damages payable by the breaching Party to the non-breaching Party shall be equal to the losses arising out of the breach of this Agreement, including the benefits the non-breaching Party would have received had this Agreement been performed, provided that they shall not exceed the Party's reasonably expectations.

5.3 Where both Parties breach this Agreement, the Parties shall pay each other such indemnity as determined on the basis of their respective breaches.

6. Effective Date and Term

6.1 This Agreement shall become effective as of the date first written above.

6.2 This Agreement shall remain effective until the dissolution of Party A in accordance with PRC law unless it is terminated earlier according to the provisions herein or as agreed upon by the Parties.

7. Termination

7.1 Party B shall not terminate this Agreement during the term hereof. Party A may terminate this Agreement at any time by 30 days prior written notice to Party B.

7.2 The Parties' rights and obligations under Article 4 and Article 5 will survive the termination of this Agreement.

8. Governing Law and Dispute Resolution

8.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

8.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such disputes through friendly consultations. If such disputes is not so resolved within 30 days after the commencement of consultations, either Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitral rules. The arbitral award shall be final and binding on the Parties. This article shall survive the expiry or

termination of this Agreement.

8.3 During the arbitration, the Parties shall continue performing any provisions which are not related to the matter under arbitration.

9. Force Majeure

9.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below) , either Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event"** means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Party of the same, and shall further advise the other Party of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

9.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

10. Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing, and shall be delivered to the following addresses of the relevant Party either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518040
Attention: Xin Wen
Fax: 0755-8324100

Party B:
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Zip Code: 100102

Attention: Ping Zhou
Fax: 010-59080270

11. Transfer

Party B may not transfer its rights or obligations hereunder to any third party without Party A's prior written consent, Party A may transfer its rights and obligations hereunder to any third party without Party B's prior written consent but shall notify Party B of the same.

12. Severability

Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

13. Amendment and Supplement

13.1 This Agreement and all other agreements and/or documents contained or expressly included herein constitute the entire agreement with respect to the subject matter hereof and shall supersede all prior agreements, contracts, understandings and communications, either oral or written, between the Parties with respect to the same.

13.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed instrument of amendment or supplement shall be an integral part of this Agreement and shall have the same legal force and effect as this Agreement.

14. Further Assurance

Each Party shall, to the extent of its powers, execute all such instruments and do all such acts as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to the other Party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd. (Company Seal)

By: /s/Ping Zhou
Authorized Representative: Ping Zhou

Appendix 1:

List of Technology and Consulting Services

Party A shall provide Party B with the following technology and consulting services:

1. Maintenance of computer rooms and the websites;
2. Provision of technology platforms required for operations;
3. Provision and maintenance of office networks;
4. Conception, configuration, design, updating and maintenance of web pages;
5. Maintenance of customer service platforms;
6. Employee training;
7. Advertisements, publicity and promotions;
8. Provision of logistics support for product sales and services, including post-sale services;
9. Establishment and support of a stable sales network;
10. Public relations services; and
11. Other services agreed by the Parties.

Exhibit 10.11

Business Operation Agreement

This Business Operation Agreement (**Agreement**), dated as of December 7, 2011, is made in Beijing by and among the following parties:

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd.
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Legal Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party D: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

(Individually a **Party** and collectively the **Parties**)

Whereas:

A. Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**);

B. Party B is a limited liability company registered in the PRC engaging in software development, computer system development and economic and trade consulting services;

C. Party A and Party B have established business cooperation ties through the entry into that certain Exclusive Technical and Consulting Service Agreement, pursuant to which Party B shall pay Party A a certain percentage of its gross operating income derived from its principal business for the exclusive technical and consulting services received by it from Party A. Therefore, Party B's day-to-day operations will have a material effect on its ability to make such payment to Party A.

D. Party C and Party D are Party B's shareholders (**Shareholders**), holding 49% and 51% of Party B's equity interest, respectively.

Now, therefore, the Parties, through friendly consultations and based on the principle of equality and mutual benefit, hereby agree as follows:

1. Negative Obligations

In order to guarantee the performance by Party B of the agreement entered into by and between Party A and Party B and all of Party B's obligations to Party A, Party B and its Shareholders hereby jointly acknowledge and agree that without prior written consent of Party A or its designee, Party B shall not engage in any transaction which may have a material effect on its assets, obligations, rights or business operations, including without limitation:

1.1 Any adoption of or modification to any business plan or budget;

1.2 Any undertaking of any business or entry into any transaction outside its normal business scope or beyond or in violation of Party B's business plan or budget;

1.3 Any entry into any loan or other debtor-creditor relationship with any third party or the making of any equity investment in any third party;

1.4 Any distribution of any profit, or any payment of any other amount, to the Shareholders;

1.5 Any appointment or removal of any director, supervisor or executive officer;

1.6 Any approval of or amendment to any share option plan or any arrangement in connection with Party B's equity;

1.7 Any sale or purchase of any asset or right from any third party;

1.8 Creation of guarantee or any other security on any of its assets in favor of any third party, or creation of any other obligation on any of its assets;

1.9 Entry into any transaction with any Shareholder or any of Party B's directors or executive officers;

1.10 Any amendment to Party B's articles of association, or any change to its business scope or registered capital, or any issuance of any securities;

1.11 Any division, merger, consolidation, dissolution or liquidation of Party B;

1.12 Any change to Party B's normal business operations or any amendment to any material management rules or policies;

1.13 Any replacing of its auditor; or

1.14 Any transfer of any of its rights and obligations hereunder to any third party.

2. Business Management and Human Resources Arrangement

2.1 Party B and its Shareholders hereby jointly agree to accept and stringently implement proposals put forward by Party A from time to time with respect to the employment and removal of Party B's employees, the day-to-day business management and financial management of Party B and the business development of Party B.

2.2 Party B and its Shareholders hereby jointly agree that the Shareholders shall only appoint Party A's designees as Party B's directors and supervisors, and shall remove and replace such directors and supervisors at Party A's request in accordance with the procedures provided by laws and regulations and the articles of associations of Party B, shall cause such appointed directors to elect Party A's candidate as Party B's president and shall remove and replace such president at Party A's request. Further, Party B shall engage the candidates nominated by Party A to act as its general manager, chief financial officer and other executive officers, and shall remove and replace all of such executive officers at Party A's request.

2.3 For the purpose of this Article 2, the Shareholders shall take all necessary steps to appoint, remove, dismiss and replace the aforesaid persons.

2.4 The Shareholders hereby agree to execute the power of attorney in the form as set forth in Appendix 1 hereto simultaneous with the execution of this Agreement. The Shareholders will, under such power of attorney, authorize Party A's designated persons to exercise their respective shareholder rights as well as all of their voting rights at Party B's general shareholders' meeting. Party B's Shareholders further agree to dismiss and replace the authorized persons appointed under the aforesaid power of attorney upon Party A's request at any time.

3. Other Agreements

3.1 The Shareholders jointly agree to pay or transfer to Party A immediately and unconditionally any bonus, dividend or any other income or benefit (in any form) obtained by them from Party B in their capacity as Party B's Shareholders.

3.2 The Shareholders severally and jointly undertake and warrant to Party A and Party B that all Shareholders shall act as a concert party with respect to the rights or obligations to be exercised or performed by the Shareholders hereunder.

4. Confidentiality

4.1 Party B shall protect and maintain the confidentiality of the confidential data and information it obtains from Party A hereunder(**Confidential Information**), and shall not disclose or transfer any Confidential Information to any third party without Party A's prior written consent. Upon termination or expiry of this Agreement, Party B shall, at Party A's request, return or destroy any document, material or software which contains the aforesaid Confidential Information, delete the aforesaid Confidential Information from any memory device and cease to use such Confidential Information. Party B may disclose such Confidential Information only to its employees, agents or professional consultants who need to know such information, provided that it shall cause them to comply with the confidentiality obligations hereunder.

4.2 Article 4.1 shall not apply to:

4.2.1 any information that is already known to the public at the time of its disclosure;

4.2.2 any information that has become known to the public after the disclosure other than as a result of the fault of Party B;

4.2.3 any information that is proved to have been obtained before the disclosure from any party other than the Parties hereto; or

4.2.4 any information that is required to be disclosed according to any law or court order or the requirements of any stock exchange or any governmental or regulatory authority, provided that Party B shall, to the extent practicable, provide Party A with the first draft of such disclosure and incorporate any revision as reasonably required by Party A.

4.3 The Parties agree that this Article shall survive any amendment, cancellation or termination of this Agreement.

5. Entire Agreement and Amendment

5.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement in respect of the subject matter hereof and will supersede all prior agreements, contracts, understandings and communications, either written or oral, among the Parties with respect to the same.

5.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed amendment or supplement shall an integral part of this

Agreement and shall have the same legal force and effect as this Agreement.

6. Breach of Agreement

6.1 If a Party breaches this Agreement or any of its representations and warranties herein, any non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, any damages to the non-breaching Party and resume the performance of this Agreement, within 10 days after its receipt of the notice.

6.2 If a Party breaches this Agreement and thereby causes any expense or liabilities or losses (including without limitation loss in profits) to any of the other Parties, the breaching Party shall indemnify such non-breaching Party(ies) for such expenses, liabilities or losses (including without limitation any loss of rights as a result of such breach and any attorney's fees). The amount of damages shall be equal to the losses incurred as a result of such breach. The damages shall cover all of the rights the non-breaching Party(ies) would have been entitled to had this Agreement been performed, provided that they shall not exceed the reasonable expectations of the Parties.

6.3 Where all the Parties breach this Agreement, the amount of damages shall be determined according to the severity of each Party's breach.

6.4 Notwithstanding any other provision hereof, Party A shall have the right to enforce its rights hereunder, and the other Parties acknowledge and agree that monetary damages may not be sufficient to indemnify Party A for the losses suffered by it as a result of any breach by any of the other Parties of their obligations hereunder.

7. Force Majeure

7.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. A "**Force Majeure Event"** means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Parties of the same and shall further advise the other Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume

the performance of its obligations.

7.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

8. Governing Law and Dispute Resolution

8.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by the laws of the PRC.

8.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding on the Parties. This article shall survive the expiry or termination of this Agreement.

8.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

9. Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 518040
Attention: Xin Wen
Fax: 0755-8324100

Party B and Shareholders:
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Zip Code: 100102
Attention: Ping Zhou
Fax: 010-59080270

10. Miscellaneous

10.1 Any written consent, proposal, appointment or other decision in connection with this Agreement which has a material effect on Party B's day-to-day business operations shall be subject to the approval of Party A's board of directors.

10.2 This Agreement shall become effective upon the execution by each of the Parties' duly authorized representatives and the provisions hereof shall remain effective until Party A's is dissolved in accordance with PRC law.

10.3 Party B and its Shareholders shall not terminate this Agreement during the effective term hereof. Party A shall have the right to terminate this Agreement at any time by sending a written notice 30 days in advance to Party B and its Shareholders.

10.4 Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

10.5 Any failure to exercise any right, power or privilege hereunder shall not be deemed a waiver thereof. Any single or partial exercise of such right, power or privilege shall not prevent any exercise by a Party of any other right, power or privilege.

10.6 Party B and its Shareholders agree that Party A may transfer its rights and obligations hereunder to any third party upon notice to Party B and its Shareholders. Party B and its Shareholders may not transfer any of their rights and obligations hereunder without Party A's prior written consent.

10.7 Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Shareholders, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all its rights hereunder to any other party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd. (Company Seal)

By: /s/Ping Zhou
Authorized Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party D: Quji Guo

Signature: /s/Quji Guo

Appendix 1

Form Power of Attorney

The undersigned, **[please insert name],** a PRC citizen with identity card number **[please insert ID card number]**, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all voting rights that he/she has as a shareholder of Beijing Lanting Gaochuang Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the Company.

By: ____
[ ]
Date:

Exhibit 10.12

Equity Disposal Agreement

This Equity Disposal Agreement (**Agreement**), dated as of December 7, 2011, is made in Beijing by and among the following parties (**Parties**):

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd.
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Legal Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party D: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

WHEREAS:

A. Party A is a wholly foreign-owned enterprise registered in the People's Republic of China (**PRC**);

B. Party B is a limited liability company registered in the PRC engaging in software development, computer system development and economic and trade consulting services;

C. Party C and Party D are Party B's shareholders (**Grantors** or **Shareholders**), holding 49% and 51% of Party B's equity interest, respectively.

Now, therefore, the Parties, through friendly consultations and based on the principles of equality and mutual benefit, hereby agree as follows:

1. Granting of the Option

1.1 Granting

The Grantor hereby grants to Party A an option (**Option**) such that Party A may purchase at any time either in one lump sum or in installments the Equity Interest owned by each Grantor in Party B (**Equity Interest**). Party A or its third party designee may exercise the Option by paying a purchase price which shall be equal to the

minimum amount as then permitted by PRC law (**Purchase Price**). If Party A exercises the Option to purchase only part of the Equity Interest (including but not limited to purchase of Party B's Equity Interest from part of the Grantors only or purchase of only part of Party B's Equity Interest from the Grantors), then the Purchase Price for said Equity Interest shall be equal to the total Purchase Price multiplied by the ratio of the Equity Interest subject to transfer relative to the total Equity Interest.

1.2 Term

This Agreement shall become effective upon execution of the Parties hereto and shall remain in full force until the completion of purchase by Party A or its third party designee of all Equity Interest held by the Grantors in Party B in accordance with PRC law.

2. Exercise and Closing of the Option

2.1 Exercise Time

2.1.1 The Grantors unanimously agree that, if and when permitted by PRC laws and regulations, Party A may exercise all or part of the Option at any time during the term of this Agreement.

2.1.2 The Grantors unanimously agree not to restrict the number of times Party A may exercise the Option until Party A or its third party designee has completed the purchase of all of the Equity Interest of Party B.

2.1.3 The Grantors unanimously agree that Party A may, upon issuance of written notice to the Grantors, designate in its discretion any third party to exercise the Option on its behalf.

2.2 Payment of the Purchase Price

Each of the Grantors hereby acknowledges and agrees that it has received consideration for the purchase and sale of the Equity Interest held by it in Party B in accordance with each agreement entered into between the Grantor and Party A or its affiliate and that the value of such consideration is equal to the Purchase Price. Each Grantor therefore agrees to report to Party B any amount payable by Party A to any Grantor in connection with its exercise of the rights hereunder.

2.3 Assignment

The Grantors unanimously agree that Party A may, upon issuance of written notice to them, assign to any third party its rights and

obligations hereunder. Without the written consent of Party A, the Grantors may not assign their rights and obligations hereunder.

2.4 Notice requirements

Each time Party A exercises the Option, it shall serve a written notice (**Notice of Exercise**) on the Grantors specifying:

2.4.1 the name of transferee that will purchase the Equity Interest from each Grantor;

2.4.2 the amount of the Equity Interest to be purchased from each Grantor; and

2.4.3 the power of attorney (if any) by which Party A designates a third party to exercise the Option.

The Grantors unanimously agree that Party A shall be entitled to exercise the Option and to select such third party as may be designated by it from time to time as the transferee of the Equity Interest.

Upon service of the Notice of Exercise, the Equity Interest transfer effected in accordance with such Notice of Exercise shall become immediately effective as to the Parties. Within 3 working days after service of the Notice of Exercise, always in accordance with the Notice of Exercise and this Agreement, the Grantors shall execute and deliver to Party A, and shall cause Party B to execute and deliver to Party A, the equity transfer agreement in the form as set forth in the appendix 1 hereto, as well as any other documents necessary or advisable for the effectiveness of the Equity Interest transfer (including but not limited to the written statements by each Grantor waiving any right of first refusal to purchase each other’s Equity Interest subject to transfer and any other documents required to be submitted to the relevant industry and commerce administration or competent telecommunications authority or other local authorities). On the execution date hereof, the Grantor shall, as requested by Party A from time to time, deliver to Party A an original copy of the duly executed (but undated) equity transfer agreement, the written statement issued by each Grantor, in the form as set forth in the appendix 2, waiving any right of first refusal to purchase each other’s Equity Interest subject to transfer and other documents as referenced in the foregoing sentence.

2.5 Closing

The Grantor shall offer Party A and Party B all such assistance as is necessary and appropriate for the effectiveness of the Equity Interest transfer, including but not limited to the obtaining of approval (if

required) for said transfer from the competent telecommunications authority or other local authorities and the completion of the Equity Interest change registration with the relevant industry and commerce administration.

3. Representations and Warranties

3.1 The Grantor hereby represents, warrants and undertakes to Party A as follows:

3.2 It has full power and authority to enter into and perform this Agreement;

3.3 The performance of the obligations hereunder neither violates any applicable law, regulation or contract nor requires any governmental authorization or approval;

3.4 There is no pending litigation, arbitration or other legal or administrative procedures that to its knowledge may have a material adverse effect on the performance of this Agreement.

3.5 The Grantor will not create any pledge, debt or other third party rights on the Party B’s Equity Interest, or dispose of the same by transfer, gift, pledge or otherwise to any third party.

3.6 No pledge, debt or other third party rights exists on the Equity Interest of Party B.

3.7 The option granted to Party A is exclusive. The Grantor shall not, in any manner, grant to other parties any other option or similar rights or rights that will have an adverse effect on the Option as contemplated hereunder.

3.8 Undertaking

Considering that Party A or its third party designee will report to Party B all of the amounts received in respect of the Option, Party B hereby undertakes to Party A that it will bear all expenses arising out of the execution of all such documents and the completion of all such formalities and the execution of all such other documents as may be necessary in order for Party A or its third party designee to become shareholders of Party B pursuant to the exercise of the Option; and that it will complete all such procedures as may be necessary in order for Party A or its designee to fully and officially become shareholders of Party B, including without limitation assistance to Party A in connection with the obtaining of approvals (if any) for the Equity Interest transfer from relevant government departments and submission

to the relevant industry and commerce administration of all documents required for amendment to the articles of association, shareholders change registration and other relevant items.

The Grantors jointly and severally covenant and undertake to Party A and Party B that unless otherwise required by Party A in writing, all of the Grantors shall act as a concerted party in respect of the rights or obligations to be exercised or performed by the Grantors hereunder.

The Grantors agree that when any shareholder of Party B transfers part or all of the Equity Interest it holds in Party B, other shareholders waive the right of first refusal to purchase such Equity Interest transferred by said shareholder.

4. Tax

Party B shall bear all taxes incurred in connection with the performance of this Agreement.

5. Breach of Agreement

5.1 If any Party breaches this Agreement or any of its representations and warrants herein, any non-breaching Party may by written notice require such breaching Party to rectify its breach, take appropriate measures to avoid, in an effective and timely manner, damages to the non-breaching Party and resume the performance of this Agreement, within 10 days after receipt of the notice.

5.2 If a Party breaches this Agreement and thereby causes any expense, liabilities or loss (including without limitation loss in profits) to any of the other Parties, the breaching Party shall indemnify the non-breaching Party for such expenses, liabilities or losses (including without limitation any loss of rights as a result of such breach and any attorney’s fees). The amount of damages shall be equal to the losses incurred as a result of such breach. The damages shall cover all of the rights the non-breaching Party (ies) would have been entitled to had this Agreement been performed, provided that they shall not exceed the reasonable expectations of the Parties.

5.3 Where all the Parties breach this Agreement, the amount of damages shall be determined according to the severity of each Party’s breach.

5.4 Notwithstanding any other provision hereof, Party A shall have the right to enforce its rights hereunder, and the other Parties acknowledge and agree that monetary damages will not be adequate to indemnify Party A for the losses suffered by it as a result of any breach by any of the other Parties of their obligations hereunder.

6. Force Majeure

6.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder only to the extent of such delay or impediment. A “**Force Majeure Event**” means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation Acts of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond the reasonably control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other Parties of the same and shall further advise the other Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

6.2 Provided that a Party affected by a Force Majeure event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not e held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

7. Governing Law and Dispute Resolution

7.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by PRC laws.

7.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit it to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its then effective arbitration rules. The arbitral award shall be final and binding upon the Parties. This article shall survive the expiry or termination of this Agreement.

7.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

8. Miscellaneous

8.1 Entire Agreement

8.1.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement with respect to the subject matter hereunder and shall supersede all prior agreements, contracts, understandings and communications, whether oral or written, among the Parties with respect to the same.

8.1.2 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties. Such duly executed instrument of amendment or supplement shall be an integral part of this Agreement and shall have the same legal force and effect as this Agreement.

8.1.3 Any provision hereof held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the Parties' original intention with respect to such removed provision.

8.2 Notices

All notices given in connection with the exercise of any right or performance of any obligation hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Zip Code: 18040
Attention: Xin Wen
Fax: 0755-8324100

Party B and Shareholders:
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Zip Code: 100102
Attention: Ping Zhou

Fax: 010-59080270

8.3 Further Assurance

Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Shareholders, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions hereof or the grant of all of its rights hereunder to any other Party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd. (Company Seal)

By: /s/Ping Zhou
Authorized Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party D: Quji Guo

Signature: /s/Quji Guo

Appendix 1:

Equity Transfer Agreement

This Equity Transfer Agreement (**Agreement**) is made on in by and between:

Transferor:
Transferee:
Whereas:

1. Beijing Lanting Gaochuang Technologies Co., Ltd. is a limited liability company registered in the PRC engaging in software development, computer system development and economic and trade consulting services.

2. The transferor is , and holds % of Equity Interest in the company.

3. The transferee is .

4. The transferor agrees to transfer certain Equity Interest it holds in the company to the transferee and the transferee agrees to accept such transfer.

It is hereby agreed as follows:

1. The transferor agrees to transfer % Equity Interest it holds in the company to the transferee.

2. The transfer price shall be RMB .

3. The Agreement shall become effective and binding upon both parties upon execution.

Transferor:

(Signature):

Transferee:

(Signature):

Appendix 2:

Waiver of Right of First Refusal

We, Quji Guo and Shenzhen Lanting Huitong Technologies Co., Ltd., shareholders of Beijing Lanting Gaochuang Technologies Co., Ltd., hereby state that when any of the shareholders of the company transfers part or all of the Equity Interest it holds in the company, all of the other shareholders shall waive their rights of first refusal to purchase such Equity Interest transferred by said shareholder and shall agree to execute legal instruments necessary for the completion of the Equity transfer procedures with the relevant industry and commerce administration.

This statement shall be irrevocable.

Quji Guo
Signature: /s/Quji Guo

Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Legal Representative: Xin Wen

Date : December 7, 2011

Share Pledge Agreement

This Share Pledge Agreement (**Agreement**), dated as of December 7, 2011, is made in Beijing by and among the following parties:

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd.
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd.
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Legal Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd.
Address: 35F (B, C), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Party D: Quji Guo
ID Card No.: 510105197509100012
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

Whereas:

A. Party A (Pledgee) is a wholly foreign-owned enterprise registered in the People's Republic of China (PRC);

B. Party B is a limited liability company registered in the PRC engaging in software development, computer system development and economic and trade consulting services;

C. Party C and Party D (Pledgors) are the shareholders of Party B, holding 49% and 51% of the equity interest in Party B, respectively.

D. The Pledgors wish to pledge all of the Equity Interest held by them in Party B to the Pledgee on a joint and several basis as security for the performance of their obligations under the Restructuring Agreements (as defined below).

NOW, THEREFORE, upon friendly consultations and based on the principles of equality and mutual benefit, the Parties agree as follows:

1. Definitions

Unless otherwise provided herein, the following terms shall have the meanings set forth below:

1.1 "Pledge" means a first priority continuing security interest created over the Equity Interest pursuant to *the Guarantee Law of the People's*

Republic of China and the terms and conditions hereof.

1.2 "Equity Interest" means the 100% Equity Interest held by the Pledgors in Party B as well as all rights and interests existing in the Equity Interest currently or in the future, including any and all proceeds from the conversion, auction or sale of the foregoing Equity Interest.

1.3 "Restructuring Agreements" means the Equity Disposal Agreement entered into by the relevant parties thereto on December 7, 2011, the Exclusive Technical and Consulting Service Agreement entered into by Party A and Party B on December 7 2011, the Business Operation Agreement entered into by the relevant parties thereto on December 7, 2011, and the Loan Agreement entered into by the relevant parties thereto on December 7, 2011.

2. Pledge

2.1 The Pledgors hereby pledge all the Equity Interest to the Pledgee as security for the full and timely performance by the Pledgors and Party B of their respective obligations under the Restructuring Agreements.

2.2 The obligations secured by the Pledge shall include compliance with all undertakings, warranties and covenants, all costs, expenses and debts payable by Party B or the Pledgors under the Restructuring Agreements, and any civil liabilities to be assumed by Party B or the Pledgor in the event of invalidity or partial invalidity of all of part of the Restructuring Agreements for whatever reason.

2.3 Unless otherwise agreed to by Party A in writing after the execution of this Agreement, the Pledge may not be released unless and until Party B and the Pledgors have performed their obligations and duties under the Restructuring Agreements and Party A has confirmed such release of the Pledge in writing. If Party B or the Pledgors fail to fully perform their obligations and duties under the Restructuring Agreements at the expirary of the term thereof, Party A shall maintain the Pledge hereunder in full force and effect until the performance of all such obligations and duties.

2.4 The Pledge under this Agreement shall be recorded in Party B's shareholders register in the form attached as Appendix 1 hereto.

3. Effectiveness

3.1 This Agreement shall be effective as of the date of execution hereof.

3.2 The Pledgors and the Pledgee shall register the Pledge hereunder with the relevant administration for industry and commerce pursuant to *the Property Law of the People's Republic of China*, the *Measures on*

Registration of Equity Pledge by the Administration for Industry and Commerce and other relevant laws and regulations.

4. Warranties and Representations of the Pledgors

The Pledgors hereby make the following representations, warranties and undertakings to the Pledgee and acknowledge that Party A has relied upon such representations, warranties and undertakings in executing this Agreement:

4.1 The Pledgors lawfully possess the ownership of, and have the right to pledge, the Equity Interest hereunder.

4.2 The Equity Interest constitutes all of the registered capital of Party B as may exist from time to time.

4.3 Other than the Pledge hereunder, the Equity Interest held by the Pledgors is, and during the term of this Agreement will remain, free of any other encumbrance (including without limitation, any pledge).

4.4 Party A enjoys and may exercise the rights under this Agreement without obtaining consent or approval from any third party.

4.5 Party A has the right to dispose of the Equity Interest in accordance with law and pursuant to this Agreement.

4.6 The execution and performance by the Pledgors and Party B of this Agreement have obtained all necessary authorizations and are not in contravention of any relevant laws or regulations. The representative executing this Agreement on behalf of Party B has been legally and validly authorized to that effect.

4.7 As of the date of execution hereof, there are no threatened or pending civil, administrative or criminal proceedings, administrative penalty or arbitration in relation to the Equity Interest.

4.8 As of the date of execution hereof, the Equity Interest hereunder is not involved in any unpaid taxes or pending legal proceedings.

4.9 Each provision of this Agreement reflects the true intent of each party and is binding on each party.

5. Undertakings of the Pledgors

The Pledgors undertake to Party A that during the term of this Agreement:

5.1 Without prior written consent of the Pledgee, the Pledgors will not assign or transfer the Equity Interest to any third party, nor will the Pledgors create or allow to be created any other security interest or

encumbrance over the Equity Interest, or take any action that may have any adverse effect on the rights or interests of the Pledgee, other than any transfer of the Equity Interest to the Pledgee or its designee at the request of the Pledgee;

5.2 The Pledgors will comply with all laws and regulations relating to the Pledge, will deliver any relevant notices, orders or recommendations to Party A within five days of receipt of the same from relevant authorities, and will take actions as reasonably directed by Party A;

5.3 The Pledgors shall forthwith notify Party A of any event that affects the Pledgors' Equity Interest, Pledge or any part thereof or any relevant notifices received in respect thereof, as well as any event that affects the Pledgors' undertakings and obligations hereunder or any relevant notices received in respect thereof, and shall take actions as reasonably directed by Party A.

5.4 The Pledgors agree that Party A's right to enforce the Pledge in accordance with this Agreement shall not be delayed or hindered by the Pledgors, any of Pledgors' successors or assigns or any other person. The Pledgors shall defend any claims and demands asserted by any third party in respect of the Pledgors' rights, titles, liens and security interests.

5.5 In order to protect or perfect the security created hereunder, the Pledgors undertake to Party A that the Pledgors shall in good faith execute all title certificates and contracts and/or take all actions as may be requested by the Pledgee, and shall cause other interested parties to execute all title certificates and contracts and/or take all actions as may be requested by the Pledgee, such that the Pledgee may exercise the rights and authorities granted by the Pledge hereunder. The Pledgor shall also execute all documents naming the Pledgee as the beneficiary in connection with the changes to the Equity Interest certificate(s), and shall on the date of execution hereof provide the Pledgee with all such documents the Pledgee deems necessary, and shall after the date of execution hereof provide, at the request of the Pledgee from time to time, the Pledgee with all such documents as the Pledgee deems necessary.

5.6 The Pledgors warrant to Party A that the pledgors will comply with and satisfy all security, guarantee, agreements, representations and conditions as may exist in favor of the Pledgee. If the Pledgors fail to comply with or satisfy, or fail to fully comply with or satisfy, their security, guarantee, agreements, representations and conditions, the Pledgors shall indemnify Party A for any losses sustained by Party A as a result thereof.

5.7 The Pledgors undertake and warrant to the Pledgee that unless

otherwise requested by the Pledgee in writing, all the Pledgors shall act as a concert party with respect to any rights or obligations to be exercised or performed by the Pledgors hereunder, .

6. Events of Default

6.1 Any of the following events shall be deemed an event of default:

6.1.1 If Party B or the Pledgors are in breach of any of their undertakings, covenants or warranties, or fail to pay in full any costs, expenses or debts due and payable under the Restructuring Agreements.

6.1.2 If the Pledgors are in breach of any provision of this Agreement (including the representations and warranties under Article 4);

6.1.3 If the Pledgors fail to exercise any rights incidental to the Equity Interest pledged hereunder, or transfer such Equity Interest to any third party without prior written consent of the Pledgee;

6.1.4 If any loan, debt, security, indemnity, undertaking or any other liability to which the Pledgors are party or which are binding on the Pledgors (1) is required to be paid or satisfied prior to its original scheduled date, or (2) becomes due and payable or requires to be satisfied but is not paid or satisfied at the scheduled time, as a result of which the Pledgee believes that the Pledgors' ability to perform such obligations has been compromised.

6.1.5 Any Reorganization Agreement becomes illegal due to the promulgation of any relevant laws, or the Pledgors are unable to continue to perform any obligations under any Reorganization Agreement;

6.1.6 If any approval, permit, license or authorization obtained from relevant government authorities for the performance of any Restructuring Agreement or the effectiveness or continuing validity of any Restructuring Agreement has been cancelled, suspended, volided or substantially modified;

6.1.7 If the properties of the Pledgors suffer any adverse change, as a result of which Party A believes that the Pledgors' ability to perform their obligations under this Agreement or the Restructuring Agreement has been adversely affected;

6.1.8 If Party B ceases its operation, is dissolved or is ordered to

cease its operation, or is threatened with dissolution or bankruptcy;

6.1.9 If any Pledgor and/or Party B are/is involved in any dispute, lawsuit, arbitration, administrative proceeding or any other legal proceeding or governmental inquiry, action or investigation , as a result of which the Pledgee reasonably believes that: (i) any Pledgor's ability to perform the obligations under this Agreement or any Restructuring Agreement has been materially and adversely affected thereby, or (ii) the Company's ability to perform its obligations under any Restructuring Agreement has been materially and adversely affected;

6.1.10 Any other circumstance which results in or may result in the Pledgee's inability to enforce the Pledge pursuant to relevant laws; or

6.1.11 Any other circumstance as a result of which the Equity Interest is permitted to be disposed of under relevant laws and regulations.

6.2 If the Pledgors know or become aware of the occurrence of any event under Article 6.1, or if any circumstance that may give rise to such events has occurred or is occuring, the Pledgors shall forthwith notify Party A in writing.

6.3 Unless any Event of Default under Article 6.1 has been resolved to the satisfaction of Party A, Party A may at any time by serving a default notice (Default Notice) on the Pledgors exercise its right to dispose of the Equity Interest during or after the occurrence of the Event of Default.

7. Exercise of Pledge

7.1 Upon service of the Default Notice, the Pledgee shall have the right to dispose, subject to relevant laws and regulations, of the Equity Interest through one or more methods set out below:

7.1.1 To purchase the Equity Interest at an agreed price;

7.1.2 To sell the Equity Interest through auction or private sales; or

7.1.3 Any other method permitted by relevant laws and regulations.

7.2 The Pledgors hereby unconditionally and irrevocably constitute and appoint the Pledgee as their formal and lawful attorney-in-fact to take

the following actions in the name of or otherwise on behalf of Pledgors upon and during the occurrence of the event set forth in Article 6.1: (a) to execute all certificates or take all actions which should have been executed or taken by the Pledgors under this Agreement but which were not executed or taken, or execute all such certificates or take all such actions as may be necessary to give effect to the purpose and intent of this Agreement, (b) to take any and all actions which in the discretionary and reasonable judgment of the Pledgee or any of its attorney(ies) or counsel(s) are necessary or required for the maintenance, preservation or protection of the security created under this Agreement or the Pledgee's rights, remedies, powers or privileges under this Agreement, (c) to generally exercise in the name of the Pledgors any and all power, authority and decision rights granted to or conferred upon the Pledgee by this Agreement,and without prejudice to the generality of the foregoing, to execute, deliver or otherwise perfect any deed, certificate, agreement, instrument or action which in the opinion of the Pledgee is appropriate for the exercise of the foregoing power, authority or decision rights. The Pledgors hereby agree and acknowledge all lawful actions required or proposed to be taken by the Pledgee or any of its representative(s) or counsel(s) when exercising the power of attorney granted to the Pledgee under Article 7.1.1, and this grant of authority relating to the security shall be irrevocable.

7.3 Prior to full performance of all of the obligations of the Pledgors and Party B under the Restructuring Agreements and full payment of all amounts payable to Party A thereunder, Party A shall have priority in receiving the value assessment fee collected in accordance with legal procedures or the auction or sale proceeds of all of part of the Equity Right.

7.4 Upon disposal by the Pledgee of the Equity Interest, the Pledgors shall forthwith execute all documents necessary or required for the disposal of the Equity Interest pursuant to this Article 7 and take any necessary or required actions, and shall cause Party B to execute all relevant documents and take all relevant actions. Without prejudice to the generality of the foregoing, the Pledgors shall use their best efforts to complete or assist the Pledgee in completing all approval procedures or registration formalities as may be required to be completed with any government authorities in connection with the disposal of the Equity Interest (including the competent authority for the telecommunication industry and relevant industry and commerce administration).

8. Transfer

8.1 The Pledgors may not transfer any rights or obligations under this Agreement to any third party without prior consent of the Pledgee.

8.2 This Agreement shall be binding on the Pledgors or their successors, and shall inure to the benefit of Party A and its successors and assignees.

8.3 Party A may at any time transfer any and all of its rights and obligations under this Agreement to any person by written notice to the Pledgors.

9. Costs and Expenses

The Pledgors shall pay all relevant costs and out-of-pocket expenses arising in connection with this Agreement, including without limitation attorney's fees, expenses relating to the drafting and execution of this Agreement, stamp duty and any other taxes and charges.

10. Force Majeure

10.1 If the performance of this Agreement is delayed or impeded by a Force Majeure Event (as defined below), any Party affected by such Force Majeure Event may be exempted from any liabilities hereunder but only to the extent of such delay or impediment. An "**Force Majeure Event**" means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation act of God, war and riot, provided that in no case may a lack of credit, funds or financing be deemed an event beyond reasonable control of a Party. A Party affected by a Force Majeure Event asserting exemption from any obligations under this Agreement or any of the provisions hereof shall promptly notify the other parties of the same and shall further advise the other Parties of all the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations.

10.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall be exempted from any liabilities for the delay or impediment in its performance of obligations hereunder as a result of Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

11. Governing Law and Dispute Resolution

11.1 The execution, validity, interpretation and performance of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by PRC laws.

11.2 Should any dispute arise in connection with the interpretation or performance of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved within 30 days after the commencement of consultations, any Party may submit the dispute to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance

with the then effective arbitration rules. The arbitral award shall be final and binding upon the Parties. This article shall survive the expiry or termination of this Agreement.

11.3 During the arbitration, the parties shall continue to perform any provisions which are not related to the matter under arbitration.

12. Notices

All notices given in connection with the exercise of any right or performance of any obligations hereunder shall be in writing and shall be delivered to the following addresses of the relevant Parties either in person, or by registered mail, or by generally accepted courier service, or by fax.

Party A:
Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Attention: Xin Wen
Fax: 0755-8324100

Party B:
Address: No. 106 Building, Lize Zhongyuan, Chaoyang District, Beijing
Attention: Ping Zhou
Fax: 010-59080270

Party C:
Address: 35 (B, C), Fortune Building, Futian Central District, Shenzhen
Attention: Xin Wen
Fax: 0755-8324100

Party D: Quji Guo
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou,
Haidian District, Beijing
Fax: 010-59080270

13. Waiver

Any failure or delay on the part of the Pledgee to exercise any right, remedy, power or privilege hereunder shall not be deemed a waiver thereof. Any single or partial exercise of such right, remedy, power or privilege shall not exclude the exercise by a party of any other right, remedy, power or privilege. The rights, remedies, powers and privileges hereunder are cumulative and shall not

prejudice the performance of any other rights, remedies, powers or privileges under the relevant laws.

14. Miscellaneous

14.1 This Agreement and any other agreements and/or documents contained or expressly included herein constitute the entire agreement in respect of the subject matter hereof and will supersede all prior agreements, contracts, understandings and communications, either written or oral, among the Parties with respect to the same.

14.2 Any amendment, modification or supplement to this Agreement shall be in writing and shall become effective only after it has been executed and affixed with seals by all the Parties hereto.

14.3 Any provision hereof which is held invalid or unenforceable according to the provisions of applicable laws shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision which reflects to the fullest extent possible the parties' original intention with respect to such removed provision.

14.4 Each Party shall, to the extent of its powers, execute all such instruments and do all such acts (in the case of the Pledgee, including the exercise of their voting or other rights in respect of Party B) as may be necessary for the effectiveness of the provisions of this Agreement or the grant of all of its rights hereunder to the Pledgee.

14.5 The appendix to this Agreement shall constitute an integral part hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

(Signature Page)

Party A: Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party B: Beijing Lanting Gaochuang Technologies Co., Ltd. (Company Seal)

By: /s/Ping Zhou
Authorized Representative: Ping Zhou

Party C: Shenzhen Lanting Huitong Technologies Co., Ltd. (Company Seal)

By: /s/Xin Wen
Authorized Representative: Xin Wen

Party D: Quji Guo

Signature: /s/Quji Guo

Appendix 1: Form of Party B's Shareholders Register

Shareholders Register
of
Beijing Lanting Gaochuang Technologies Co., Ltd.
August 2, 2011

Number	Name	ID Card No.	Address	Contribution Model	Amount (RMB)	Shareholding Ratio	Date of Contribution	Note
LTGC001	Shenzhen Lanting Huitong Technologies Co., Ltd.	N/A	35F (B, C), Fortune Building, Futian Central District, Shenzhen	Cash	245,000	49%	August 2, 2011	
LTGC002	Quji Guo	510105197509100012	Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing	Cash	255,000	51%	August 2, 2011	

Beijing Lanting Gaochuang Technologies Co., Ltd. (Company Seal)

By: /s/Ping Zhou
Legal Representative: Ping Zhou

Exhibit 10.14

Loan Agreement

This Loan Agreement (**Agreement**), dated as of December 7, 2011, is made in Beijing, the People's Republic of China (the **PRC**, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan for the purpose of this Agreement), by and between the following parties **(Parties)**:

Lanting Jishi Trade (Shenzhen) Co., Ltd.□the **Lender**□
Registered Address: 35F (D, E), Fortune Building, Futian Central District, Shenzhen
Legal Representative: Xin Wen

Quji Guo (the **Borrower**)
Address: Room 201, Unit 1, Building 18, Huaqingjiayuan, Wudaokou, Haidian District, Beijing

Whereas:

A. The Borrower intends to establish a limited company named Beijing Lanting Gaochuang Technologies Co., Ltd. (□□□□□□□□□□□□, **Lanting Gaochuang**) in Beijing, PRC, which will be engaged in the business of software development, computer system services as well as economic and trade consulting services.

B. The Borrower intends to borrow from the Lender RMB255,000 (the **Loan**) for an investment in the establishment of Lanting Gaochuang, representing 51% of the equity interests in Lanting Gaochuang.

C. The Lender agrees to provide the Loan to the Borrower.

Now, therefore, based on the principle of equality and mutual benefit, and through friendly consultations, the parties agree as follows:

1. Purpose and Amount

1.1 The Lender agrees to grant the Borrower a loan with a maximum principal amount of RMB255,000 pursuant to the terms and conditions of this Agreement. The loan shall be paid in RMB. The Loan shall be interest free for its entire term.

1.2 Subject to the following conditions precedent, the Lender shall remit the Loan into the bank account designated by the Borrower within 5 days upon receipt of the withdrawal request sent by the Borrower, and the Borrower shall confirm receipt of the Loan in writing.

2. Term

2.1 The term of the Loan shall be ten (10) years commencing from the date on which the Loan is actually withdrawn by the Borrower. The term shall be automatically extended for another 10 years unless the Lender indicates otherwise by 3 months' prior written notice prior to the expiry of this Agreement.

2.2 The Borrower hereby agrees and warrants that the Loan provided by the Borrower may only be used for investments in Lanting Gaochuang. The Borrower may not transfer or mortgage his equity interest under this Agreement to any other third party without prior written consent of the Lender.

2.3 The Lender and the Borrower hereby agree and acknowledge that the Loan shall not be repaid early unless requested by the Lender, or upon the expiry of this Agreement. The Borrower shall repay the Loan in the manner and amount specified below. The Borrower shall only repay the Loan by submitting the proceeds from the transfer of the Borrower's equity interest in Lanting Gaochuang to the Lender or any other third party designated by the Lender. If the proceeds from such transfer are required to comply with any tax or administrative expense policies, then the Borrower shall only be obligated to repay the Loan with the net balance of such proceeds (after deducting any applicable taxes or expenses). If the Borrower's equity interest in Lanting Gaochuang has been transferred in whole pursuant to such provisions, and the Borrower has submitted all proceeds from such transfer to the Lender, then the outstanding balance of the Loan under this Agreement shall be deemed repaid.

2.4 The Lender and the Borrower agree and acknowledge that the Borrower shall immediately repay the Loan upon the occurrence of any of the following:

2.4.1 The Borrower dies or his capacity to perform civil acts is lost or limited;

2.4.2 The Borrower is charged with a criminal offense or involved in a crime;

2.4.3 PRC laws impose legal restrictions or adverse effects on the operations of Lanting Gaochuang; or

2.4.4 The Lender gives the Borrower a written request for the repayment of the Loan.

3. Conditions Precedent for Payment

3.1 Payment of the Loan by the Lender shall, unless specifically waived by the Lender in writing, be conditional upon the fulfillment of all of the following conditions precedent:

3.1.1 The Borrower has sent a written request for withdrawal pursuant to Article 1.2 of this Agreement, and the amount requested does not exceed the available balance;

3.1.2 All representations and warranties provided by the Borrower are true, complete, correct and not misleading; and

3.1.3 The Borrower has not breached any of his undertakings and warranties provided in Article 5.

4. Representations and Warranties

4.1 The Borrower represents and warrants to the Lender as follows, and acknowledges that the Lender will execute and perform this Agreement on the basis of such representations and warranties:

4.1.1 he has full capacity for civil conduct and the power to enter into the Agreement;

4.1.2 the execution of this Agreement by him will not result in a breach of any laws or binding obligations;

4.1.3 this Agreement shall constitute his binding obligations and shall be enforceable against him upon execution;

4.1.4 he is charged with a criminal offense or involved in a crime;

4.1.5 Except the option under the Equity Disposal Agreement and the pledge under the Share Pledge Agreement, he shall not create any pledges over all or part of his shareholder rights in Lanting Gaochuang, or create any right of priority for any third-party beneficiary who is not the Lender, the Lender's subsidiary or affiliate.

4.2 The Lender represents and warrants to the Borrower as follows:

4.2.1 it is a company duly incorporated and validly existing under PRC laws;

4.2.2 it has the power to enter into and perform this Agreement. It has taken appropriate actions and obtained the authorization and approval from third parties and relevant governmental

authorities with respect to the execution and performance of this Agreement pursuant to all binding legal restrictions and contracts;

4.2.3 this Agreement shall constitute a legitimate, valid and binding obligation, and shall be enforceable against it pursuant to the provisions hereof upon execution of this Agreement.

5. The Borrower's Undertakings and Warranties

5.1 As a shareholder of Lanting Gaochuang, the Borrower hereby undertakes and warrants that, Lanting Gaochuang exerts its best efforts to comply with the following during the term of this Agreement:

5.1.1 shall not modify, in any way, its articles of association or alter its shareholding structure without the prior written consent of the Lender;

5.1.2 shall not transfer or otherwise dispose of any significant assets, or create any other security interests over any significant assets for the Lender, the Lender's subsidiary or affiliate without the prior written consent of the Lender;

5.1.3 shall not provide any security or be liable for any debt beyond the scope of their day-to-day business activities without the prior written consent of the Lender;

5.1.4 shall not enter into any major contracts, except those entered into in the ordinary course of business without the prior written consent of the Lender;

5.1.5 shall not provide any loans or credit to any party without the prior written consent of the Lender;

5.1.6 shall not merge with or invest in any third-party without the prior written consent of the Lender; and

5.1.7 shall not declare, in any fashion, any bonuses or dividends for shareholders without the prior written consent of the Lender.

5.2 The Borrower further undertakes to the Lender during the term of the Agreement:

5.2.1 to take all appropriate measures to maintain its identity and status as the shareholder of Lanting Gaochuang;

5.2.2 not to transfer or dispose of any equity held by it in Lanting Gaochuang or other rights or powers related thereto;

5.2.3 to procure that the shareholders of Lanting Gaochuang will not adopt any resolutions at the shareholders' meeting with regard to merging with or investing in any third-party without the prior written consent of the Lender;

5.2.4 not to take any actions that will have a material effect on the assets, business, obligations or responsibilities of Lanting Gaochuang without the prior written consent of the Lender;

5.2.5 at the request of the Lender, to promptly and unconditionally transfer to the Lender or any third-party designated by the Lender all or part of the equity interest it holds in Lanting Gaochuang in accordance with PRC law, and to procure all other shareholders of Lanting Gaochuang to waive any preemptive rights to purchase such equity interest (if applicable); and

5.2.6 to be strictly in compliance with the undertakings and warranties hereunder and under other related agreements.

5.3 The Borrower hereby warranties and undertakes, after the execution of this Agreement, that it shall act as follows:

5.3.1 for the benefit of the Lender, to pledge all equity interest held by the Borrower in Lanting Gaochuang, to ensure that the Borrower repays the Loan under this Agreement and pays the service fee under the Exclusive Technical and Consulting Service Agreement on time and enters into the Equity Pledge Agreement with the Lender;

5.3.2 to appoint and authorize the person designated by the Lender to exercise the rights and powers related to the equity interest held by the Borrower in Lanting Gaochuang at the time of the signing of this Agreement, and to sign and deliver the necessary power of attorney;

5.3.3 in its capacity as shareholder of Lanting Gaochuang, to confirm and warrant that the Borrower is bound by the Business Operation Agreement, which was entered into among the Lender, Lanting Gaochuang and the Borrower in December 7, 2011; and

5.3.4 to acknowledge and agree that the Lender shall be entitled to purchase, or opt to designate any third party to purchase, the equity interest held by the Borrower in Lanting Gaochuang from time to time and at the agreed price, and to sign the Equity

Disposal Agreement.

6. Breach of Contact

If the Borrower fails to repay the Loan in accordance with this Agreement, the Lender shall pay the Borrower late payment interests calculated at a daily rate of 0.01% of the outstanding amount.

7. Confidentiality

7.1 The Parties acknowledge and confirm to take all possible measures to maintain in confidence all confidential materials and information known by it through this Agreement (**Confidential Information**). Without the prior written consent of the other Party, neither Party shall disclose or transfer such confidential information to any third party. Upon termination of this Agreement, the receiving Party shall, at the request of the disclosing Party, return or destroy any document, material, or software which contains the aforesaid Confidential Information, delete such Confidential Information from any memory devices and cease to use such Confidential Information.

7.2 Both Parties agree that this Article shall survive the modification and termination of this Agreement.

8. Notice

Unless a written notice of change of address, all communications with respect to this Agreement shall be delivered in person, or by registered or prepaid mail, or by generally accepted courier service, or by tax, to the addresses designated by the other Party from time to time.

9. Applicable Law and Dispute Resolution

9.1 The execution, validity, performance and interpretation of this Agreement and the resolution of any disputes arising from this Agreement shall be governed by PRC law.

9.2 Should any dispute arise in connection with the performance and interpretation of this Agreement, the Parties shall seek to resolve such dispute through friendly consultations. If such dispute is not so resolved, either Party may submit it to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its then effective arbitration rules. The place of arbitration shall be Beijing. The language of the arbitration shall be English. The arbitral award shall be final and binding on the Parties. This article shall survive the termination or expiry of this Agreement.

9.3 During the arbitration, the Parties shall continue to perform any provisions which are not related to the matter under arbitration.

10. Force Majeure

10.1 Force majeure means any event which is unforeseeable or is beyond the reasonable control of the affected Party and cannot be prevented despite reasonable care, including without limitation governmental actions, forces of nature, fires, explosions, storms (snow), floods, earthquakes, tides, lightning or war. However, in no case may a lack of credit, financing or funds be deemed an event beyond the reasonable control of a Party. A Party affected by force majeure and asserting exemption from any obligations under this Agreement shall notify the other Party of such circumstances as soon as possible and shall promptly notify the other Party of the necessary steps to be taken by it in order to resume its performance of such obligations and shall resume the performance of its obligations under this Agreement.

10.2 Provided that a Party affected by a Force Majeure Event has used its reasonable and practicable efforts to perform this Agreement and overcome such Force Majeure Event, such Party shall not be held liable for its failure to perform its obligations hereunder to the extent that such performance of its obligations has been delayed or impeded by such Force Majeure Event. Upon the cessation of a Force Majeure Event, the affected Party shall immediately resume its performance of this Agreement.

12. Miscellaneous

12.1 Any amendment or supplement to this Agreement may be effected only by written instrument executed by each of the Parties.

12.2 All attachments hereto shall have the same legal force and effect as this Agreement.

12.3 Without the prior written consent of the Lender, the Borrower shall not transfer its rights and/or obligations hereunder to any third party.

12.4 Any provision hereof held invalid or unenforceable in accordance with the provisions of applicable laws and regulations shall be deemed removed from this Agreement and voided, as if such provision had never been contained herein, but the balance of the provisions of this Agreement shall remain in force and effect. The Parties shall replace such removed provision with a lawful and valid provision acceptable to the Lender.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives on the date first indicated above.

Lanting Jishi Trade (Shenzhen) Co., Ltd. (Company Seal)

By: /s/Xin Wen

Authorized Representative: Xin Wen

Quji Guo

Signature: /s/Quji Guo

Exhibit 10.15

Power of Attorney

The undersigned, Quji Guo, a PRC citizen with identity card number 510105197509100012, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all voting rights that he has as a shareholder of Beijing Lanting Gaochuang Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the Company.

By: Quji Guo /s/ Quji Guo
Date: December 27, 2011

Power of Attorney

The undersigned, Shenzhen Lanting Huitong Technologies Co., Ltd, a limited liability company incorporated in the People's Republic of China, hereby authorizes Lanting Jishi Trade (Shenzhen) Co., Ltd. or its designee to exercise all the voting rights that the Company has as a shareholder of Beijing Lanting Gaochuang Technologies Co., Ltd. (**Company**) during the effective term hereof, including without limitation nominating and electing, as an authorized representative, the Company's directors, general manager and other executive officers at the general shareholders' meeting of the Company.

The aforesaid authorization may not be cancelled unless approved by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

The proxy shall exercise the voting rights bestowed upon a shareholder in respect of the Company dutifully and diligently and shall act as directed by the board of directors of Lanting Jishi Trade (Shenzhen) Co., Ltd.

This Power of Attorney shall be effective as of the date of signing and shall be effective so long as the undersigned remains a shareholder of the Company.

Shenzhen Lanting Huitong Technologies Co., Ltd.
(Company Seal)

By: /s/ Xin Wen
Authorized Representative: Xin Wen

Date: December 27, 2011

Exhibit 12.1

LightInTheBox Holding Co., Ltd.
Growth in Revenue Attributed to Repeat Customers
Year ended December 31,

	2008	2009	2010	2011	2012
	(In thousands of $, except for percentages)				
Revenue Attributed to Repeat Customers(1)	n/a(5)	4,008	8,751	20,886	49,384
Revenues Attributed to New Customers(2)	n/a(5)	22,043	49,943	95,344	150,626
Total Net Revenues	6,256	26,051	58,694	116,230	200,010
Increase in Revenue Attributed to Repeat Customers (3)	n/a	4,008	4,743	12,135	28,497
Growth in Revenue Attributed to Repeat Customers (4)	n/a(5)	n/a(5)	118.3%	138.7%	134.8%

(1) Repeat customers refer to customers who have purchased products from us more than once since our inception.

(2) New customers refer to customers who purchased products from us for the first time during a given period.

(3) Increase in revenue attributed to repeat customers refers to the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period.

(4) Growth in revenue attributed to repeat customers refers to increase in revenue attributed to repeat customers for a given period divided by revenue attributed to repeat customers from the prior period.

(5) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

	Place of Incorporation
Subsidiaries	
Light In The Box Limited	Hong Kong
Lanting Jishi Trade (Shenzhen) Co., Ltd.	PRC
Variable Interest Entities	
Shenzhen Lanting Huitong Technologies Co., Ltd.	PRC
Beijing Lanting Gaochuang Technologies Co., Ltd.	PRC
Subsidiary of Variable Interest Entity	
Shanghai Ouku Network Technologies Co., Ltd.	PRC

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in the Registration Statement on Form F-1 of our report dated April 17, 2013 relating to the consolidated financial statements of LightInTheBox Holding Co., Ltd. and its subsidiaries, variable interest entities and variable interest entities' subsidiaries and the financial statement schedule of LightInTheBox Holding Co., Ltd. for the years ended December 31, 2010, 2011 and 2012, appearing in the Prospectus, which is part of the Registration Statement.

We also consent to the reference to us under the headings "Summary Consolidated Financial Data", "Selected Consolidated Financial Data" and "Experts" in such Prospectus.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China
April 17, 2013

Exhibit 23.5

Consent of iResearch Consulting Group

May 14, 2012

LightInTheBox Holding Co., Ltd.
25F, Tower A, Ocean International Center,
No. 56 East Fourth Ring Road,
Chaoyang District, Beijing 100025
People's Republic of China

Ladies and Gentlemen:

iResearch Consulting Group hereby consent to references to their name in the registration statement on Form F-1 (together with any amendments thereto, the "Registration Statement") in relation to the initial public offering of LightInTheBox Holding Co., Ltd. (the "Company") to be filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and any other future filings with the SEC, including filings on Form 20-F or Form 6-K or other SEC filings (collectively, the "SEC Filings").

iResearch Consulting Group further consent to inclusion of information, data and statements from the report entitled "B2C Online Export Project" (the "Report") in the Company's Registration Statement and the SEC Filings, and citation of the Report in the Company's Registration Statement and the SEC Filings.

iResearch Consulting Group also hereby consent to the filing of this letter as an exhibit to the Registration Statement.

Yours faithfully

For and on behalf of
iResearch Consulting Group

/s/Stephen Wang

Name: Stephen Wang

Title: General Manager

Exhibit 99.1

CODE OF BUSINESS CONDUCT AND ETHICS
OF LIGHTINTHEBOX HOLDING CO., LTD.

INTRODUCTION

LightInTheBox Holding Co., Ltd. and its subsidiaries (collectively the "Company") are committed to conducting their business in accordance with all applicable laws and the highest standards of business ethics. This Code of Business Conduct and Ethics (the "Code") contains general guidelines for conducting the business of the Company. In general, employees should strive to comply with the law and conduct business honestly, fairly and in the best interests of the Company. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, we adhere to these higher standards.

This Code applies to all of the directors, officers, employees and advisors of the Company, whether they work for the Company on a full-time, part-time, consultative, or temporary basis. We refer to these persons as our "employees." We also refer to our Chief Executive Officer, Chief Financial Officer, our other executives and any other persons who perform similar functions for the Company as "executive officers."

It is the Company's policy that any employee who violates this Code will be subject to discipline, which may include termination of employment. If your conduct as an employee of the Company does not comply with the law or with this Code, there may be serious, adverse consequences for both you and the Company.

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or know of or suspect a violation of this Code, seek help. We encourage you to contact your supervisor first. If you do not feel comfortable contacting your supervisor, contact the compliance officer (the "Compliance Officer") of the Company, who shall be a person appointed by the Board of Directors of the Company (the "Board"). If you have any questions regarding the Code or would like to report any violation of the Code, please call or e-mail the Compliance Officer. Any questions or violations of the Code involving an executive officer should be directed or reported to any of the independent director on our Board or the members of the appropriate committee of our Board, and any such questions or violations will be reviewed directly by the Board or the appropriate committee of the Board.

Reporting Violations of the Code

Employees have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code will not be considered an act of disloyalty, but an effort to safeguard the reputation and integrity of the Company and its employees.

All questions and reports of known or suspected violations of this Code will be treated with sensitivity and discretion. The Compliance Officer, the Board or the appropriate committee of the Board and the Company will protect your confidentiality to the greatest extent consistent with the law and the Company's need to investigate your concern.

Policy against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. An employee inflicting reprisal or retaliation against another employee for reporting a known or suspected violation may be subject to disciplinary actions, including termination of employment.

Waivers of the Code

Waivers of this Code may be made only by the Board or the appropriate committee of the Board and will be promptly disclosed to the public as required by law or the rules of the New York Stock Exchange. Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances.

COMPLIANCE WITH LAWS, REGULATIONS AND POLICIES

Employees have an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

Failure to comply with applicable laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company against you, including termination of employment. You should contact the Compliance Officer if you have any questions about the laws, regulations and policies that may apply to you.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the "FCPA") prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. The FCPA prohibits the payment of bribes, kickbacks or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign

officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, including termination of employment.

Certain small facilitation payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is “routine” if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, “routine” functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive a prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

Health and Safety

The Company is committed not only to complying with all relevant health and safety laws, but also to conducting business in a manner that protects the safety of its employees. Employees are required to comply with all applicable health and safety laws, regulations and policies relevant to their jobs. If you have any concerns about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the Human Resources Department.

Employment Practices

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of our detailed policies are available from the Human Resources Department. Employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company as well as disciplinary action by the Company against you, including termination of employment. You should contact the Compliance Officer or the Human Resources Department if you have any questions about the laws, regulations and policies that apply to you.

CONFLICTS OF INTEREST

A conflict of interest occurs when an employee’s private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. You should actively avoid any private interest that may influence your ability to act in the interests of the Company or that may make it difficult to perform your work objectively and effectively.

It is difficult to list all of the ways in which a conflict of interest may arise. However, in general, the following may create conflicts of interest:

- Outside Employment. No employee may be concurrently employed by, serve as a director of, trustee for or provide any services not in his or her capacity as an employee to any entity, whether for-profit or non-profit, that is a material customer, supplier or competitor of the Company or any entity whose interests would reasonably be expected to conflict with the Company.

- Financial Interests. No employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company or any entity whose interests would reasonably be expected to conflict with the Company. A “significant financial interest” means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.

- Loans or Other Financial Transactions. No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arm’s length transactions with recognized banks or other financial institutions.

- Family Situations. The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee’s objectivity in making decisions on behalf of the Company. If a member of an employee’s family is interested in doing business with the Company, the criteria as to whether to enter into or continue the business relationship, and the terms and conditions of the relationship, must be no less favorable to the Company compared with those that would apply to a non-relative seeking to do business with the Company under similar circumstances.

  Employees should report any situation involving family members that could reasonably be expected to give rise to a conflict of interest to their supervisor or the Compliance Officer. For purposes of this Code, “family members” or “members of your family” include your spouse, brothers, sisters and parents, in-laws and children.

For purposes of this Code, a company is a “material” customer if the company has made payments to the Company in the past year in excess of US$100,000 or 10% of the customer’s gross revenues, whichever is greater. A company is a “material” supplier if the company has received payments from the Company in the past year in excess of US$100,000 or 10% of the supplier’s gross revenues, whichever is greater. A company is a “material” competitor if the company competes in the Company’s line of business and has annual gross revenues from such line of business in excess of US$500,000. If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Compliance Officer for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees fully disclose any situations that could reasonably be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it immediately to the

Compliance Officer. Conflicts of interest may only be waived by the Board or the appropriate committee of the Board and will be promptly disclosed to the public to the extent required by law.

CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises. If you discover or are presented with a business opportunity that is in the Company's line of business through the use of corporate property or corporate information or because of your position at the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. Employees may not use corporate property or corporate information or their positions with the Company in any way that may deprive the Company of any benefit or subject it to any harm.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. Once the Company grants you permission, you may pursue the business opportunity on the same terms and conditions as those originally offered to the Company and to the extent that it is consistent with other ethical guidelines set forth in the Code.

CORPORATE ASSETS AND CONFIDENTIAL INFORMATION

Employees have a duty to protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The Company's files, computers, networks, software, phone system and other business resources are provided for business use only and they are the exclusive property of the Company. The use of the Company's funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited. All inventions, creative works, computer software, and technical or trade secrets developed by an employee in the course of performing the employee's duties or primarily through the use of the Company's materials and technical resources while working at the Company, shall be property of the Company.

To ensure the protection and proper use of the Company's assets, employees should exercise reasonable care to prevent theft, damage or misuse of Company property. In the event of actual or suspected theft, damage or misuse of Company's property, employees should report such activities directly to a supervisor.

Employees should be aware that Company's property includes all data and communications transmitted or received by, or contained in, the Company's electronic or telephonic systems. The Company's property also includes all written communications. Employees and other users of the Company's property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communications. These communications may also be subject to disclosure to law enforcement or government officials.

Safeguarding Confidential Information and Intellectual Property

Employees have access to a variety of confidential information while employed by the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Every employee has a duty to respect and safeguard the confidentiality of the Company's information and the information of our suppliers and customers, except when disclosure is authorized by the Company or legally mandated. An employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company, its customers or its suppliers and could result in legal liability to you and the Company.

Employees also have a duty to protect the Company's intellectual property and other business assets. The intellectual property, business systems and the security of the Company property are critical to the Company.

Any questions or concerns regarding whether disclosure of the Company's information is legally mandated should be promptly directed to the Compliance Officer.

Care must be taken to safeguard and protect confidential information and Company property. Accordingly, the following measures should be adhered to:

- The Company's employees should prevent the inadvertent disclosure of confidential information during or after working hours. For example, documents or electronic devices containing confidential information should be stored in a secure location. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, and buses) should be conducted so as to prevent disclosure to unauthorized persons.

- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.

- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives including those living in the same household as an employee.

- Employees should only access, use and disclose the confidential information to the extent that it is necessary for performing their duties. They should only disclose confidential information to other employees or business partners to the extent that it is necessary for such employees or business partners to perform their duties on behalf of the Company.

COMPETITION AND FAIR DEALING

Employees are obligated to deal fairly with fellow employees and with the Company's customers, suppliers and competitors. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair practice.

Relationships with Customers

Our business success depends on fostering long-term customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should adhere to the following guidelines:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors. Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier's products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see "Gifts and Entertainment" below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to foster relationships with business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make unbiased business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may exchange gifts with customers or suppliers only if such gifts would not be viewed as an inducement or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:

  - The items are a reasonable value;
  - The purpose of the meeting or attendance at the event is related to the Company's business; and

  - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.

- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.

- Gifts Rewarding Accomplishments. You may accept a gift from a civic, charitable or religious organization specifically related to your accomplishments.

You must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See "The Foreign Corrupt Practices Act" below for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Compliance Officer for additional guidance.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record-keeping policy.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company we are subject to various securities laws, regulations and reporting obligations. These laws, regulations and obligations and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and

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results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Employees should be on guard for, and promptly report, any possibility of inaccurate or incomplete financial reporting. Particular attention should be paid to financial results that seem inconsistent with the performance of the underlying business, transactions that do not seem to have an obvious business purpose and requests to circumvent ordinary review and approval procedures. Employees with information relating to questionable accounting or auditing matters may also confidentially, or anonymously, submit the information in writing to the Company's audit committee of the Board.

It is essential that the Company's financial records, including all filings with the Securities and Exchange Commission ("SEC"), be accurate and timely. Accordingly, in addition to adhering to the conflict of interest policy and other policies and guidelines in this Code, the executive officers and other principal financial officers must take special care to exhibit integrity at all times and to instill this value within their organizations. In particular, these senior officers must ensure that they abide by all public disclosure requirements by providing full, fair, accurate, timely and understandable disclosures, and that they comply with all other applicable laws and regulations. The executive officers and other principal financial officers must also understand and strictly comply with generally accepted accounting principles in the U.S. and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

In addition, U.S. federal securities laws require the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading or incomplete statement to an accountant in connection with an audit or any filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading. Prohibited actions include, but are not limited to, those actions taken to coerce, manipulate, mislead or inappropriately influence an auditor to:

- issue or reissue a report on the Company's financial statements that is not warranted in the circumstances (due to material violations of U.S. GAAP, generally accepted auditing standards or other professional or regulatory standards);

- not perform audit, review or other procedures required by generally accepted auditing standards or other professional standards;

- withdraw an issued report; or

- not communicate matters to the Company's audit committee of the Board.

PROHIBITION OF INSIDER TRADING

The Company has an insider trading policy, which may be obtained from the Compliance Officer. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Employees are prohibited from trading in shares or other securities of the Company while in possession of material, nonpublic information about the Company. Prohibition on insider trading applies to members of the employees' family and anyone else sharing the home of the employees. Therefore, employees must use discretion when discussing work with friends or family members as well as other employees. In addition, employees are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell shares or other securities of the Company on the basis of material, nonpublic information. Employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in shares or securities of the other company while in possession of such information or "tipping" others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, including termination of employment.

Information is "non-public" if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is "material" if a reasonable investor would consider it important in a decision to buy, hold or sell stock or other securities. As a rule of thumb, any information that would affect the value of stock or other securities should be considered material. Examples of information that is generally considered "material" include:

- Financial results or forecasts, or any information that indicates the Company's financial results may exceed or fall short of forecasts or expectations;

- Important new products or services;

- Pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;

- Possible management changes or changes of control;

- Pending or contemplated public or private sales of debt or equity securities;
- Acquisition or loss of a significant customer or contract;
- Significant write-offs;
- Initiation or settlement of significant litigation; and

- Changes in the Company's auditors or a notification from its auditors that the Company may no longer rely on the auditor's report.

The laws against insider trading are specific and complex. Any questions about information you may possess or about any dealings you have had in the Company's securities should be promptly brought to the attention of the Compliance Officer.

PUBLIC COMMUNICATIONS AND PREVENTION OF SELECTIVE DISCLOSURE

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (e.g., media, analysts), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Company's Investor Relations Department. The Investor Relations Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with U.S. securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Selective disclosure" occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally. Selective disclosure is a crime under U.S. law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure. Every employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the chief executive officer, chief financial officer or persons designated by them (collectively, the "Media Contacts").
- Other than the Media Contacts, no officer, director or employee shall provide any potentially market-moving information regarding the Company or its business to any investment analyst or member of the press or media.
- All inquiries from persons such as industry analysts or members of the media about the Company or its business should be directed to a Media Contact. All presentations to the investment community regarding the Company will be made by us under the direction of a Media Contact.
- Other than the Media Contacts, any employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with "No comment" and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Please contact the Compliance Officer if you have any questions about the scope or application of the Company's policies regarding selective disclosure.

ENVIRONMENT

Employees should strive to conserve resources and reduce waste and emissions through recycling and other conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials. Employees whose jobs involve manufacturing have a special responsibility to safeguard the environment. Such employees should be particularly alert to the storage, disposal and transportation of waste, and handling of toxic materials and emissions into the land, water or air.

HARASSMENT AND DISCRIMINATION

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or any other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Human Resources Department. All complaints will be treated with sensitivity and discretion. Your supervisor, the Human Resources Department and the Company will protect your confidentiality to the extent possible, consistent with the law and the Company's need to investigate your concern. Where our investigation uncovers

harassment or discrimination, we will take prompt corrective action, which may include disciplinary action against the perpetrator such as termination of employment. The Company strictly prohibits retaliation against an employee who files a complaint in good faith.

Any manager who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Human Resources Department immediately.

CONCLUSION

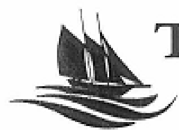
This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have

any questions about these guidelines, please contact your supervisor or the Compliance Officer. We expect all employees to adhere to these standards.

This Code of Business Conduct and Ethics, as applied to the Company's executive officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.

Exhibit 99.2



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April 17, 2013

LightInTheBox Holding Co., Ltd.
Building 2, Area D, Floor 1-2, Diantong Times Square
No. 7 Jiuxianqiao North Road
Chaoyang District, Beijing 100020
People's Republic of China

Ladies and Gentlemen,

Re: Legal Opinion

We are lawyers qualified in the People's Republic of China (the "PRC") and are qualified to issue opinions on PRC Laws (as defined in Section I). For the purpose of this legal opinion (this "Opinion"), the PRC does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan.

We act as PRC counsel to LightInTheBox Holding Co., Ltd. (the "Company"), a company incorporated under the laws of the Cayman Islands, in connection with (a) the Company's Registration Statement on Form F-1 (the "Registration Statement"), initially filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, including the prospectus that forms a part of the Registration Statement (the "Prospectus"), on February 26, 2013, relating to the offering by the Company of a certain number of the Company's American Depositary Shares ("ADSs") representing ordinary shares with a par value US$0.000067 of the Company, and (b) the sale of the Company's ADSs and listing of the Company's ADSs on the New York Stock Exchange. We have been requested to give this Opinion as to the matters set forth below.

In rendering this Opinion, we have examined the Registration Statement, the originals or copies certified or otherwise identified to our satisfaction, documents provided to us by the Company, and such other documents, corporate records, certificates, approvals and other instruments as we have deemed necessary for the purpose of rendering this Opinion, including, without limitation, originals or copies of the agreements and certificates issued by PRC authorities and officers of the Company ("Documents"). In such examination, we have assumed the accuracy of the factual matters described in the Registration Statement and that the Registration Statement and other documents will be

executed by the parties in the forms provided to and reviewed by us. We assume all the Documents and the factual statements provided to us by the Company and the Chinese Entities (as defined in Section I), including but not limited to those set forth in the Documents, are complete, true and accurate. Where important facts were not independently established, we have relied upon certificates issued by the Government Agency (as defined in Section I) with proper authority and the appropriate representatives of the Company and/or the Chinese Entities with the proper powers and functions.

We have also assumed the authenticity of all signatures, seals, chops and all Documents submitted to us as originals, and the conformity with the originals of all Documents submitted to us as copies, and the truthfulness, accuracy and completeness of all Documents and the factual statements in such Documents. We have further assumed that the Documents provided to us remain in full force and effect up to the date of this Opinion and have not been revoked, amended, varied or supplemented except as otherwise indicated in such Documents.

I. Definitions

The following terms as used in this Opinion are defined as follows:

"Chinese Entities" means Lanting Jishi Trade (Shenzhen) Co. Ltd (or Lanting Jishi), Shenzhen Lanting Huitong Technologies Co., Ltd. (or Lanting Huitong), Shanghai Ouku Network Technologies Co., Ltd. (or Shanghai Ouku), and Beijing Lanting Gaochuang Technologies Co., Ltd., (or Lanting Gaochuang).

"Contracts" means contracts listed in the Schedule I.

"Equity Disposal Agreements" means the Equity Disposal Agreement, dated as of June 9, 2011, among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders, and the Equity Disposal Agreement, dated as of December 7, 2011 among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders.

"Government Agency" means any national, provincial, municipal or local governmental authority, agency or body having jurisdiction over any of the Chinese Entities in the PRC.

"Hong Kong Subsidiary" means Light In The Box Limited.

"Material Adverse Effect"	means any event, circumstance, condition, occurrence or situation, or any combination of the foregoing that has or could be reasonably expected to have a material and adverse effect upon the condition (financial or otherwise), business, properties or results of operations or prospects of the Company, Hong Kong Subsidiary and Chinese Entities taken as a whole.
"PRC Laws"	means any and all laws, regulations, statutes, rules, decrees, notices and supreme court judicial interpretations currently in force and publicly available in the PRC as of the date hereof.
"VIEs"	means Lanting Huitong and Lanting Gaochuang.

II. Opinions

1. Each of the Chinese Entities has been duly incorporated and validly exists as a company with limited liability and enterprise legal person status under the PRC Laws. All of the registered capital of each of the Chinese Entities has been fully paid for, and all the equity interest in the registered capital of each of the Chinese Entities is owned by its shareholders currently registered with the competent administration for industry and commerce. The current articles of association and the business license of each of the Chinese Entities comply with applicable PRC Laws and are in full force and effect.

2. All the equity interest in Lanting Huitong owned by its shareholders has been duly pledged to Lanting Jishi in accordance with the PRC Laws.

3. Except as disclosed in the Registration Statement and the Prospectus, (i) each of the relevant Chinese Entities has full power, authority and legal right to enter into, execute, adopt, assume, issue, deliver and perform their respective obligations under each of the Contracts to which it is expressed to be a party and such obligations constitute valid, legal and binding obligations enforceable against each of them in accordance with the terms of each of the Contracts, (ii) each Contract and the transactions contemplated thereby have been duly authorized by the Chinese Entities expressed to be parties thereto and are valid, enforceable and admissible as evidence under, and not in violation of, the PRC Laws, and are binding on the persons expressed to be parties thereto and (iii) no approvals are required to be sought or obtained for the performance of the respective relevant Chinese Entities of their obligations and the transactions contemplated under the Contracts other than those already obtained, except when Lanting Jishi decides to exercise the options granted under the Equity Disposal Agreements to purchase the equity

interest in the VIEs, such purchase could be subject to prior approval by the Ministry of Commerce or its local counterpart and should be further subject to registrations with the relevant Government Agencies.

4. Each of the relevant Chinese Entities has taken all necessary corporate and other actions for the entering into, execution, adoption, assumption, issue, delivery and the performance of their respective obligations under each of the Contracts to which it is expressed to be a party, and the representatives of the relevant Chinese Entities (as the case may be) have been duly authorized to do so.

5. To the best of our knowledge after due and reasonable inquiries, and excepted as disclosed in the Registration Statement and the Prospectus, the execution and performance by each of the relevant Chinese Entities of their respective obligations under each of the Contracts to which any of them is a party does not and will not contravene, result in a breach or violation of or constitute a default under (i) any of the terms and provisions of their respective Articles of Association or any of their respective business licenses, (ii) any applicable PRC Laws, (iii) any arbitration award or judgment, order or decree of any court of the PRC having jurisdiction over the relevant Chinese Entities, or (iv) any agreement or instrument to which any of them is expressed to be a party or which is binding on any of them or any of their assets, to which any of them is expressed to be a party or which is binding on any of them or any of their assets except where, in respect of (i), (ii) (iii) or (iv) above, such breach, violation or default would not, individually or in the aggregate, have a Material Adverse Effect; and no Contracts have been amended or revoked or are liable to be set aside under any applicable PRC Laws. Each of the Contracts is in full force and effect and, to the best of our knowledge after due and reasonable inquiries, none of the Chinese Entities thereto is in material breach or default in the performance of any of the terms or provisions of such Contracts.

6. According to the "Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors" (the "M&A Rules"), issued by the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the "CSRC"), and the State Administration of Foreign Exchange on August 8, 2006, offshore special purpose vehicles, or SPVs, formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals are required to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. As disclosed in the Registration Statement and the Prospectus, under current PRC Laws, we believe the CSRC approval is not required in the context of the Offering, because (i) Lanting Jishi was established by means of direct investment,

rather than by merger or acquisition of the equity interest or assets of any "domestic company" as defined under the M&A Rules, and (ii) no provision in the M&A Rules classifies the contractual arrangements between Lanting Jishi and the VIEs as a type of transaction which is subject to the M&A Rules.

7. The statements set forth in the Prospectus captions, "Prospectus Summary," "Risk Factors," "Enforcement of Civil Liabilities," "Our History and Corporate Structure," "Management's Discussion and Analysis of Financial Condition and Results of Operations-Taxation,"

"Business," "Regulations," "Legal Matters" and "Taxation," insofar as such statements describe or summarize PRC legal or regulatory matters, are true and accurate in all material respects, and fairly present and summarize the PRC legal and regulatory matters referred to therein; such statements do not contain any untrue statements of a material fact, and do not omit to state any material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading. The opinions set forth under "Prospectus Summary," "Risk Factors," "Enforcement of Civil Liabilities," "Our History and Corporate Structure," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Taxation," "Business," "Regulations," "Legal Matters" and "Taxation," of the Registration Statement, as related to matters of PRC Laws and as specifically stated therein as being our opinions, constitute our opinion.

III. Qualifications

This Opinion is subject to the following qualifications:

(i) This Opinion relates only to the PRC Laws and we express no opinion as to any other laws or regulations. There is no guarantee that any of the PRC Laws, or the interpretation thereof or enforcement therefor, will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

(ii) This Opinion is intended to be used in the context that is specifically referred to herein and each section should be looked at as a whole regarding the same subject matter.

(iii) This Opinion is subject to the effects of (i) certain legal or statutory principles affecting the enforceability of contractual rights generally under the concepts of public interest, national security, good faith and fair dealing, applicable statutes of limitation, and the limitations of bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditor's rights generally; (ii) any circumstance in connection with the formulation, execution or performance of any

legal documents that would be deemed materially mistaken, clearly unconscionable or fraudulent; (iii) judicial discretion with respect to the availability of injunctive relief, the calculation of damages, and any entitlement to attorneys' fees and other costs; and (iv) the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in connection with the interpretation, implementation and application of relevant PRC Laws.

This Opinion is rendered to you for the purpose hereof only. We hereby consent to the use of this Opinion in, and its being filed as an exhibit to, the Registration Statement. In giving such consent, we do not thereby admit that we fall within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ TransAsia Lawyers

TransAsia Lawyers

SCHEDULE I

Contracts

1. Exclusive Technical and Consulting Service Agreement, dated as of June 9, 2011, between Lanting Jishi and Lanting Huitong;

2. Business Operation Agreement, dated as of June 9, 2011, among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders;

3. Equity Disposal Agreement, dated as of June 9, 2011, among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders;

4. Share Pledge Agreement, dated as of June 9, 2011, among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders;

5. Powers of Attorney, dated as of July 26, 2011, issued by each of Lanting Huitong's shareholders;

6. Spousal Consent Letters, dated as of June 9, 2011, issued by respective spouse of Mr. Liang Zhang and Mr Jun Liu;

7. Exclusive Technical and Consulting Service Agreement, dated as of December 7, 2011, between Lanting Jishi and Lanting Gaochuang;

8. Business Operation Agreement, dated as of December 7, 2011, among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders;

9. Equity Disposal Agreement, dated as of December 7, 2011, among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders;

10. Share Pledge Agreement, dated as of December 7, 2011, among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders;

11. Loan Agreement, dated as of December 7, 2011, between Mr. Quji (Alan) GUO and Lanting Jishi;

12. Powers of Attorney, dated as of December 27, 2011, issued by each of Lanting Gaochuang's shareholders.

Exhibit 99.3

As confidentially submitted to the Securities and Exchange Commission on August 3, 2012

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 6
to
Form F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LightInTheBox Holding Co., Ltd.

(Exact name of Registrant as Specified in its Charter)

Cayman Islands	**5961**	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Ordinary shares, par value $0.000067 per share	$	$

(1) American depositary shares, or ADSs, issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6. Each ADS represents ordinary shares.

(2) Includes (a) ordinary shares represented by ADSs that may be purchased by the underwriters pursuant to their option to purchase additional ADSs and (b) all ordinary shares represented by ADSs initially offered and sold outside the United States that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

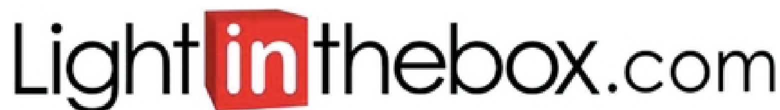
The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated , 2012

American Depositary Shares

Representing Ordinary Shares



LightInTheBox Holding Co., Ltd.

This is the initial public offering of LightInTheBox Holding Co., Ltd., or LightInTheBox. We are offering American Depositary Shares, or ADSs, and the selling shareholders identified in this prospectus are offering an aggregate of ADSs. Each ADS represents ordinary shares, par value $0.000067 per share. We will not receive any proceeds from the ADSs sold by the selling shareholders. We expect that the initial public offering price of the ADSs will be between $ and $ per ADS.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. We have applied for listing of the ADSs on the New York Stock Exchange under the symbol "LITB."

Investing in the ADSs involves risk. See "Risk Factors" beginning on page 14.

	Price to Public	Underwriting Discounts and Commission	Proceeds, before Expenses, to Us	Proceeds, before Expenses to the Selling Shareholders
Per ADS	$	$	$	$
Total	$	$	$	$

We and the selling shareholders have granted the underwriters the right to purchase up to an aggregate of additional ADSs.

Immediately after the completion of this offering, we will have one class of ordinary shares. Each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, certain founding shareholders will be entitled to three votes per share.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, and Section 3(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

The Securities and Exchange Commission and state securities commission have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on or about , 2012.

Morgan Stanley **Credit Suisse**

Stifel Nicolaus Weisel **Oppenheimer & Co.**

The date of this prospectus is , 2012.

Lightinthebox.com

Small Accessories and Gadgets

Smartphone Controlled Helicopter

Electronic and Communication Devices

Music Player Sunglasses & Virtual Display Glasses

Apparel

Made-to-Measure Evening Dress

Home and Garden

Faucet with Color-changing LED Light

Others

Hand Bag, Satin Heel Pumps & Formal Men's Watch

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide information different from that contained in this prospectus. We are offering to sell and seeking offers to buy ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distributions of this prospectus outside the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in the ADSs. You should carefully read the entire prospectus, including "Risk Factors" and the financial statements, before making an investment decision.

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com* and our other websites, which are available in 13 major languages and cover more than three-quarters of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2011, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

We target lifestyle product categories where consumers value choice or customization. We believe that by offering more variety and personalization we will be able to create and capture new consumer demand. We offer products in the three core categories of customized apparel, electronic and communication devices and home and garden. At any time, a customer shopping for a special occasion dress on our site can have her dress made-to-measure, choosing from more than 3,000 distinctive designs. As of March 31, 2012, we had more than 87,600 product listings. During the first three months of 2012, we added an average of more than 8,000 new product listings each month.

We serve consumers globally without incurring the costs and complexities associated with establishing a traditional multinational retail infrastructure. Our major markets are Europe and North America. We use global online marketing platforms such as Google and Facebook to reach our consumers, we accept payments through all major credit cards and electronic payment platforms such as PayPal and we deliver our goods through major international couriers, including UPS, DHL and FedEx.

We believe that being a China-based company provides important advantages in supply chain management. We strive to source high quality products directly from some of the most competitive manufacturers in the strongest supply ecosystems. By locating our sourcing offices near some of the most competitive factories, we realize cost advantages and just-in-time inventory management as we create effective supplier competition while maximizing the quality of our products. Our suppliers benefit from working closely with our in-house manufacturing experts to re-engineer their manufacturing processes to achieve faster time-to-market for our products and enable large scale production of individually customized products.

To acquire and retain customers across diverse geographic markets, we have developed proprietary technologies to manage and optimize our large-scale technical and marketing operations. In addition, we have established a specialized social marketing team that uses creative interactive activities to engage online users. We provide a user-friendly online shopping experience and intelligent product recommendation algorithms to facilitate purchasing decisions.

We have developed a proprietary technology platform that integrates every aspect of our business operations, including global marketing, online shopping platforms, supply chain management,

fulfillment, logistics and customer service. Our founders have extensive experience and expertise in software development. We have made significant investments in software research and development to improve operational efficiency and enable business innovation.

We have grown significantly since we commenced our operations. Our net revenues grew from $6.3 million in 2008 to $116.2 million in 2011. Our net revenues were $36.9 million in the three months ended March 31, 2012. Our number of customers increased from approximately 36,000 in 2008 to approximately 948,000 in 2011. Our number of customers were approximately 395,000 in the three months ended March 31, 2012. We experienced a net loss of $3.0 million, $4.8 million, $21.9 million, $24.5 million and $3.0 million in 2008, 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. We have also used cash in operating activities of $2.1 million, $2.3 million, $19.9 million and $14.1 million in 2008, 2009, 2010 and 2011, respectively. We generated $2.7 million in cash from operating activities in the three months ended March 31, 2012.

Industry Background

Global online retail sales continue to experience robust growth. According to Euromonitor International, or Euromonitor, global online retail sales are expected to grow at a CAGR of 13.0% from $399 billion in 2011 to $650 billion in 2015. Online retail penetration remains low in major markets around the world, but has and is expected to continue to increase over time. For example, according to Euromonitor, online retail sales as a percentage of total retail sales in the United States increased from 3.7% in 2007 to 4.9% in 2011, and is expected to increase further to 6.7% by 2015.

In addition, there are significant differences in online retail penetration across different product categories. For example, in the United States, online retail penetration is 25.5% for consumer electronics products but only 7.0% for apparel. We believe that these underpenetrated categories present significant future growth opportunities for online retailing.

China has become a major manufacturing hub for consumer goods for global brands and smaller China-based exporters. According to iResearch, the Chinese consumer goods export market is expected to grow from $1,205 billion in 2011 to $2,164 billion in 2014, representing a CAGR of 21.6%. Historically, major product categories for Chinese consumer goods exports have included apparel and electronics, where China has a strong competitive advantage in manufacturing due to its unique ability to provide high levels of skill, customization and attention to detail, all at affordable prices.

We believe that there are increasing opportunities for China-based companies to participate in global online retailing. They enjoy access to a large, low-cost export-oriented manufacturing base, global payment and logistics solutions and globally scalable online marketing. In addition, declining trade barriers have contributed significantly to the expansion of world trade. According to iResearch, the global online retail market for direct-to-consumer China-made goods is expected to grow from $1.1 billion in 2011 to $6.1 billion in 2014.

However, the market remains heavily fragmented with many smaller players. We believe these players are faced with significant challenges associated with achieving scale; they must customize shopping experiences, manage online marketing across multiple languages, understand consumer needs across diverse geographic markets and maintain scalable and integrated technology, fulfillment and logistics infrastructures. As a result, we believe there is an attractive opportunity for large scale, well-capitalized players to capture market share, achieve economies of scale, build brand equity and establish best practices.

Our Strengths

We believe we are a first mover in offering consumers around the world an attractive online shopping experience by fully capitalizing on direct sourcing from China-based suppliers. We believe the following strengths contribute to our success and differentiate us from our competitors:

- scalable business model designed for global reach;
- supply chain optimization for faster time-to-market and product variety;
- distinctive products optimized for online shopping;
- sophisticated online marketing capabilities;
- advanced technology platform that enables business innovation; and
- global operations with cost advantages from our base operations in China.

Our Strategies

Our goal is to become a leading global online retail company that revolutionizes the way people shop and manufacturers produce their merchandise. We have built an organization with unique competitive advantages that can provide us with long-term sustainable growth. We plan to execute the following key strategies in order to increase customer base and loyalty, improve marketing and sourcing efficiency, reduce operational costs and establish brand preference:

- expand and strengthen our product offerings;
- enhance our customer experience;
- strengthen our supply chain management;
- optimize our logistics network and infrastructure;
- invest in our technology platform; and
- deepen our market penetration globally.

Our Challenges

Our ability to achieve our goal and execute our strategies is subject to risks and uncertainties, including the following:

- our limited operating history and historical losses may make our growth and future prospects uncertain and difficult to evaluate;
- the online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations;
- our failure to quickly identify and adapt to changing industry conditions may have a material and adverse effect on our business, financial condition and results of operations;
- we have incurred net losses and experienced negative cash flow from operating activities since our inception, which has raised substantial doubt about our ability to continue as a going concern, as indicated in our auditor's report, and we may continue to incur net losses and experience negative cash flow from operating activities and, as a result, we may need to obtain additional capital in the future or we may be unable to continue as a going concern;
- any failure to manage our growth or execute our strategies effectively may materially and adversely affect our business and prospects;

- products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business and our reputation; and

- we may have difficulties managing our marketing efforts and may face increased competition in our marketing efforts, which could materially and adversely affect our business and growth prospects.

We also face other risks and uncertainties that may materially affect our business, financial conditions, results of operations and prospects. You should consider the risks discussed in "Risk Factors" and elsewhere in this prospectus before investing in the ADSs.

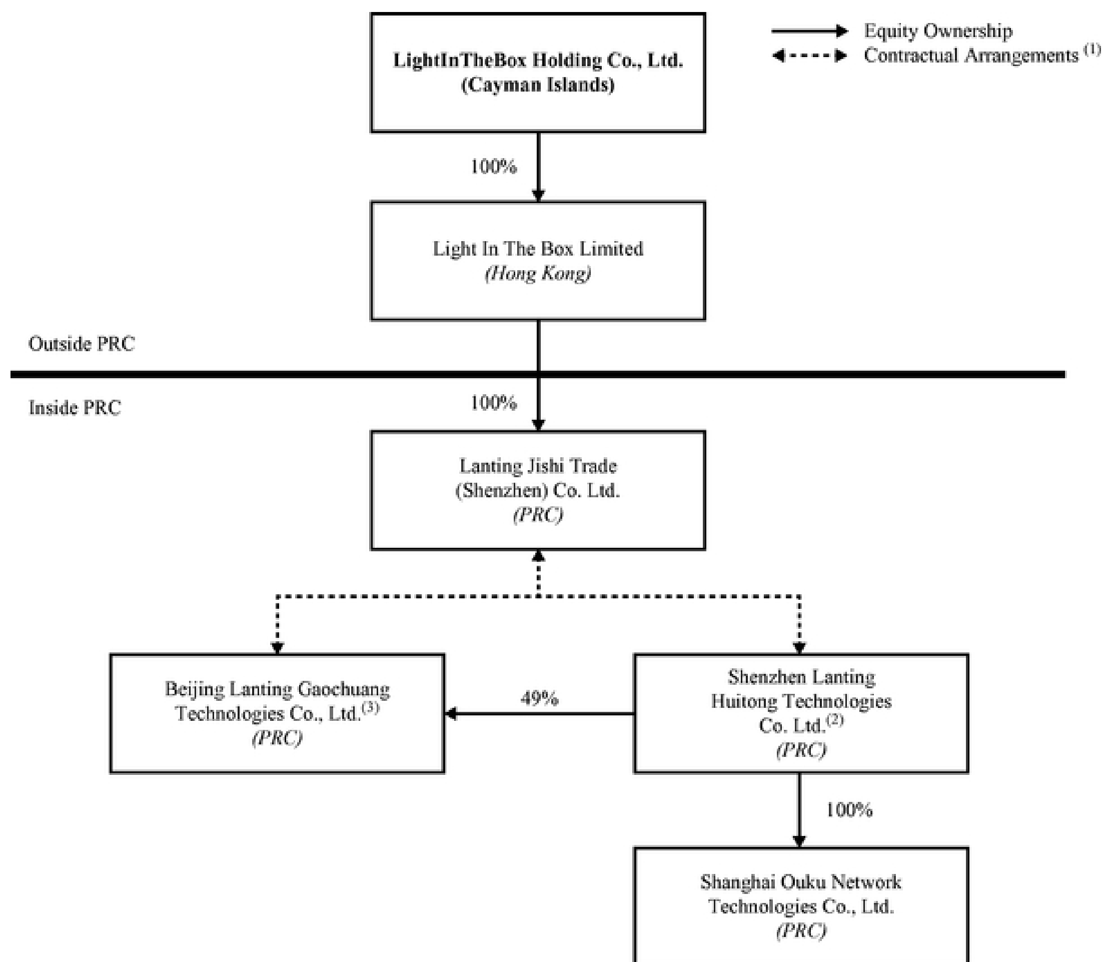
Our Corporate Structure

We were founded in June 2007 and operated our business and our *www.lightinthebox.com* website through Light In The Box Limited, our wholly owned subsidiary incorporated in Hong Kong.

In March 2008, we incorporated LightInTheBox Holding Co., Ltd. in the Cayman Islands, as our ultimate holding company. In June 2008, we established Shenzhen Lanting Huitong Technologies Co., Ltd., or Lanting Huitong, a variable interest entity, or VIE, in the PRC. In October 2008, we incorporated our wholly owned subsidiary in the PRC, Lanting Jishi Trade (Shenzhen) Co. Ltd., or Lanting Jishi. In December 2011, we established our new VIE, Beijing Lanting Gaochuang Technologies Co., Ltd., or Lanting Gaochuang, in the PRC.

We primarily conduct our operations through our Hong Kong subsidiary, Light In The Box Limited and our PRC subsidiary, Lanting Jishi. We generate most of our revenues from the operations of Light In The Box Limited. In 2009, 2010, 2011 and the three months ended March 31, 2012, we derived 99.8%, 91.2%, 94.6% and 96.8% of our consolidated revenues from Light In The Box Limited, respectively. We derived 0.01%, 0.9%, 1.1% and 0.9% of our consolidated revenues from Lanting Jishi for the same periods, respectively. Lanting Huitong operates our domestic PRC websites, through its subsidiary, Shanghai Ouku Network Technologies Co., Ltd., or Shanghai Ouku. Lanting Gaochuang is responsible for certain research and development functions. We control both Lanting Huitong and Lanting Gaochuang through a series of contractual arrangements. We derived an aggregate of 0.19%, 7.9%, 4.3% and 2.3% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. We have not derived any consolidated net revenues from Lanting Gaochuang since its inception in December 2011, and we do not expect to derive any significant contributions to our consolidated net revenues from Lanting Gaochuang going forward, if at all.

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) Such arrangements include exclusive technical and consulting service agreements, business operation agreements, equity disposal agreements, share pledge agreements, powers of attorney, spousal consent letters (applicable only to Lanting Huitong) and a loan agreement (applicable only to Lanting Gaochuang).

(2) The shareholders of Shenzhen Lanting Huitong Technologies Co. Ltd. are Mr. Quji (Alan) GUO, our chairman and chief executive officer, Mr. Xin (Kevin) WEN, our director and co-president, Mr. Liang ZHANG, our director and co-president, and Mr. Jun LIU, our director and senior vice-president of operations.

(3) Mr. Quji (Alan) GUO holds the other 51% of the equity interest in Beijing Lanting Gaochuang Technologies Co., Ltd.

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce in China through strict business licensing requirements and other government regulations.

We are a Cayman Islands company and our wholly owned PRC subsidiary, Lanting Jishi, is a wholly foreign owned enterprise. Cayman Islands companies and wholly foreign owned PRC enterprises are restricted from holding certain licenses related to the distribution of online information and the conduct of online commerce in China. Accordingly, we conduct the operation of our domestic websites in China through Lanting Huitong, which we control through a series of contractual arrangements, and its subsidiary, Shanghai Ouku. We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements.

The registered shareholders of Lanting Huitong are our directors and executive officers who hold our shares, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU. The registered shareholders of Lanting Gaochuang are Mr. GUO and Lanting Huitong. We do not have equity interest in Lanting Huitong, Shanghai Ouku or Lanting Gaochuang. However, as a result of an these contractual arrangements, we are considered the primary beneficiary of Lanting Huitong, Shanghai Ouku and Lanting Gaochuang, and we treat them as our consolidated affiliated entities under generally accepted accounting principles in the United States, or U.S. GAAP. We have consolidated the financial results of these companies in our consolidated financial statements in accordance with U.S. GAAP. We derived an aggregate of 0.19%, 7.9%, 4.3% and 2.3% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively.

We control Lanting Huitong and Lanting Gaochuang through a series of contractual arrangements, including:

- equity disposal agreements granting Lanting Jishi, or its designee, exclusive options to purchase all or part of the equity interests in our VIEs with the minimum amount of consideration permissible under PRC law;

- business operation agreements, pursuant to which our VIEs may not enter into any material transaction without prior written consent from Lanting Jishi, or its designee, and Lanting Jishi has the right to nominate directors, supervisors and senior managers of our VIEs;

- exclusive technical support and consulting service agreements, pursuant to which our VIEs pay Lanting Jishi a service fee equal to substantially all of their net income in exchange for technology support and consulting services;

- share pledge agreements, pursuant to which shareholders of our VIEs pledged all of their equity interest in our VIEs in favor of Lanting Jishi to secure our VIEs and their shareholders' obligations under these contractual arrangements and, if our VIEs or any of their shareholders breach any of their contractual obligations under these arrangements, Lanting Jishi will be entitled to sell the pledged equity interest;

- powers of attorney executed by shareholders of our VIEs appointing Lanting Jishi to be their attorney-in-fact, and to vote on their behalf on all the matters concerning our VIEs that may require shareholders' approval;

- spousal consent letters executed by spouses of married shareholders of Lanting Huitong, acknowledging that a certain percentage of the equity interest in Lanting Huitong held by their spouses will be disposed of pursuant to the equity disposal agreement and share pledge agreement; and

- a loan agreement, pursuant to which Lanting Jishi extended a loan in the amount of RMB255,000 to Mr. GUO to fund his contribution of 51% of the registered capital of Lanting Gaochuang.

The powers of attorney will be valid as long as the registered shareholders remain as shareholders of our VIEs. The share pledge agreements will be valid until our VIEs and their shareholders fulfill all contractual obligations under the business operation agreements. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the contract expiration date. The technical support and consulting service agreements and the equity disposal agreements, and all other agreements will remain valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

For a description of these contractual arrangements, see "Our History and Corporate Structure." For a detailed description of the regulatory environment that necessitates the adoption of our corporate

structure, see "Regulations." For a detailed description of the risks associated with our corporate structure and the contractual arrangements that support our corporate structure, including risks and uncertainties regarding the validity of these contracts, the control that these contracts grant us, our relationships with the shareholders of our VIEs, the consequences of our VIEs' bankruptcy and adverse tax consequences of these contracts, see "Risk Factors—Risks Related to Our Corporate Structure."

Voting Rights

Immediately after the completion of this offering, we will have one class of ordinary shares. Each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our amended and restated memorandum and articles of association, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, our chairman and chief executive officer, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, our director and co-president, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, our director and co-president, will be entitled to three votes per share, and each other holder is entitled to one vote per share. See "Description of Share Capital—Ordinary Shares—Voting Rights."

Our Corporate Information

Our principal executive offices are located at 25F, Tower A, Ocean International Center, No. 56 East Fourth Ring Road, Chaoyang District, Beijing 100025, People's Republic of China. Our telephone number at this address is +86-10-5908-0008 and our fax number is +86-10-5908-0270. Our registered office in the Cayman Islands is located at the office of Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017. Our website is *http://www.lightinthebox.com*. Information on or from our website is not a part of this prospectus.

Conventions That Apply to This Prospectus

Unless where the context otherwise requires, references in this prospectus to:

- "ADRs" are to the American depositary receipts, which, if issued, evidence the ADSs;
- "ADSs" are to the American depositary shares, each of which represents   ordinary shares;
- "China" and the "PRC" are to the People's Republic of China, excluding, for the purposes of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;
- "shares" or "ordinary shares" are to our ordinary shares, par value $0.000067 per share;
- "North America" are to, for the purposes of this prospectus only, the United States and Canada;
- "repeat customers" are to customers who have purchased products from us more than once since our inception;
- "RMB" and "Renminbi" are to the legal currency of China;
- "we," "us," "our company" and "our" are to LightInTheBox Holding Co., Ltd., its consolidated subsidiaries and its VIEs, Lanting Huitong and Lanting Gaochuang, and Shanghai Ouku, the subsidiary of Lanting Huitong; and
- "$," "dollars" and "U.S. dollars" are to the legal currency of the United States.

Our reporting and functional currency is the U.S. dollar. In addition, this prospectus also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader.

Unless otherwise stated, all translations of Renminbi into U.S. dollars were made at RMB6.2975 to $1.00, the noon buying rate on March 30, 2012 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. On July 27, 2012, the noon buying rate for Renminbi was RMB6.3807 to $1.00.

Unless the context indicates otherwise, all share and per share data in this prospectus give effect to a share split in 2009 in which each of the previously issued ordinary shares, share options, nonvested restricted ordinary shares issued to certain of our founders, or founders' nonvested shares, and preferred shares were split into 1.5 ordinary shares, share options, founders' nonvested shares and preferred shares, respectively.

THE OFFERING

ADSs Offered by Us	ADSs
ADSs Offered by the Selling Shareholders	ADSs
ADSs Outstanding Immediately After This Offering	ADSs (or ADSs if the underwriters exercise in full their option to purchase additional ADSs)
Ordinary Shares Outstanding Immediately After This Offering	ordinary shares
Option to Purchase Additional ADSs	We and the selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts and commissions.
The ADSs	Each ADS represents ordinary shares. The ADSs will initially be evidenced by ADRs. The depositary will be the holder of the ordinary shares underlying the ADSs and you will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time. You may surrender your ADSs to the depositary to withdraw the ordinary shares underlying your ADSs. The depositary will charge you a fee for such an exchange. We may amend or terminate the deposit agreement for any reason without your consent. Any amendment that imposes or increases fees or charges or which materially prejudices any substantial existing right you have as an ADS holder will not become effective as to outstanding ADSs until 30 days after notice of the amendment is given to ADS holders. If an amendment becomes effective, you will be bound by the deposit agreement as amended if you continue to hold your ADSs. To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled "Description of American Depositary Shares." We also encourage you to read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.

Use of Proceeds	We estimate that we will receive net proceeds of approximately $ million from this offering (or approximately $ million if the underwriters exercise their option to purchase additional ADSs in full), assuming an initial public offering price of $ per ADS, the mid-point of the estimated range of the initial public offering price, after deducting estimated underwriter discounts, commissions and estimated offering expenses payable by us. We plan to use net proceeds of this offering to finance our business operations, including the following: • approximately $ million for investment in fulfillment and technology infrastructure; • approximately $ million for the expansion of product offerings and categories; • approximately $ million for customer acquisition and brand building; • approximately $ million for payment of interest accrued for our convertible notes issued in March 2012; and • the balance for general corporate purposes. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.
Risk Factors	See "Risk Factors" and other information included in this prospectus for a discussion of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.
NYSE Trading Symbol	LITB
Lock-up	We, our officers, directors, the holders of our ordinary shares and all of our option holders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting." At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering to some of our directors, officers, employees, business associates and related persons through a directed share program.
Depositary	The Bank of New York Mellon

The number of ordinary shares that will be outstanding immediately after this offering is , which is based upon (i) ordinary shares outstanding as of the date of this prospectus (which includes 1,231,667 founders' nonvested shares that will become vested immediately upon the completion of this offering), (ii) the automatic conversion of preferred shares into 42,174,290 ordinary shares immediately upon the completion of this offering, (iii) the automatic conversion of our convertible notes into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant

to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share, and (iv) ordinary shares issued in connection with this offering (assuming the underwriters do not exercise their option to purchase additional ADSs), but excludes:

- 1,870,000 and 1,327,961 ordinary shares issuable upon the exercise of share options outstanding and vesting of restricted shares issued to employees, respectively, as of the date of this prospectus; and
- 912,323 ordinary shares reserved for future award grants under our equity incentive plans.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for 2009, 2010 and 2011, and the summary consolidated balance sheet data as of December 31, 2010 and 2011 are derived from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP and have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm. The report of Deloitte Touche Tohmatsu CPA Ltd. on those consolidated financial statements is also included elsewhere in this prospectus. Our summary consolidated statements of operations data for 2008 and the summary consolidated balance sheet data as of December 31, 2008 and 2009 has been derived from our audited consolidated financial statements not included in this prospectus.

The summary consolidated statement of operations data for the three months ended March 31, 2011 and 2012 and the summary consolidated balance sheet data as of March 31, 2012 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and include all normal recurring adjustments that we consider necessary for a fair presentation of our financial position and operating results for the periods presented.

The following summary consolidated financial data for the periods and as of the dates indicated are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," both of which are included elsewhere in this prospectus.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(U.S. dollars in thousands, except per share data)					
Summary Consolidated Statements of Operations Data						
Net revenues	$ 6,256	$ 26,051	$ 58,694	$ 116,230	$ 27,932	$ 36,887
Cost of goods sold	4,872	17,757	41,580	77,465	19,964	22,095
Gross profit	1,384	8,294	17,114	38,765	7,968	14,792
Operating expenses*						
Fulfillment	363	1,272	3,517	7,124	1,603	2,038
Selling and marketing	2,379	5,487	22,607	38,465	9,986	10,786
General and administrative	1,686	6,361	12,347	16,660	3,324	4,900
Impairment loss on goodwill and intangible assets	—	—	—	1,928	—	—
Loss from operations	(3,044)	(4,826)	(21,357)	(25,412)	(6,945)	(2,932)
Net loss	(3,044)	(4,821)	(21,923)	(24,531)	(6,944)	(2,979)
Accretion for Series C convertible redeemable preferred shares	—	—	700	2,800	700	700
Net loss attributable to ordinary shareholders	(3,044)	(4,821)	(22,623)	(27,331)	(7,644)	(3,679)
Net loss per ordinary share:						
Basic	(0.50)	(0.13)	(0.62)	(0.76)	(0.21)	(0.10)
Diluted	(0.50)	(0.13)	(0.62)	(0.76)	(0.21)	(0.10)

* Includes share-based compensation expenses as follows:

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(U.S. dollars in thousands)					
Share-Based Compensation Data						
Fulfillment	$ —	$ 12	$ 12	$ 13	$ 3	$ 3
Selling and marketing	3	92	31	90	14	33
General and administrative	374	1,411	1,418	1,990	348	726
Total share-based compensation expenses	377	1,515	1,461	2,093	365	762

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
Other Consolidated Financial Data						
Gross margin[(1)]	22.1%	31.8%	29.2%	33.4%	28.5%	40.1%

(1) Gross margin represents gross profit as a percentage of net revenues.

	As of December 31,				As of March 31,
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Summary Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 2,798	$ 6,081	$ 23,439	$ 6,786	$ 16,952
Inventories	535	757	4,931	4,965	5,096
Total current assets	3,717	13,951	34,032	17,671	29,759
Total assets	4,137	14,567	37,184	19,640	31,499
Total current liabilities	1,827	4,209	11,979	17,202	29,662
Total liabilities	1,827	4,209	12,251	17,202	29,662
Series C convertible redeemable preferred shares	—	—	35,700	38,500	39,200
Total equity (deficit)	2,395	10,358	(10,767)	(36,062)	(37,363)

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(in thousands, unless otherwise stated)					
Operating Data						
Number of customers	36	166	461	948	224	395
Growth in revenue attributed to repeat customers[(1)]	n/a(2)	n/a(2)	118.3%	138.7%	39.0%	20.3%

(1) Growth in revenue attributed to repeat customers refers to the percentage of the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

(2) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

RISK FACTORS

You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of the ADSs could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Our limited operating history may make our growth and future prospects uncertain and difficult to evaluate.

We launched our website, *www.lightinthebox.com,* in 2007. Our limited operating history may not provide a meaningful basis to evaluate our business. It may be difficult for you to make accurate predictions of our future results of operations and our past results of operations should not be taken as indicative of our future growth. Additionally, we will continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including our potential inability to:

- implement our business model and strategy and adapt and modify them as needed;
- increase awareness of our brands, protect our reputation and develop customer loyalty;
- acquire customers cost-effectively;
- manage our expanding operations and offerings, including the integration of any future acquisitions;
- anticipate and adapt to changing conditions in online retail industry globally and in China;
- anticipate and adapt to changes in government regulations, industry consolidation, technological developments and other significant competitive and market dynamics;
- manage risks related to intellectual property rights;
- upgrade our technology or infrastructure to support increased user traffic and product offerings; and
- manage relationships with a growing number of suppliers and couriers.

The online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations.

The market for our products is intensely competitive. Consumers have many choices online and offline, including global, regional and local retailers. For example, our current and potential competitors include online retailers such as other China-based global online retail companies, retail chains, specialty retailers, and sellers on online marketplaces. In the future, we may also face competition from new entrants, consolidations of existing competitors or companies spun off from our larger competitors.

We face a variety of competitive challenges, including sourcing products efficiently, pricing our products competitively, maintaining optimal inventory levels, selling our products effectively, maintaining the quality of our products, anticipating and responding quickly to changing consumer demands and preferences, building our customer base, conducting effective marketing activities and maintaining favorable recognition of our brands, websites and products. In addition, as we further develop our business, we will face increasing challenges to compete for and retain high quality suppliers. If we cannot properly address these challenges, our business and prospects would be materially and adversely affected.

Some of our current and potential competitors have significantly more established brands or greater financial, sourcing, marketing, operational or other resources than we do. In addition, other online retailers may be acquired by, receive investments from or enter into strategic relationships with well-established and well-financed companies or investors, which would help enhance their competitive positions. Certain of our competitors may be able to secure more favorable terms with suppliers, devote greater resources to marketing campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to infrastructure development. Increased competition may reduce our gross and operating margins, market share and brand recognition. We may not be able to compete successfully against current and future competitors, and competitive pressures may materially and adversely affect our business, financial condition and results of operations.

Our failure to quickly identify and adapt to changing industry conditions may have a material and adverse effect on our business, financial condition and results of operations.

The online and offline retail industries are subject to changing consumer preferences and industry conditions. This is particularly true with respect to our major product categories of apparel and electronic and communication devices. Consequently, we must stay abreast of emerging fashion, lifestyle, technological and other industry and consumer trends. This requires timely collection of market feedback, accurate assessments of market trends, deep understanding of industry dynamics and flexible manufacturing capabilities.

We must also maintain relationships with suppliers who can adapt to fast-changing consumer preferences. If one or more of our existing suppliers cannot meet these requirements effectively, we will need to source from new suppliers, which may be costly and time-consuming. We or our suppliers may overestimate customer demand, face increased overhead expenditures without a corresponding increase in sales and incur inventory write-downs, which will adversely affect our results of operations.

If we cannot offer appealing products on our websites, our customers may purchase fewer products on our websites, stop purchasing products on our websites, visit our websites less often or stop visiting our websites. Our reputation may also be negatively impacted. If we do not anticipate, identify and respond effectively to consumer preferences or changes in consumer trends at an early stage, we may not be able to generate our desired level of sales. Failure to properly address these challenges may materially and adversely affect our business, financial condition and results of operations.

Any failure to manage our growth or execute our strategies effectively may materially and adversely affect our business and prospects.

We are still at a relatively early stage in our development and we anticipate spending significant resources on marketing, technology and other business expenditures to grow. We will need to continue to expand, train, manage and motivate our workforce and manage our relationships with customers, suppliers, wholesalers and third-party service providers. To accommodate our future growth, we plan to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems, although we have not yet entered into any commitments related to such plan. We have experienced a period of rapid growth and expansion that has placed, and will continue to place, a significant strain on our management and resources. If we are not successful in managing our growth or executing our strategies effectively, our business may be materially and adversely affected.

As part of our growth strategy, we intend to broaden the range of our product offerings, which will require us to introduce new product categories, work with different suppliers and address the needs of different kinds of consumers. We may incur significant costs in trying to expand our offerings into these new product categories, or fail to introduce new product categories that meet anticipated consumer demand. For example, we recently launched our own brand of fast fashion apparel for women, *Three*

Seasons, but it is currently uncertain whether our brand of fast fashion apparel will be competitive in the marketplace, reach broad consumer acceptance and become profitable in the long run.

We have incurred net losses and experienced negative cash flow from operating activities since our inception, which has raised substantial doubt about our ability to continue as a going concern, as indicated in our auditor's report. We may continue to incur net losses and experience negative cash flow from operating activities and, as a result, we may need to obtain additional capital in the future or we may be unable to continue as a going concern.

We incurred net losses attributable to our ordinary shareholders of $4.8 million, $22.6 million, $27.3 million and $3.7 million in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively, and we may incur losses in the future. In addition, we experienced negative cash flow from operating activities of $2.3 million, $19.9 million and $14.1 million in 2009, 2010 and 2011, respectively, and although we generated positive cash flow from operating activities in the amount of $2.7 million in the three months ended March 31, 2012, we may experience negative cash flows in the future. As of March 31, 2012, we had an accumulated deficit of $61.7 million.

The report of our independent registered public accounting firm on our financial statements for the year ended December 31, 2011 includes an explanatory paragraph referring to our ability to continue as a going concern. Our consolidated financial statements for the year ended December 31, 2011 and for the three months ended March 31, 2012 have been prepared assuming that we will continue as a going concern. However, we expect our costs and expenses, especially our selling and marketing expenses, to increase as we expand our operations. We anticipate that we will continue to incur net losses in the near future as we grow our business. Although we have generated positive cash flow from operating activities in the three months ended March 31, 2012, we have historically experienced negative cash flows for operating activities and may continue to do so in the near future. Our ability to achieve and maintain profitability and positive cash flow from operating activities depends on various factors, including but not limited to, the acceptance of our products by consumers, the growth and maintenance of our customer base, our ability to control our costs and expenses and grow our revenues and the effectiveness of our selling and marketing activities. We may not be able to achieve or sustain profitability or positive cash flow from operating activities, and if we achieve positive operating cash flow, it may not be sufficient to satisfy our anticipated capital expenditures and other cash needs. If we are unable to continue as a going concern, we will not be able to fund our operating expenses and expenditures and may be unable to fulfill our financial obligations as they become due, which may result in voluntary or involuntary dissolution or liquidation proceeding of our Company and a total loss of your investment. Moreover, these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if we were unable to realize our assets and settle our liabilities as a going concern in the normal course of operations. Such adjustments could be material.

We have financed our operations to date primarily with proceeds from the sale of equity securities and convertible notes. As of March 31, 2012, we had approximately $17.0 million in cash and cash equivalents. We expect that our existing cash and cash equivalents will be sufficient to fund our capital requirements for at least the next 12 months. However, we may need to raise additional capital to fund our continued operations. We cannot be certain that additional funding will be available on acceptable terms, or at all. Our failure to obtain sufficient capital or sufficient capital on acceptable terms could significantly harm our business, financial condition and prospects. See also "—Risks Related to the ADSs and This Offering—We may need additional capital, and the sale of additional ADSs or other equity securities or incurrence of additional indebtedness could result in additional dilution to our shareholders or increase our debt service obligations."

Products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business and our reputation.

We source our products from over 2,000 suppliers in China. Some of the products provided by our suppliers may be defective or of inferior quality. Such products may also infringe on the intellectual property rights of third parties. Defective, inferior or infringing products may adversely affect consumer perceptions of our company or the products we sell, which may lead to negative reviews that could harm our reputation. In the past, we have received notices claiming that our products have infringed on the intellectual property rights of others. If we determine that products sold on our websites are infringing on intellectual property rights, we will remove them from our websites. We were also previously involved in intellectual property rights claims related to certain sports apparel products sold on our website. Although such claims were settled, we cannot assure you that future claims will not have a material impact on our business and financial condition.

Irrespective of the validity of such allegations or claims, we may experience lost sales or incur significant costs and efforts in defending against or settling such allegations or claims. If there is a successful claim against us, we may be required to refrain from further sale of the relevant products or pay substantial damages, and we may be unable to recoup our losses from our suppliers. In addition, since our products are sold to customers in many different countries and regions, we are subject to numerous different legal regimes governing mandatory product standards, intellectual property and tort. Such regimes may impose burdensome legal obligations, which may increase the costs and complexity of compliance. Regardless of whether we successfully defend against such claims, our reputation could be severely damaged. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We may have difficulties managing our marketing efforts and may face increased competition in our marketing efforts, which could materially and adversely affect our business and growth prospects.

We may have difficulty managing our marketing efforts as our business expands. Currently, we actively manage over 1.2 million keywords in 13 languages and over 100,000 publisher sites. In addition, we actively engage with our users on social networking sites. However, given the rapid changes of Internet advertising, consumer preferences, the development of new forms of Internet marketing and the different forms of social media in each of our target countries and regions, we may have difficulties adapting our marketing techniques quickly and we may not sustain our customer acquisition rates, which may have a material and adverse effect on our business prospects.

In addition, we are highly dependent on our continuing relationships with our affiliate websites and major search engines around the world. Our advertising publishing partners for our affiliate marketing programs may cease, suspend or change the business terms in which we work with them. Search engines may introduce new products and features or modify their page ranking algorithms, which may make our marketing efforts more challenging and costly, or reduce our web traffic. They may also modify existing features or interfere with our ability to advertise on their platforms or to change the business terms on which we advertise. The occurrence of any such event could materially and adversely affect our ability to acquire new customers and thus negatively impact our business, growth prospects, financial condition and results of operations. Furthermore, as search engine marketing is based on a bidding system, other online advertisers may outbid us on our chosen advertising keywords, which may cause us to increase our marketing expenses and adversely affect our results of operations.

We currently derive our revenues from a limited number of product categories and any event that adversely affects the demand for our products in those product categories may harm our growth strategies and business prospects.

In 2011, we derived 40.4% and 31.7% of our net revenues from the sale of apparel and electronic and communication devices, respectively. In the three months ended March 31, 2012, we derived 42.8% and 22.8% of our net revenues from these categories, respectively. A decrease in the demand for any of these product categories could have a material and adverse effect on our business prospects. While we have expanded and diversified our product category offerings and revenue sources, sales in new product categories may not reach a level that would reduce our dependence on our existing product categories. In addition, if we are unable to deliver consistently high quality products in our new product categories, the number of customers for our products may decline. Our failure to successfully introduce new product categories may have a material and adverse effect on our business prospects and limit our growth.

Our expansion may lower our profit margins and materially and adversely affect our business, financial condition and results of operations.

Since our inception, we have focused on selling apparel and electronic and communication devices. Recently, we further expanded our product offerings by introducing home and garden products, such as our *Sprinkle* brand of faucets, sports and outdoor products as well as our *Three Seasons* brand of fast fashion apparel for women. We have introduced new websites which focus on certain specific products, such as our *www.miniinthebox.com* website focusing on the sale of small accessories and gadgets. This has required improvements to our technology and logistics infrastructure and increased marketing spending.

These new businesses involve risks and challenges different from the sale of our traditional product categories. The introduction of other product categories imposes additional complications in logistics, supply chain management and marketing. For example, home and garden products introduced new complications due to shipping heavier and more fragile products. Furthermore, we may have to deal with customers in demographics that we have previously not targeted. We also face inventory risks and other challenges when addressing changing consumer demands and preferences. We may introduce new product categories, which may increase the risks of inventory write-downs and financing costs. As a result, we may not be able to compete successfully in these new markets, our costs may increase and our revenues and profit margins may decrease, all of which may materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully adopt new technologies or adapt our websites and systems to consumer requirements or emerging industry standards, which may materially and adversely affect our business, financial condition and results of operations.

The Internet and the online retail industry are characterized by rapid technological evolution. Changes in user and consumer preferences and the emergence of new industry standards and practices may render our existing proprietary technologies and systems obsolete. To remain competitive, we must enhance our technology infrastructure and adapt to the evolving online retail landscape. Not only do we need to constantly improve our user experience through personal computers, but we also need to enhance our user experience through mobile phones, handheld tablets or other devices. As new platforms and new devices are continually being released, it is difficult to predict the problems we may encounter to reach customers. If we are unable to adapt to changing market conditions or customer requirements in a cost-effective and timely manner, whether for technical, financial or other reasons, our business prospects, financial condition and results of operations may be materially adversely affected.

We use third-party couriers to deliver our products and their failure to provide high quality delivery services or our failure to effectively manage our relationships with them may materially and adversely affect our business, financial condition and results of operations.

We use a network of third-party courier companies to deliver parcels to consumers in over 200 countries and territories. Interruptions to or failures in these third parties' shipping services could prevent the timely or successful delivery of our products. These interruptions may be due to unforeseen events such as inclement weather, natural disasters, import or export restrictions, or labor unrest, which may be beyond our control or the control of these third-party couriers. For example, our distribution network is sensitive to fluctuation in oil prices, which may result in increased shipping costs from third-party courier companies, which may, in turn, increase the prices of our products and render our products less competitive.

If we do not deliver products in a timely manner or deliver damaged products, our customers may refuse to accept our products and become less confident in us. Many of our bestselling products, such as customized apparel, may be especially sensitive to delivery delays given that they are often purchased in anticipation of a specific date. Other products, such as electronics and fast fashion apparel for women, have a limited shelf-life and become quickly outdated. Certain products may not be delivered through certain couriers or may not be delivered to certain countries or regions. As a result, certain products may not be deliverable to certain customers or they may not be deliverable at a sufficiently low cost. Our third-party couriers may also offer us less favorable terms, which may increase our shipping cost and materially and adversely affect our financial condition and results of operations. We may not be able to promptly and successfully deliver our products to consumers, which may result in the loss of their business and a material and adverse effect on our financial condition and reputation.

Our websites or product offerings may not be able to receive positive market recognition and wide acceptance, which may materially and adversely affect our business, financial condition and results of operations.

Maintaining and enhancing the level of customer visits to and volume of customer purchases on our websites is critical to our ability to compete effectively. We intend to enhance the recognition of our websites and product offerings by expending significant time and resources on marketing and customer relations. However, we may not be able to achieve our goals in a short period of time and our marketing efforts may not achieve expected results.

Such efforts may also be jeopardized if we fail to maintain high product quality, fulfill orders for popular items, maintain satisfactory customer services, or offer efficient and reliable delivery. In addition, any negative publicity or disputes regarding our products, company, management or affiliated individuals, may also materially and adversely affect our websites or branded products. For example, certain products sold on our websites were the subject of intellectual property right disputes, we have had difficulties receiving customer orders due to disruptions to the fiber optic cable connections out of China and there have been certain negative online reviews of our company, our websites and some of the products we sell. Failure to successfully promote and maintain positive consumer awareness of our websites, damage to our reputation or brands or loss of consumer confidence could materially and adversely affect our results of operations and financial condition.

Factors important to maintaining and increasing the sales volumes of goods purchased from our websites include:

- our ability to maintain a convenient and reliable user experience as consumer preferences evolve and as we expand into new product categories and new business lines;

- our ability to increase repeat purchases by customers;

- our ability to offer products of sufficient quality at competitive prices;

- our ability to manage new and existing technologies and sales channels;
- our ability to increase website awareness among existing and potential consumers through various means of marketing and promotional activities;
- our ability to assure our customers of the security of our websites for online purchases;
- the efficiency, reliability and service quality of our logistics and payment service providers; and
- any negative publicity about us or other online retailers in China.

Any failure to properly manage these factors could negatively impact our websites. Such failures may materially and adversely affect our business, financial condition and results of operations.

Failure to protect confidential information of our customers and our network against security breaches could damage our reputation and substantially harm our business and results of operations.

A significant challenge to online commerce and communications is the secure transmission of confidential information over public networks. Currently, product orders and payments for products we offer are made through our websites, except for certain orders and payments related to the sale of our products to customer in China. In addition, some online payments for our products are settled through third-party electronic platforms. In such transactions, maintaining complete security for the transmission of confidential information, such as our customers' credit card information, personal information and billing addresses, on our websites is essential to maintain consumer confidence. We have no control over the security measures of third-party electronic payment service providers. We also hold certain other private information about our customers, such as their names, addresses, phone numbers and browsing and purchasing records.

We may not be able to prevent third parties, such as hackers or criminal organizations, from stealing information provided by our customers to us through our websites. Furthermore, our third-party logistics and payment service providers may accidentally or purposefully disclose information about our customers. We may also accidentally disclose such information due to employee negligence.

Significant capital and other resources may be required to protect against security breaches or to alleviate problems caused by such breaches. The methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Even if we successfully adapt to and prevent new security breaches, any perception by the public that online commerce and transactions are becoming increasingly unsafe could inhibit the growth of e-commerce and other online services generally, which, in turn, may reduce the number of purchase orders we receive. Any compromise of our security or third-party service providers' security could materially and adversely affect our reputation, business, prospects, financial condition and results of operations.

We derive our revenues from product categories that represent discretionary spending and changes in global macroeconomic conditions may decrease the demand for our products and adversely affect our growth strategies and business prospects.

Many of our products may be viewed as discretionary items rather than necessities. Consequently, our results of operations tend to be sensitive to changes in macroeconomic conditions that impact consumer discretionary spending. During an economic downturn similar to the economic downturn in 2008 and 2009, customers may be less willing to purchase products that we offer. Challenging macroeconomic conditions also impact our customers' ability to obtain consumer credit. Other factors, including consumer confidence, employment levels, interest rates, tax rates, consumer debt levels and fuel and energy costs, could reduce consumer spending or change consumer purchasing habits.

The current economic environment continues to present uncertainties and risks for our business. Since late 2009, there have been growing concerns of another global economic downturn triggered by the failure of certain European countries to finance their budget deficits or service their debt levels. A continued or future slowdown in the United States, European or global economies or a negative economic outlook could materially adversely affect consumer spending habits and potentially our future operating results.

We rely on third-party suppliers for our products and any deterioration in such business relationships or the quality of those products may materially and adversely affect our business, financial condition and results of operations.

We source our products from selected third-party suppliers. Our continued growth will increase our product demands, which will require us to increase our ability to source products of commercial quality on reasonable terms.

Our suppliers may:

- cease selling merchandise to us on terms acceptable to us;
- fail to deliver goods that meet consumer demands;
- encounter financial difficulties;
- terminate our relationships or enter into agreements with our competitors;
- have economic or business interests or goals that are inconsistent with ours and take actions contrary to our instructions, requests or objectives;
- be unable or unwilling to fulfill their obligations, including their obligations to meet our production deadlines, quality standards and product specifications;
- fail to expand their production capacities to meet our growing demands;
- encounter raw material or labor shortages or increases in raw material or labor costs, which may impact our procurement costs; or
- engage in other activities or employment practices that may harm our reputation.

Furthermore, agreements with our suppliers do not typically establish a fixed price for the purchase of products. As a result, we may be subject to price fluctuations based on changes in our suppliers' businesses, cost structures or other factors. The occurrence of any of these events, alone or together, may have a material and adverse effect on our business, financial condition and results of operations. For example, suppliers in the coastal areas of eastern and southern China experienced labor shortages in 2010. Although our suppliers were not significantly affected by this event and managed to complete our orders in a timely manner, similar events may happen again in the future and our suppliers and, in turn, we, may be adversely impacted. In addition, our agreements with some of our suppliers do not contain non-compete clauses that would prevent those suppliers from producing similar products for any other third party. Any breakdown in our supplier relationships or our failure to timely resolve disputes with or complaints from our suppliers, could materially and adversely affect our business, financial condition and results of operations.

Our growth and profitability depend, to a significant extent, on international trade relationships between China and other countries and consumer confidence in Chinese products and any trade restrictions or losses in consumer confidence may materially and adversely affect our results of operations.

We are a China-based online retail company selling goods to consumers globally. As a result, if our consumers lose confidence in Chinese products or sovereign nations restrict trade with Chinese companies, we may suffer a competitive disadvantage. For example, such countries could support locally

produced goods with subsidies, which may render our goods relatively more expensive. In addition, such countries could place quotas or taxes, such as retaliatory tariffs and anti-dumping restrictions, on goods produced in China, which would restrict our ability to export products to such countries. Consumers may also develop the presumption that products made in China are inferior in quality, more likely to be defective or more likely to violate intellectual property rights.

Such policies and attitudes could target Chinese companies in general, Chinese companies that export to foreign countries in specific or our company individually. We may not be able to affect the implementation of governmental policies or the prevalence of such biases and such policies and biases may reflect political relationships between the countries in which we conduct our business rather than any action taken by our company. To the extent that we suffer a competitive disadvantage as a result of restrictions in free trade or adverse consumer perceptions, our business, financial condition and results of operations may be materially and adversely affected.

We plan to expand our warehouses and distribution network. If we are not able to manage such expansion successfully, we may suffer a material and adverse effect on our business, financial condition and results of operations.

We believe our strategically located warehouses and our distribution network are essential to our success. We intend to expand our warehouses and distribution network to accommodate more purchase orders and provide better coverage of our target markets. We cannot assure you that we will be able to lease suitable facilities at commercially acceptable terms in accordance with our expansion plan. In addition, the expansion of our warehouses and distribution network will put pressure on our managerial, financial, operational and other resources. If we are unable to secure new facilities or effectively manage our expanded logistics operations and control increasing costs, our growth potential, results of operations and business could be materially and adversely affected.

Increases in labor costs or restrictions in the supply of labor in China may materially and adversely affect our business, financial condition and results of operations.

We source our products exclusively from third-party suppliers in China. With the rapid development of the Chinese economy, the cost of labor has risen and may continue to rise. Our results of operations will be materially and adversely affected if the labor costs of our suppliers increase. In addition, even if labor costs do not increase, we and our suppliers may not be able to find a sufficient number of workers to produce the products we offer.

Furthermore, pursuant to the new PRC labor contract law that became effective in 2008, employers in China are subject to stricter requirements when signing labor contracts, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. The new labor contract law and related regulations impose greater liabilities on employers and may significantly increase the costs of workforce reductions. If we or our suppliers decide to significantly change or reduce our workforces, the new labor contract law could adversely affect our ability to make such changes in a timely, favorable and effective manner. Any of these events may adversely affect our business, financial condition and results of operations.

The proper functioning of our information infrastructure is essential to our business and any failure to maintain the satisfactory performance, security and integrity of our information infrastructure may materially and adversely affect our business, reputation, financial condition and results of operations.

Our net revenues depend on the number of visitors who purchase products on our websites and the volume of orders we fulfill. Telecommunications failures, errors encountered during system upgrades or system expansions, failures related to imbedded social networking functions, computer viruses, attempts to harm our systems, or any inability to maintain, develop and upgrade our existing information infrastructure may damage our hardware and software systems and database, interrupt

access to our websites, disrupt our business activities, reveal confidential customer information, slow response times, degrade customer service, increase shipping and handling costs or delay order fulfillment, which may individually or collectively materially and adversely affect our business, reputation, financial condition and results of operations. For example, disruptions in the fiber optic cables used to connect computers located in the United States and China rendered us temporarily unable to receive orders placed by customers, which caused delays in our ability to process and deliver products to customers.

Our technology infrastructure may not function properly as a result of third-party action, employee error, malfeasance or otherwise and resulting in unauthorized access to our customers' data. In addition, our domain names may not point to our IP address correctly due to malfeasance or neglect by our hosting solutions or domain name registries. For example, they may determine that we have violated contractual, civil or criminal duties and, as a result, suspend our domain names. Such errors would render our sites inaccessible for a period of time. Additionally, third parties may attempt to fraudulently induce employees or consumers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our or our consumers' data.

Even if we are successful in preventing security breaches, any perception by the public that online commercial transactions, or the privacy of user information, are increasingly unsafe or vulnerable to attack could inhibit the growth of online retailers and other online services generally, which, in turn, may have a material adverse effect on our business, reputation, financial condition and results of operations.

Taxation risks could materially and adversely affect our business and financial condition.

We do not collect sales or other taxes on shipments of our goods to most countries in the world except mainland China and Hong Kong. We do not believe that currently we have obligations to collect sales taxes in regions other than China. However, courts of competent jurisdiction may not agree with our interpretation of the tax regulations and, even if they agree with our interpretation, we may become subject to new regulations as many regional and national governments are in the process of evaluating their tax laws with regards to Internet sales.

For example, recently, certain states of the United States have begun passing legislation that requires online retailers with affiliate marketing programs with individuals in such states to collect state sales taxes. However, there are varying interpretations as to the substance and validity of such legislation. We do not believe we need to collect sales taxes in such states as a result of our affiliate marketing programs.

Levy of sales taxes may increase the costs of our products to our consumers and reduce our competitive advantage over our competitors that do not collect such sales taxes. The imposition by regional or national governments of various taxes upon Internet commerce could create administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on all of our online competitors and decrease our future sales. A successful assertion by one or more foreign countries that we should collect sales or other taxes on the sale of merchandise or services could result in substantial tax liabilities for past sales, decreases our competitiveness with local retailers, and materially and adversely affects our business, financial condition and results of operations. In addition, we may be required to incorporate corporate entities in different jurisdictions around the world in order to deliver our products to such jurisdictions, which may have uncertain tax implications.

Our growth depends on expanding in various geographic markets and such expansion may pose new logistical, operational and marketing challenges that may materially and adversely our business prospects.

We plan to further increase the sales of our products by deepening our penetration of geographic markets globally. Although our products are sold to customers in over 200 countries and territories, we still have relatively little experience in many countries in the world. It is costly to establish, develop and

maintain international operations and websites and promote our brand internationally. The expansion of sales into such geographic markets may not be profitable on a sustained basis for many reasons including, but not limited to:

- local economic and political conditions;
- government regulation of online retail, other online services and electronic devices and restrictive governmental actions (such as trade protection measures, including export duties and quotas and custom duties and tariffs), nationalization and restrictions on foreign ownership;
- restrictions on sales or distribution of certain products or services and uncertainty regarding intellectual property rights and liability for products, services and content;
- business licensing or certification requirements, such as for imports, exports and electronic devices;
- limited fulfillment and technology infrastructure;
- laws and regulations regarding consumer protection, import and export requirements, duties, tariffs, other trade-related barriers or restrictions, data protection, privacy, network security, encryption and restrictions on pricing or discounts;
- lower levels of Internet use;
- lower levels of consumer spending and fewer growth opportunities compared to our current geographic markets;
- lower levels of credit card usage and increased payment risk; and
- difficulty in staffing, developing and managing foreign operations as a result of language and cultural differences.

As we expand the sale of our products to other countries, competition will intensify. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, local consumers, as well as their more established local brand names. This may benefit from reduced logistics costs and marketing. We may not be able to hire, train, retain and manage required personnel, which may limit our international growth.

As new markets have different business practices and consumer demand may vary significantly by region, our experience in the geographic markets on which we currently focus may not be applicable in other parts of the world. For example, we may need to build infrastructure in foreign countries to remain competitive in such markets. Furthermore, deepening our geographic penetration entails increased complexity for our managers and employees including, but not limited to, difficulties associated with managing a more diverse customer base, the challenges of meeting different regulatory regimes and requirements, partnering with different local logistics providers and other business partners, managing more complex marketing efforts and providing customer support in different languages.

For example, we currently derive only a small portion of our sales from customers in China, but we intend to expand our operations in China in the future. We will encounter new challenges in operations, marketing and logistics. Our ability to operate competitively in international markets may not render us similarly competitive in the market in China. For example, our logistics networks will need to be optimized locally. To the extent that we cannot increase our market share in China, we may incur costs that we may not recover. Even if we are successful in increasing our market share in China, we may suffer from increased competition from other Chinese companies. We may not compete successfully against companies with stronger brands, greater financial resources, greater political support or more attractive terms for their suppliers, managers or employees.

In addition, our expansion into China may suffer due to uncertainties and various factors affecting the development of online retail in China. For example, Internet and broadband use and penetration may decline, consumer confidence in online shopping may decrease, the quality of alternative retail channels may increase, sufficiently reliable or secure logistic or payment methods may not be available or the Chinese economy may deteriorate. To the extent that we cannot successfully expand our operations in China or other geographic markets, our business, financial condition and results of operations may be materially and adversely affected.

Fluctuations in currency exchange rates may make us less competitive and may make our growth and future prospects uncertain and difficult to evaluate.

We sell to customers in over 200 countries and territories. Some customers pay for our products in currencies other than U.S. dollars. We set the price of our products in U.S. dollars and, as a result, the payments in local currencies other than U.S. dollars will change depending on the exchange rates of the local currencies against the U.S. dollars. If the U.S. dollar appreciates against these foreign currencies, our prices will be become less competitive relative to those of our competitors who source and price their products in their respective local currencies. As a result, we may experience short-term fluctuations in our earnings derived from certain regions.

Our business depends substantially on the continued efforts of our executive officers and our business may be severely disrupted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers. Competition for senior management and other key personnel is intense, and the pool of suitable candidates is very limited. We may not be able to retain the services of our senior executives or other key personnel, or attract and retain senior executives or key personnel in the future. If one or more of our executive officers are unable or unwilling to continue their employment with us, we may not find replacements in a timely manner, or at all, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. We may also incur additional expenses to recruit and retain qualified replacements. For instance, one of our executive officers who served as our chief financial officer resigned in September 2011 for personal reasons. We have subsequently appointed a new chief financial officer.

If any of our executive officers joins a competitor or forms a competing company, we may lose customers, suppliers, partners and know-how. Each of our executive officers has entered into an employment agreement with us, which contains confidentiality and non-compete provisions. However, if any dispute arises between our executive officers and us, we may not be able to enforce these non-compete provisions in China, where these executive officers reside, in light of uncertainties with China's legal system.

If we are unable to attract, train and retain qualified personnel, our business, financial condition and results of operations may be materially and adversely affected.

Our business is supported and enhanced by a team of highly skilled employees who are critical to maintaining the quality and consistency of our business and reputation. It is important for us to attract qualified employees, especially marketing personnel, designers, supply chain managers, or engineers with high levels of experience in creative design, software development and Internet-related services. Competition for these employees is intense. In order to attract prospective employees and retain current employees, we may have to increase our employee compensation by a larger amount and at a faster pace than expected, which would increase our operating expenses. In addition, we must hire and train qualified employees in a timely manner to keep pace with our rapid growth while maintaining the quality of our operations in various geographic locations.

We must also provide continuous training to our employees so that they have up-to-date knowledge of various aspects of our operations and can meet our demand for high quality services. If we fail to do so, the quality of our services may deteriorate in one or more of the markets where we operate, which may cause a negative perception of our brand and adversely affect our business. Finally, disputes between us and our employees may arise from time to time and if we are not able to properly handle our relationship with our employees, our business, financial condition and results of operations may be adversely affected.

Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

Currently, our directors and executive officers, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, own an aggregate of 38.1% of our outstanding shares, which includes 1,231,667 founders' nonvested shares that will be vested immediately upon the completion of this offering. Upon the completion of this offering, they will own an aggregate of   % of our outstanding shares, representing   % of the total voting power of our outstanding ordinary shares after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs. In addition, in matters as to change of control, each of Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN and Mr. Liang ZHANG will be entitled to three votes per share, resulting in   % of voting rights in such matters upon the completion of this offering. As a result, they have substantial influence over our business, including significant corporate actions such as mergers, consolidations, sales of all or substantially all of our assets and election of directors.

They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see "Principal and Selling Shareholders."

Our branding efforts for our products may be costly and may not obtain positive market recognition which may materially and adversely affect our business, financial condition and results of operations.

We have recently launched our own branded product lines. These brands require more research, design and marketing costs than our private label products. These costs may not be recovered from sufficient sales of these branded products. These brands may not receive or maintain positive market recognition. Furthermore, it may take time and additional expenditures before we realize that our branding efforts have been unsuccessful. As a result of these efforts to develop branded products, we may incur costs without corresponding increases in revenues which may materially and adversely affect our business, financial condition and results of operations.

Our results of operations are subject to quarterly fluctuations due to a number of factors that could adversely affect our business and the trading price of the ADSs.

We experience seasonality in our business, reflecting seasonal fluctuations in online and offline retail patterns in general and for our product categories. For example, sales may be higher in the fourth quarter of a calendar year due to the Christmas holidays. Our product mix may experience quarterly shifts which may cause our margins to fluctuate from quarter to quarter.

Due to the foregoing factors, our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. In such event, the trading price of the ADSs may be materially and adversely affected.

We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property critical to our success and we currently rely on a mix of trademark law, trade secret protection and confidentiality and license agreements with our employees, suppliers, partners and others to protect our proprietary rights. Our trademarks and service marks may be invalidated, circumvented or challenged. Trade secrets are difficult to protect and our trade secrets may be leaked or otherwise become known or be independently discovered by competitors. Confidentiality agreements may be breached and we may not have adequate remedies for any breach.

It is often difficult to create and enforce intellectual property rights in China. Even where adequate laws exist in China, it may not be possible to obtain swift and equitable enforcement of such laws, or to obtain enforcement of a court judgment or an arbitration award delivered in another jurisdiction and, accordingly, we may not be able to effectively protect our intellectual property rights or enforce agreements in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the misappropriation of our technologies.

We are subject to payment-related risks which may materially and adversely affect our business, financial condition and results of operations.

Our customers may choose from a wide range of payment methods. As we offer new payment options to our customers, we may be subject to additional regulations, compliance requirements and fraud.

We rely on third parties, such as PayPal, to provide certain payment processing services, including the processing of credit card and debit card transactions. Our business may be disrupted if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments and our business and operating results could be adversely affected.

Under current credit card practices, we are liable for fraudulent credit card transactions because we do not require a cardholder's signature. We do not currently carry insurance against this risk. Although we have only experienced minimal losses from credit card fraud, we face the risk of significant losses from this type of fraud as our net sales increase and as we expand internationally. Our failure to adequately control fraudulent credit card transactions could damage our reputation and brand and substantially harm our business and results of operations. Additionally, for certain payment transactions, including credit and debit cards, we pay interchange and other fees. These fees may increase over time, which would raise our operating costs and lower our operating margins.

Our business is subject to the laws of various jurisdictions, many of which are unsettled and still developing and could subject us to claims or otherwise harm our business.

We are subject to a variety of laws in various jurisdictions, including Hong Kong, China, the United States and other countries, including laws regarding data retention, privacy and consumer protection, that are continuously evolving and developing. The scope and interpretation of the laws that

are or may be applicable to us are often uncertain and may be conflicting. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the advertisements posted, or the content provided by users. In addition, regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection and other matters that may be applicable to our business. It is also likely that as our business grows and evolves and our solutions are used in a greater number of countries, we will become subject to laws and regulations in additional jurisdictions. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject.

If we are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain solutions. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business, financial condition and results of operations.

We do not have any business liability, disruption or litigation insurance and any business disruption or litigation we experience might result in our incurring substantial costs and diversion of resources.

As the insurance industry in China is still in an early stage of development, insurance companies in China currently offer limited business insurance products. We have determined that the difficulties associated with acquiring product liability or business interruption insurance coverage in China on commercially reasonable terms make it impractical for us to have such insurance. Any product liability claims or business disruption, natural disaster could result in our incurring substantial costs and diversion of resources, which would have an adverse effect on our business, financial condition and results of operations.

In the course of preparing our consolidated financial statements, we have identified a material weakness and other control deficiencies in our internal control over financial reporting, which, as of the date of this prospectus, have not been remediated. If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud and investor confidence in our company and the market price of the ADSs may be adversely affected.

We will be subject to reporting obligations under the U.S. securities laws after this offering. Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. Prior to this offering, we have been a private company and have had limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the preparation and external audit of our consolidated financial statements, we and our independent registered public accounting firm identified a material weakness and other control deficiencies, each as defined in the U.S. Public Company Accounting Oversight Board Standard AU Section 325, Communications About Control Deficiencies in an Audit of Financial Statements, or AU325, in our internal control over financial reporting as of December 31, 2011. As defined in AU325, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified relates to the lack of sufficient accounting personnel for financial information processing and reporting and with appropriate U.S. GAAP knowledge. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and

reporting material weaknesses and other control deficiencies in our internal control over financial reporting as we and they will be required to do once we become a public company. In light of the material weakness and other control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

We plan to take measures to remediate such weakness and deficiencies. However, these measures may not fully address the material weakness and other control deficiencies in our internal control over financial reporting. Our failure to correct the material weakness and other control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting may significantly hinder our ability to prevent fraud.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2013. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting beginning with our annual report on Form 20-F following the date on which we cease to qualify as an emerging growth company, which may be up to five full fiscal years following the date of this offering. If we fail to remediate the problems identified above, our management and our independent registered public accounting firm may conclude that our internal control over financial reporting is not effective. This conclusion could adversely impact the market price of the ADSs due to a loss of investor confidence in the reliability of our reporting processes. We also expect to incur additional costs and expenses associated with our becoming a public company, including costs to prepare for our first Sarbanes-Oxley Act of 2002 Section 404 compliance testing and additional legal and accounting costs to comply with the requirements of the Exchange Act that will apply to us as a public company.

We may engage in acquisitions that may present integration challenges, disrupt our business and lower our operating results and the value of your investment.

As part of our business strategy, we regularly evaluate investments in, or acquisitions of, complementary businesses, joint ventures, services and technologies. For example, in May 2010, Lanting Huitong acquired Shanghai Ouku, which operates *www.ouku.com*, for $2.2 million (RMB14.3 million). Acquisitions and investments involve numerous risks, including:

- potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in and the cost of integrating operations, technologies, services and personnel; and
- potential write-offs of acquired assets or investments.

As a result of Lanting Huitong's acquisition of Shanghai Ouku, we have recorded goodwill as well as certain acquired intangibles. Such goodwill and intangible assets are tested for impairment by us. In 2011, we recorded an impairment loss on goodwill and intangible assets of $1.9 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Impairment of Goodwill and Intangible Assets."

In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of the ADSs. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed and the value of your investment may decline.

Furthermore, we may fail to identify or secure suitable acquisition opportunities or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

Any catastrophe, including outbreaks of health pandemics and other extraordinary events, could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In March 2011, Japan was struck by a 9.0-magnitude earthquake. In May 2008, Sichuan Province in southwest China experienced a severe earthquake. Although the Japan earthquake together with the resulting tsunami and the Sichuan Province earthquake did not materially affect our business, other occurrences of natural disasters, as well as accidents and incidents of adverse weather in or around our warehouses, sourcing offices or suppliers may materially and adversely affect our business and results of operations. We may also be particularly vulnerable to catastrophes in Europe and North America, where most of our customers are located.

Changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event occurs in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our services and products to our consumers and could decrease demand for our products. Because we do not carry property insurance and significant time could be required to resume our operations, our financial position and operating results could be materially and adversely affected in the event of any major catastrophic event.

In addition, our business could be materially and adversely affected by the outbreak of influenza A (H1N1), commonly referred to as "swine flu," avian influenza, severe acute respiratory syndrome (SARS) or other pandemics. Any occurrence of these pandemic diseases or other adverse public health developments in China or elsewhere could severely disrupt our staffing or the staffing of our suppliers and couriers and otherwise reduce the activity levels of our work force and the work force of our suppliers and couriers, causing a material and adverse effect on our business operations.

Failure to renew the lease of our existing premises or to renew such leases at acceptable terms could materially and adversely affect our business.

All of our offices and warehouses are presently located on leased premises. At the end of each lease term, we may not be able to negotiate an extension of the lease and may therefore be forced to move to a different location, or the rent we pay may increase significantly. This could disrupt our operations and adversely affect our profitability. A number of our leases will expire in the near future and are subject to renewal at market prices, which could result in a substantial increase in the rent at the time of renewal. We compete with other businesses for premises at certain locations or of desirable sizes and some landlords may have entered into long-term leases with our competitors for such premises. We may not be able to obtain new leases at desirable locations or renew our existing leases on acceptable terms or at all, which could materially and adversely affect our business. Furthermore, some of our lessors have not been able to provide the relevant housing ownership certificates for the properties leased by us or prove their right to sublease the properties to us. As of March 31, 2012, four out of 19 of our leased properties, or 21.1% of our leases, with an aggregate floor area of 6,561 square

meters, were subject to such defects. In addition, the owner of two of our leased properties, with an aggregate floor area of 1,560 square meters, is in the process of obtaining the relevant housing ownership certificates. As to these properties, we are not aware of any obstacles that will prevent the owner from obtaining such certificates. As of the date of this prospectus, we are not aware of any actions, claims or investigations being contemplated by government authorities with respect to the defects in our leased real properties or any challenges by third parties to our use of these properties. However, if third parties who purport to be property owners or beneficiaries of the mortgaged properties challenge our right to lease these properties, we may not be able to protect our leasehold interest and may be ordered to vacate the affected premises, which could in turn materially and adversely affect our business and operating results.

We rely on certain individuals to register at and receive funds from some of our supplemental online outlets.

In addition to the sale of our products through our websites, we also sell through outlets on other high traffic online marketplace platforms. Some of our employees have registered for our supplemental online outlets in their own name and hold the title to our supplemental online outlets on these marketplace platforms and their associated bank accounts. We enter into contractual relationships with such employees to obligate them to transfer payments corresponding to amounts they receive from customers for the sale of our products on these supplemental online outlets. Prior to our receipt of such payments, we classify cash held in such account in our prepaid expenses and other current assets. As of December 31, 2011 and March 31, 2012, such amounts were $0.3 million and $0.4 million, respectively. In 2011 and the three months ended March 31, 2012, revenues from such supplemental online outlets were approximately 7.6% and 9.9% of our total net revenues, respectively. If such employees choose not to perform under their contractual obligations with us, we may incur costs to recover such payments and we may not be able to recover these cash balances.

We are exempted from certain corporate governance requirements of the New York Stock Exchange.

We are exempted from certain corporate governance requirements of the New York Stock Exchange by virtue of being a foreign private issuer. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange. The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. For instance, we are not required to:

- have a majority of the board be independent (other than due to the requirements for the audit committee under the United States Securities Exchange Act of 1934, as amended, or the Exchange Act);
- have a minimum of three members in our audit committee;
- have a compensation committee, a nominating or corporate governance committee;
- have regularly scheduled executive sessions with only independent directors;
- have executive session of solely independent directors each year; or
- adopt and disclose a code of business conduct and ethics for directors, officers and employees.

We have relied on and intend to continue to rely on some or all of these exemptions. As a result, you may not be provided with the benefits of certain corporate governance requirements of the .

Risks Related to Our Corporate Structure

We conduct certain aspects of our businesses in China through our VIEs by means of contractual arrangements. If the PRC government determines that these contractual arrangements do not comply with applicable regulations, our business could be materially and adversely affected.

We conduct the operation of our domestic websites through Lanting Huitong and its subsidiary, Shanghai Ouku, and conduct certain research and development functions through Lanting Gaochuang. We receive substantially all of the economic benefits of Lanting Huitong and Lanting Gaochuang as their primary beneficiary through contractual arrangements with them and their shareholders. For a description of these contractual arrangements, see "Our History and Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs."

Although we believe we comply and will continue to comply with current PRC regulations, the PRC government may not agree that these contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing requirements or policies or with requirements or policies that may be adopted in the future, particularly with regards to Lanting Huitong as a key operator of our domestic websites. If the PRC government determines that we are not in compliance with applicable laws, it may revoke our business and operating licenses, require us to discontinue or restrict our operations, restrict our right to collect revenues, block our websites, require us to restructure our operations, impose additional conditions with which we may not be able to comply, impose restrictions on our business operations or on our customers, or take other regulatory or enforcement actions against us that could be harmful to our business.

We rely on contractual arrangements with Lanting Huitong and its shareholders for the operation of our domestic websites in China and contractual arrangements with Lanting Gaochuang and its shareholders for certain research and development functions, which may not be as effective as direct ownership. If Lanting Huitong and its shareholders or Lanting Gaochuang and its shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation or arbitration to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.

We have relied and expect to continue to rely on contractual arrangements with Lanting Huitong to operate our domestic websites and contractual arrangements with Lanting Gaochuang to perform certain research and development functions. For a description of these contractual arrangements, see "Our History and Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs." These contractual arrangements provide us with effective control over these entities and allow us to obtain economic benefits from them. Although we have been advised by our PRC counsel, TransAsia Lawyers, that these contractual arrangements are in compliance with current PRC laws, these contractual arrangements may not be as effective in providing control as direct ownership. For example, Lanting Huitong and its shareholders could breach their contractual arrangements with us by failing to operate our online retail business in an acceptable manner or taking other actions that are detrimental to our interests. In addition, if the shareholders of Lanting Huitong or Lanting Gaochuang refuse to transfer their equity interests in Lanting Huitong or Lanting Gaochuang to us or our designee when we exercise our call option pursuant to these contractual arrangements, we may have to take legal actions to compel them to perform their contractual obligations.

If we were the controlling shareholder of our VIEs with direct ownership, we would be able to exercise our rights as shareholders, rather than our rights under the powers of attorney, to effect changes to their boards of directors, which in turn could implement changes at the management and operational level. However, under the current contractual arrangements, as a legal matter, if our VIEs or their respective shareholders fail to perform their obligations under these contractual arrangements, we may incur substantial costs to enforce such arrangements and rely on legal remedies under PRC law, which may not be sufficient or effective.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in court and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. If we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our VIEs and our ability to conduct our business may be negatively affected.

If we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, our business and operations in China could be disrupted, which could materially and adversely affect our results of operations and damage our reputation. See "—Risks Related to Doing Business in China—Uncertainties with respect to the Chinese legal system could adversely affect us."

The shareholders of Lanting Huitong and Lanting Gaochuang have potential conflicts of interest with us, which may adversely affect our business.

Certain directors and executive officers of our company, Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, who will own   % of the shares of our company after this offering, are also the shareholders of Lanting Huitong. Mr. GUO also holds 51% of Lanting Gaochuang. Thus, conflicts of interest between their duties to our company and their interests as the controlling shareholders of Lanting Huitong or Lanting Gaochuang may arise. They may not act entirely in our interests when conflicts of interest arise and conflicts of interest may not be resolved in our favor. In addition, Mr. GUO, Mr. WEN, Mr. ZHANG and Mr. LIU could violate their non-competition or employment agreements with us or their legal duties by diverting business opportunities from us. If we are unable to resolve any such conflicts, or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and reputation. See "—Risks Related to Doing Business in China—Uncertainties with respect to the Chinese legal system could adversely affect us."

We may lose the ability to use and enjoy assets held by Lanting Huitong and its subsidiary or assets held by Lanting Gaochuang that are important to the operations of our business if such entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

Lanting Huitong and its subsidiary, Shanghai Ouku, manage *www.ouku.com* and other websites targeting consumers in China. Lanting Gaochuang performs certain research and development functions. Both hold certain assets and perform certain functions that are important to the operations of our business. If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang undergoes a voluntary or involuntary dissolution or liquidation proceeding, third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

If Lanting Huitong, Shanghai Ouku or Lanting Gaochuang fail to obtain and maintain the requisite assets, licenses and approvals required under the complex regulatory environment for Internet-based businesses in China, our business, financial condition and results of operations may be materially and adversely affected.

The Internet industry in China is highly regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of the Internet industry. See "Regulations". Lanting Huitong and Shanghai Ouku, due to their operation of our domestic websites, are required to obtain and maintain certain assets relevant to their business as well as applicable licenses and approvals from different regulatory authorities in order to provide their current services. These assets and licenses are essential to our business operations in China and are generally subject to annual review by the relevant governmental authorities. Furthermore, Lanting Huitong, Shanghai Ouku or Lanting Gaochuang may be required to obtain additional licenses other than those currently in place. If they fail to obtain or maintain any of the requisite assets, licenses or approvals, their continued business operations in the Internet industry may subject them to various penalties, such as confiscation of illegal net revenues, fines and the discontinuation or restriction of their operations. Any such disruption in the business operations of Lanting Huitong, Shanghai Ouku or Lanting Gaochuang may materially and adversely affect our business, financial condition and results of operations.

Contractual arrangements with Lanting Huitong or Lanting Gaochuang may result in adverse tax consequences.

Under PRC laws and regulations, an arrangement or transaction among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the arrangement or transaction takes place. If this occurs, the PRC tax authorities could request that Lanting Huitong or Lanting Gaochuang adjust their taxable income in the form of a transfer pricing adjustment for PRC tax purposes if contractual arrangements among related parties do not represent arm's length prices. Such a pricing adjustment could adversely affect us by increasing Lanting Huitong or Lanting Gaochuang's tax expenses without reducing our tax expenses, which could subject Lanting Huitong or Lanting Gaochuang to late payment fees and other penalties for underpayment of taxes. As a result, our contractual arrangements with Lanting Huitong or Lanting Gaochuang may result in adverse tax consequences to us. As Lanting Huitong has suffered accumulated loss since its inception, it has not paid any PRC income tax other than a one-off payment on account. If Lanting Huitong or Lanting Gaochuang generate net income from transactions with our PRC subsidiary under the contractual arrangements in the future and the PRC tax authorities decide to make transfer pricing adjustments on their net incomes, our consolidated net income may be adversely affected.

Risks Related to Doing Business in China

We may be adversely affected by the uncertainties and changes in the PRC regulations and policies of cross-border business activities.

We are a China-based global online retailer. The PRC government extensively regulates the Internet industry and cross-border business activities. While the PRC government has been encouraging the export industry, such policy may change in the future. Currently laws and regulations relating to online retail, including export online retail, are still evolving and the interpretation and enforcement of these laws and regulations are subject to significant uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws or regulations. Issues, risks and uncertainties relating to PRC regulation of export online retail include, but are not limited to:

- how our online retail activities are subject to the laws and regulations pertaining to traditional cross-border transactions or international trade, especially those related to customs declarations, statutory inspections, couriers and commodities export payments; and

- new regulations, or new interpretations of existing regulations, requiring additional licenses, declarations or inspections for our products.

The varying interpretations and applications of existing PRC laws, regulations and policies, along with possible new laws, regulations or policies relating to cross-border online retail, create substantial uncertainty regarding the licenses, customs declarations and inspections that may be required for our products. We cannot guarantee that all of the licenses, customs clearances and/or approvals for commodity inspections currently required, or in the future may be required, will be obtained.

For example, we work with third-party couriers to ship and export merchandise purchased by our customers around the world on a parcel-by-parcel basis, which differs from traditional large-scale export shipments and the customs declaration, clearance and inspection procedures for merchandise packaged and shipped in parcels are processed in accordance with procedures for articles. Despite that the current PRC regulatory regime as to customs declaration and inspection have been formulated, interpreted and enforced primarily with the intention, and based on the experiences of, regulating traditional large-scale exports, such regulatory regime could technically be interpreted as applicable to the shipment of merchandise on a parcel-by-parcel basis.

If the relevant PRC governmental authorities determine that we or our sourcing agents, suppliers or third-party couriers do not comply with the applicable laws and regulations, they could:

- require us, or our sourcing agents, suppliers or third-party couriers, to restructure business operations, including a possible change to our current method and manner of contracting with such sourcing agents, suppliers or third-party couriers, or require us or third-party couriers to go through customs declaration, clearance and inspection procedures for the merchandise sold to our customer under our business arrangements in accordance with procedures for goods rather than for articles;

- impose fines or confiscate income from our PRC subsidiary or the operations of the affiliates of our sourcing agents, suppliers or third-party couriers that are subject to PRC jurisdiction; and

- impose additional conditions or requirements with which we may not be able to comply or take other regulatory or enforcement actions against us.

Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of Internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our websites.

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide Internet content distribution services. Specifically, foreign investors are not allowed to own more than 50% of the equity interests in any entity conducting commercial Internet information services.

We are a Cayman Islands company and our PRC subsidiary, Lanting Jishi, is considered a wholly foreign-owned enterprise. To comply with PRC laws and regulations, we conduct the operation of our domestic websites through a series of contractual arrangements among our PRC subsidiary, Lanting Jishi, our VIE, Lanting Huitong and the shareholders of Lanting Huitong. Lanting Huitong and Shanghai Ouku hold the licenses or have completed the filings that are essential to the operations of our business in China. For a detailed description of these licenses and permits, see "Regulations." We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements. As a result of these contractual arrangements, we exert control over our VIEs and consolidate their operating results in our financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see "Our History and

Corporate Structure—Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs."

In the opinion of our PRC counsel, TransAsia Lawyers, our current ownership structure, the ownership structure of our PRC subsidiary, Lanting Jishi and our VIEs, the contractual arrangements among Lanting Jishi, our VIEs and the shareholders of our VIEs and our business operations, as described in this prospectus, are in compliance with existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations, especially with regards to Lanting Huitong and Shanghai Ouku as operators of our domestic websites. The M&A Rules, the recently promulgated related regulations under the M&A Rules and, in particular, the national security review rules issued by the Ministry of Commerce, or the MOFCOM, on August 25, 2011 and effective as of September 1, 2011 create additional uncertainties for our business. The national security review rules broadens the reach of MOFCOM in the context of a merger or acquisition by a foreign investor of a domestic entity involved in an industry related to national security, of attempting to bypass national security review of the transaction by structuring it through a proxy or contractual control arrangement. Accordingly, PRC government authorities may ultimately take a view contrary to the opinion of our PRC counsel.

Regulation and censorship of information distribution over the Internet in China may adversely affect our business and we may be liable for information displayed on, retrieved from or linked to our websites.

China has enacted laws and regulations governing Internet access and the distribution of products, services, news, information, audio-video programs and other content through the Internet. In the past, the PRC government has prohibited the distribution of information through the Internet that it deems to be in violation of PRC laws and regulations. If any of our Internet content were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions of our consumers or users of our websites or for content we distribute that is deemed inappropriate. It may be difficult to determine the type of content that may result in liability to us and if we are found to be liable, we may be prevented from operating our websites in China, which would materially and adversely affect our business, financial condition and results of operations.

Changes in China's political, economic or social conditions or government policies could have a material adverse effect on our business and operations.

All of our suppliers and some of our business operations are located in China. Our business, financial condition, results of operations and prospects may be influenced by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industry policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. From 2003 to mid-2008, the PRC government implemented a number of measures, such as increasing the deposit reserve ratio requirements for banks and imposing commercial bank lending guidelines, designed to slow the growth of the PRC economy. In response to the global financial crisis, in 2008, the PRC government began instituting policies aimed at expanding credit and

stimulating the economy, including an announced RMB4.0 trillion stimulus spending program. More recently, as the PRC economy has shown signs of recovering quickly from the global financial crisis, the PRC government has again begun implementing policies aimed at slowing the PRC economy, including raising interest rates and tightening fiscal expenditures.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may increase the costs of business activities for us and our suppliers in China and adversely affect our business, financial condition and results of operations.

In addition, China's social and political conditions are not as stable as those of the United States and other developed countries. Any sudden changes in China's political system, the occurrence of widespread social unrest, or a significant deterioration in its relations with its neighbors could negatively affect the Chinese economy and our business.

Uncertainties with respect to the Chinese legal system could adversely affect us.

The PRC legal system is based on written statutes. Unlike under common law systems, decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general and forms of foreign investment (including in respect of wholly foreign owned enterprises) in particular. These laws, regulations and legal requirements are relatively new and are often changing, and their interpretation and enforcement depend to a large extent on relevant government policy and involve significant uncertainties that could limit the reliability of the legal protections available to us. We cannot predict the effects of future developments in government policy or the PRC legal system in general. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all, or may involve substantial costs and unforeseen risks. An inability to obtain, or the incurrence of substantial costs in obtaining, such permits, authorizations and approvals may have a material adverse affect on our business, financial condition and results of operations.

We may be adversely affected by the complexity and uncertainties of and changes in PRC regulation of Internet business and related companies.

The PRC government extensively regulates the Internet industry, including with respect to foreign ownership of and licensing and permit requirements pertaining to companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of Internet businesses include, but are not limited to:

- We have only contractual control over our websites that target consumers in China as compared to legal title over our websites that target consumers outside of China. Due to restrictions on foreign investment in businesses providing value-added telecommunication services in China, including Internet content provision services, we do not own *www.ouku.com*, *www.kuailebox.com* and other affiliated websites which target consumers in China. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

- There are uncertainties relating to the regulation of Internet businesses in China, including evolving licensing practices. This means that permits, licenses or operations at some of our companies may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations, or we may not be able to obtain or renew certain permits or licenses. For example, according to the Administrative Measures on Internet Electronic Messaging Services, or the BBS Measures, BBS services, which include electronic bulletin boards, electronic forums, message boards and chat rooms, are subject to specific approvals (if the operators provide commercial Internet information services) or filings (if the operators provide non-commercial Internet information services). Shanghai Ouku has not obtained specific filings for BBS services on its websites and governmental authorities may require it to discontinue the BBS services and to rectify the non-compliance. If Shanghai Ouku fails to rectify the non-compliance as required by the governmental authorities, its websites may be shut down.

- The evolving PRC regulatory system for the Internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the SCIO, the MIIT and the Ministry of Public Security). The primary role of this new agency is to facilitate policy-making and legislative development in this field to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the Internet industry. Further, new laws, regulations or policies may be promulgated or announced that will regulate Internet activities, including the online video and online advertising businesses. If these new laws, regulations or policies are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the Internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in and the businesses and activities of, Internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain any new licenses required under any new laws or regulations. There are also risks that we may be found to violate the existing or future laws and regulations given the uncertainty and complexity of China's regulation of Internet business.

Fluctuations in the value of the Renminbi may have a material adverse effect on your investment.

Most of our revenues are denominated in U.S. dollars while certain expenses are denominated in Renminbi. As a result, there are certain mismatches between our revenues in U.S. dollars and costs denominated in Renminbi. In addition, all of our suppliers are based in China and their operating costs are denominated in Renminbi. If the Renminbi appreciates relative to the U.S. dollar, the cost of our products will become more expensive in U.S. dollar terms, the currency in which we price our products. We have no hedges against currency risk. Consequently, any increase in the value of the Renminbi against the U.S. dollar may reduce our margins, reduce our competiveness against retailers who source their products from suppliers with costs denominated in U.S. dollars or other currencies or render us unable to meet our costs.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. During the period between July 2008 and June

2010, the Renminbi has traded stably within a narrow range against the U.S. dollar. Since June 2010, the Renminbi has started to slowly appreciate further against the U.S. dollar. See "Exchange Rate Information."

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against foreign currencies. Any significant fluctuations in the exchange rate between the Renminbi and the U.S. dollar may materially and adversely affect our cash flows, revenues, earnings and financial position and the amount of and any dividends we may pay on the ADSs in U.S. dollars. Any fluctuations in the exchange rate between the Renminbi and the U.S. dollar could also result in foreign currency translation losses for financial reporting purposes.

PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The State Administration of Foreign Exchange, or the SAFE, issued a public notice in October 2005 requiring PRC domestic residents to register with the local SAFE branches before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the notice as an "offshore special purpose company." PRC domestic residents who are shareholders of offshore special purpose companies and have completed round trip investments but did not make foreign exchange registrations for overseas investments before November 1, 2005 were retroactively required to register with the local SAFE branches before March 31, 2006. PRC resident shareholders are also required to amend their registrations with local SAFE branches in certain circumstances.

We have requested PRC residents that, to our knowledge, hold direct or indirect interest in our company to make the necessary applications, filings and amendments as required under the SAFE regulations.

Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU, all of whom are PRC domestic residents and hold interests in our company, have registered with the Shenzhen SAFE branch and are in the process of amending certain applicable registrations with the Shenzhen SAFE branch.

They will also amend their registrations after the completion of this offering. However, they may not successfully amend their foreign exchange registrations with the Shenzhen SAFE branch in full compliance with the SAFE notice after this offering. In addition, we may not be fully informed of the identities of all of our beneficial owners who are PRC residents, we do not have control over our beneficial owners and we cannot provide any assurances that all of our shareholders who are PRC residents will make or obtain any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident shareholders and beneficial owners to comply with the registration procedures set forth above may subject us to fines and legal sanctions, restrict our cross-border investment activities or limit our PRC subsidiary's ability to distribute dividends or obtain foreign-exchange-denominated loans for our company.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval processes with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC company, we or the owners of such company will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to acquire PRC companies and could adversely affect our business and prospects.

In December 2006, the People's Bank of China promulgated the Implementation Rules of the Administrative Measures for Individual Foreign Exchange, or the Individual Foreign Exchange Rules, setting forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. In January 2007, the SAFE issued implementing rules for the Individual Foreign Exchange Rules, which, among other things, specified approval requirements for certain capital account transactions, such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, the SAFE promulgated the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rule. In February 2012, the SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. This Stock Option Notice replaced the previous Stock Option Rules. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participants, especially with respect to the required application documents and the absence of strict requirements on offshore and onshore custodian banks that were stipulated in the Stock Option Rules. Under the Stock Option Notice, PRC resident individuals who are granted stock options by an overseas publicly-listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly-listed company, to register with the SAFE and complete certain other procedures. We and our PRC employees who have been granted stock options will be subject to the Stock Option Notice after we become a publicly-listed company in the United States. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions. See "Regulations—Regulations on Employee Stock Option Plans."

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary.

In utilizing the proceeds of this offering in the manner described in "Use of Proceeds," as an offshore holding company of our PRC operating subsidiary, we may make loans or additional capital contributions to our PRC subsidiary. Any loans to our PRC subsidiary, which is a foreign-invested enterprise, cannot exceed statutory limits, being the difference between the registered capital and the investment amount of the PRC subsidiary as approved by the MOFCOM or its local branches and must be approved by and registered with the SAFE or its local branches. In addition, our PRC subsidiary is required to pay withholding tax at the rate of 10% (or a maximum of 7% if the interest is paid to a Hong Kong resident) on our behalf on any interest paid under such shareholder loan. See "Regulations—Regulations Relating to Foreign Currency Exchange—Foreign Exchange Relating to Foreign Invested Enterprises."

We may also decide to finance our PRC subsidiary by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in China, depending on the amount of total investment and the nature of the business conducted by the relevant subsidiary, capital contributions to foreign-invested enterprises in China are subject to approval by the MOFCOM or its local branches. We may not obtain these government approvals or registrations on a timely basis, if at all, with respect to future loans and capital contributions by us to our PRC subsidiary. If we fail to receive such approvals or registrations, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On August 29, 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 provides that the Renminbi capital converted

from foreign currency registered capital of a foreign invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and unless otherwise provided by law, such Renminbi capital may not be used for equity investments within the PRC. In addition, the SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from foreign currency registered capital of a foreign-invested company. The use of such Renminbi capital may not be altered without the SAFE's approval and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. We expect that if we convert the net proceeds we receive from this offering into Renminbi, our use of Renminbi funds will be for purposes within the approved business scope of our PRC subsidiary in compliance with SAFE Circular 142. However, we may not be able to use such Renminbi funds to make equity investments in the PRC through our PRC subsidiary.

Furthermore, the SAFE promulgated the Notice on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Business, or Circular 59, on November 19, 2010, which requires the government to closely examine the authenticity of settlement of net proceeds from offshore offerings and the net proceeds to be settled in the manner described in the offering documents. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from this offering to Lanting Jishi and our VIEs and convert such net proceeds into Renminbi, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income.

Under the Enterprise Income Tax Law of the PRC, or the New EIT Law, and its implementation rules, both of which became effective on January 1, 2008, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation, or the SAT, issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Further to Circular 82, on July 27, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin No. 45, which took effect on September 1, 2011, to provide more guidance on the implementation of Circular 82. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in Circular 82 are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. In addition, Bulletin No. 45 provides clarification on the resident status determination, post-determination administration and competent tax authorities. It also specifies that when provided with a copy of PRC resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income such as dividends, interest and royalties to the PRC-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises or meet all of the conditions above, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Pursuant to the New EIT Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business in China through Lanting Jishi, which is 100% owned by Light In the Box Limited, our wholly owned subsidiary located in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangements on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Double Taxation Avoidance Arrangement, dividends that Light In The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that: (a) Light In The Box Limited is determined by the relevant PRC tax authorities to be a "non-resident enterprise" under the New EIT Law; (b) Light In The Box Limited is the beneficial owner of the PRC sourced income; (c) Light In The Box Limited holds at least 25% of the equity interest of Lanting Jishi and (d) all other conditions and requirements under the Double Tax Avoidance Arrangement shall be satisfied. Light In The Box Limited has not obtained the approval for a withholding tax rate of 5% from the local tax authority and does not plan to obtain such approval in the near future, as Lanting Jishi has not paid dividends in the past and does not plan to pay dividends in the future as it may continue to incur losses. In addition, as described above, our company or our Hong Kong subsidiary may be considered a PRC resident enterprise for PRC enterprise income tax purposes, in which case dividends received by it, as the case may be, from our PRC subsidiary would be exempt from the PRC withholding tax because such income is exempt under the New EIT Law for a PRC resident enterprise recipient.

As uncertainties remain regarding the interpretation and implementation of the New EIT Law and its implementation rules, we cannot assure you that if we are regarded as a PRC resident enterprise, any dividends to be distributed by us to our non-PRC shareholders and ADS holders would not be subject to any PRC withholding tax at a rate of up to 10%. Similarly, any gain recognized by such non-PRC shareholders or ADS holders on the sale of shares or ADSs, as applicable, may also be subject to PRC withholding tax. Furthermore, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our shares or ADSs and the gains realized from the transfer of our shares or ADSs to be income derived from sources within the PRC, such dividends and gains earned by non-resident individuals may be subject to PRC individual income tax at a rate of 20%, unless any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If we are required under PRC law to withhold PRC income tax on our dividends payable to our non-PRC shareholders and ADS holders, or the PRC authorities tax gain recognized by such non-PRC shareholders or ADS holders, such investors' investment in our ordinary shares or ADSs may be materially and adversely affected.

The labor contract law and its implementation regulations may increase our operating expenses and may materially and adversely affect our business, financial condition and results of operations.

As the PRC Labor Contract Law, or Labor Contract Law, and the Implementation Regulation for the PRC Labor Contract Law, or Implementation Regulation, have been enforced for only a relatively short period of time, substantial uncertainty remains as to its potential impact on our business, financial condition and results of operations. See "Regulations—Labor Laws and Social Insurance." The implementation of the Labor Contract Law and the Implementation Regulation may increase our operating expenses, in particular our human resources costs and our administrative expenses.

In addition, as the interpretation and implementation of these regulations are still evolving, we cannot assure you that our employment practices will at all times be deemed to be in full compliance with the law. In the event that we decide to significantly modify our employment or labor policy or practice, or reduce the number of our sales professionals, the labor contract law may limit our ability to effectuate the modifications or changes in the manner that we believe to be most cost-efficient or otherwise desirable, which could materially and adversely affect our business, financial condition and results of operations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected. In the event that we decide to significantly modify our employment or labor policy or practice, or reduce the number of our sales professionals, the labor contract law may limit our ability to effectuate the modifications or changes in the manner that we believe to be most cost-efficient or otherwise desirable, which could materially and adversely affect our business, financial condition and results of operations.

PRC labor-related laws and individual income tax obligations expose us to potential penalty risks.

Companies operating in China are generally required to contribute to the mandatory social insurance and housing funds and to withhold individual income tax. Lanting Jishi, Lanting Huitong and Shanghai Ouku have not fully contributed to the employee benefit plans or withheld appropriate amounts of individual income tax as required by applicable PRC regulations. While we believe we have made adequate provisions for any payments due and withholdings on our audited consolidated financial statements, our prior failure to make payments or to withhold income tax may constitute a violation of the applicable PRC regulations and, as of March 31, 2012, we were potentially subject to late fees, fines and penalties for up to maximum total amounts of $8.3 million related to employee benefit plans and $7.9 million related to individual income taxes. Although as of the date of this prospectus, no action has been initiated by the relevant authorities against us, future fines or similar levies may materially and adversely affect our results of operations and financial condition.

Any requirement to obtain prior approval required under the M&A Rules and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain this approval, if required, could have a material adverse effect on our business, financial condition and results of operations as well as the trading price of the ADSs and could also create uncertainties for this offering.

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, the State-Owned Assets Supervision and Administration Commission, the SAT, the State Administration of Industry and Commerce, or the SAIC, the China Securities Regulatory Commission, or the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and was amended on June 22, 2009. The M&A Rules, among other things, include provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However,

substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

The application of the M&A Rules with respect to this offering and our corporate structure for this offering established under contractual arrangements remains unclear. Our PRC counsel, TransAsia Lawyers, has advised us that we are not required to apply to the relevant PRC regulatory agencies, including the CSRC and the Ministry of Commerce, for approval of this offering or our current corporate structure because:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;
- we established our PRC subsidiary by means of direct investment rather than by merger or acquisition of the equity or assets of PRC domestic companies; and
- no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation.

However, we cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel. If prior approval is required but not obtained, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have a material adverse effect on the trading price of the ADSs.

We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund future cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and cash distributed by our Hong Kong subsidiary and may, in the future, rely on dividends and cash distributed by our PRC subsidiary through our Hong Kong subsidiary for our cash requirements. However, current PRC regulations permit our PRC subsidiary to pay dividends only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, under applicable PRC laws, rules and regulations, our PRC subsidiary is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserves until the accumulative amount of such reserves reaches 50% of the respective subsidiary's registered capital. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us or our Hong Kong subsidiary. If we or our Hong Kong subsidiary require dividends and cash contributions from our PRC subsidiary in the future, any limitation on the ability of our PRC subsidiary to distribute dividends or other payments to us or our Hong Kong subsidiary could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

The audit report included in this prospectus is prepared by auditors who are not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in this prospectus, as auditors of companies that are traded publicly in the United States and a firm registered with the US Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditors are located in the Peoples' Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditors' audits and its quality control procedures. As a result, investors are deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Risks Related to the ADSs and This Offering

There has been no public market for our ordinary shares or ADSs prior to this offering, and you may not be able to resell the ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our ordinary shares or the ADSs. The ADSs have been approved for listing on the New York Stock Exchange. Our ordinary shares will not be listed or quoted for trading on any exchange. If an active trading market for the ADSs does not develop after this offering, the market price and liquidity of the ADSs will be materially and adversely affected. The initial public offering price for the ADSs will be determined by negotiations between us and the underwriters and may bear no relationship to the market price for the ADSs after the initial public offering. We cannot assure you that an active trading market for the ADSs will develop or that the market price of the ADSs will not decline below the initial public offering price.

The market price for the ADSs may be volatile.

In addition to the volatility in the price of the ADSs which could be caused by the materialization of any of the risks described in this section, the securities markets in the United States, China and elsewhere have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the ADSs.

Our voting structure will limit your ability to influence matters related to change of control and could discourage others from pursuing any change of control transactions that holders of our common shares and ADSs may view as beneficial.

Immediately after the completion of this offering, we will have one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our amended and restated memorandum and articles of association, certain founding shareholders, namely Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company

wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share in matters related to a change of control. Each of Wincore Holdings Limited, Vitz Holdings Limited and Clinet Investments Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and %, respectively, and an aggregate of % of voting rights in such matters related to a change of control. This voting structure could limit your ability to influence matters related to change of control and could discourage others from pursuing any potential merger, takeover or other change of control transactions that you or other ordinary shareholders may view as beneficial.

You will experience immediate dilution in the net tangible book value of ADSs purchased.

When you purchase ADSs in the offering at the public offering price of $ per ADS, you will incur immediate dilution of approximately $ per ADS, representing the difference between the purchase price per ADS in this offering of $, being the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus, and our pro forma as adjusted net tangible book value per ADS as of March 31, 2012 after giving effect to the conversion of our preferred shares into ordinary shares immediately upon the completion of this offering. See "Dilution." In addition, you may experience further dilution in the net tangible book value of the ADSs purchased to the extent that additional ordinary shares are issued upon exercise of outstanding options and options we may grant from time to time. See "Dilution."

We may need additional capital, and the sale of additional ADSs or other equity securities or incurrence of additional indebtedness could result in additional dilution to our shareholders or increase our debt service obligations.

Historically, we have relied principally on external sources of financing to fund our operations and capital expansion needs. We may require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or enter into a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

Substantial future sales of the ADSs in the public market, or the perception that these sales could occur, could cause the price of the ADSs to decline.

Additional sales of our ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of the ADSs to decline. Upon completion of this offering, we will have ordinary shares outstanding. All shares sold in this offering will be freely transferable without restriction or additional registration under the Securities Act of 1933. ordinary shares outstanding after this offering will be available for sale, upon the expiration of the applicable lock-up period, subject to volume and other restrictions as applicable under Rule 144 under the Securities Act. Any or all of these shares can be released prior to expiration of the lock-up period at the discretion of the representatives of the underwriters for this offering. To the extent shares are released before the expiration of the lock-up period and these shares are sold into the market, the market price of the ADSs could decline.

In addition, certain holders of our ordinary shares after the completion of this offering will have the right to cause us to register the sale of those shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without

restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market could cause the price of the ADSs to decline.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this prospectus and in the deposit agreement, holders of the ADSs will not be able to exercise voting rights attaching to the shares evidenced by the ADSs. You will have a right to instruct the depositary how to exercise those voting rights. However, the depository or its nominee may not successfully comply with your instructions or intentions. You may not receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act of 1933, as amended, or the Securities Act, or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of the ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, operate all of our business from mainland China and Hong Kong and all of our officers reside outside the United States.

We are incorporated in the Cayman Islands and primarily conduct our operations through our subsidiaries in Hong Kong and mainland China and through our VIEs, Lanting Huitong and its subsidiary, Shanghai Ouku, and Lanting Gaochuang, in China. Most of our directors and officers reside outside the United States and all or a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an original action against us or against these individuals in a Cayman Islands or PRC court in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforcement of Civil Liabilities."

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (2011 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, 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 rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands have a less developed body of securities laws as compared to the United States, and provide significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States. As a result, your ability to protect your interests if you are harmed in a manner that would otherwise enable you to sue in a United States federal court may be limited to direct shareholder lawsuits.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our management will have considerable discretion as to the use of the net proceeds from this offering.

We have not allocated the majority of the net proceeds we will receive from this offering to any particular purpose. Rather, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase our share price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ADSs less attractive to investors.

We are a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act, and are not required to comply with certain periodic disclosure and current reporting requirements of the Exchange Act. In addition, we are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act of 2002 for up to five fiscal years after the date of this offering. Section 404(b) of the Sarbanes-Oxley Act of 2002 requires our independent registered public accounting firm to attest to and report on the effectiveness of the internal control structure and procedures for financial reporting.

In addition, Section 107(b) of the Jumpstart Our Business Startups Act of 2012 provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. Although as of the date of this prospectus, we have not delayed the adoption of any accounting standard, as a result of this election, our future financial statements may

not be comparable to other public companies that comply with the public company effective dates for these new or revised accounting standards.

We will cease to be an "emerging growth company" upon the earliest of: (i) the last day of the fiscal year during which we have gross revenues of $1 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of this offering, (iii) the date on which we have issued more than $1 billion in non-convertible debt during the previous three-year period, or (iv) when we become a "large accelerated filer," as defined in Rule 12b-2 under the Exchange Act.

We cannot predict if investors will find our ADSs less attractive because we may rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and the trading price of our ADSs may be more volatile.

We will incur additional costs as a result of becoming a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not have as a private company prior to this offering. In addition, new rules and regulations relating to information disclosure, financial reporting and control and corporate governance, which could be adopted by the Securities and Exchange Commission, or the SEC, the New York Stock Exchange and other regulatory bodies and exchange entities from time to time, could result in a significant increase in legal, accounting and other compliance costs and to make certain corporate activities more time-consuming and costly, which could materially affect our business, financial condition and results of operations.

We may become a passive foreign investment company, or PFIC, which could result in adverse United States tax consequences to United States investors.

Based on the past and projected composition of our income and valuation of our assets, including goodwill, we do not believe that we were a passive foreign investment company (a "PFIC") for 2011, and we do not expect to become one in the current year or the foreseeable future, although there can be no assurance in this regard. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, for any taxable year we will be classified as a PFIC for United States federal income tax purposes if either (i) 75% or more of our gross income in that taxable year is passive income or (ii) the average percentage of our assets (which includes cash) by value in that taxable year which produce or are held for the production of passive income is at least 50%. The calculation of the value of our assets will be based, in part, on the quarterly market value of our ordinary shares and ADSs, which is subject to change. See "Taxation—Material United States Federal Income Tax Considerations."

In addition, there is uncertainty as to the treatment of our corporate structure and ownership of our VIEs for United States federal income tax purposes. If it is determined that we do not own the stock of our VIEs for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we would likely be treated as a PFIC.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, such characterization could result in adverse United States federal income tax consequences to you if you are a United States Holder, as defined under "Taxation—Material United States Federal Income Tax Considerations." For example, if we are or become a PFIC, you may become subject to increased tax liabilities under United States federal income tax laws and regulations, and will become subject to burdensome reporting requirements. See "Taxation—Material United States Federal Income Tax Considerations." We cannot assure you that we will not be a PFIC for 2012 or any future taxable year. Moreover, the determination of our PFIC status is based on an annual determination that cannot be made until the close of a taxable year, and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each

item of income we earn, as discussed under "Taxation—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company." Our United States counsel expresses no opinion with respect to our PFIC status.

Our fourth amended and restated memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

Our fourth amended and restated memorandum and articles of association, which will become effective upon the declaration of effectiveness of the registration statement of which this prospectus forms a part, contain provisions limiting the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, under our amended and restated memorandum and articles of association, on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share held by him, and the remaining shareholders will be entitled to one vote per share held.

Furthermore, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business." These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. The forward-looking statements included in this prospectus relate to, among others:

- our growth strategies;
- our future business development, results of operations and financial condition;
- trends in online consumer retailing;
- trends in Chinese manufacturing;
- expected changes in our revenues and certain cost and expense items;
- our proposed use of proceeds from this offering; and
- assumptions underlying or related to any of the foregoing.

This prospectus also contains market data relating to the global retail and online retail industry, the China consumer goods export market and the global online retail market for Chinese consumer goods exports that includes projections based on a number of assumptions. This prospectus also contains statistical data and estimates that we obtained from a report conducted by iResearch in June 2011 and updated in May 2012 at our request and commissioned by us for the purposes of this offering. The global retail and online retail industry, the China consumer goods export market and the global online retail market for Chinese consumer goods exports may not grow at the rates projected by market data, or at all. The failure of these industries or markets to grow at the projected rates may have a material adverse effect on our business and the market price of the ADSs. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we have referred to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional ADSs from us in full, after deducting underwriting discounts and the estimated offering expenses payable by us and based upon an assumed initial offering price of $ per ADS (the mid-point of the estimated public offering price range shown on the front cover of this prospectus). A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) the net proceeds to us from this offering by $ million, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

We plan to use net proceeds of this offering to finance the operations of our business, including the following:

- approximately $ million for investments in fulfillment and technology infrastructure;
- approximately $ million for expansion of product offerings and categories;
- approximately $ million for customer acquisition and brand building; and
- approximately $ million for payment of interest accrued for our convertible notes issued in March 2012.

We will use the remaining portion of the net proceeds we receive from this offering for general corporate purposes. If the underwriters exercise their option to purchase additional ADSs in full, we intend to apply the additional net proceeds in the same manner and in the same proportions as described above.

The foregoing represents our intentions as of the date of this prospectus with respect of the use and allocation of the net proceeds of this offering based upon our present plans and business conditions, but our management will have significant flexibility and discretion in applying the net proceeds of the offering. The occurrence of unforeseen events or changed business conditions may result in application of the proceeds of this offering in a manner other than as described in this prospectus.

To the extent that the net proceeds we receive from this offering are not immediately applied for the above purposes, we intend to invest our net proceeds in short-term, interest bearing, debt instruments or bank deposits. These investments may have a material adverse effect on the U.S. federal income tax consequences of your investment in the ADSs. It is possible that we may become a PFIC for U.S. federal income tax purposes, which could result in negative tax consequences for you. These consequences are described in more detail in "Risk Factors—Risks Related to the ADSs and This Offering—We may become a passive foreign investment company, or PFIC, which could result in adverse United States tax consequences to United States investors" and "Taxation—Material United States Federal Income Tax Considerations."

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiary only through loans or capital contributions and to other entities only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiary or make additional capital contributions to our PRC subsidiary to fund their capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary."

DIVIDEND POLICY

Since our inception, we have not declared or paid any dividends on our ordinary shares. We have no present plan to pay any dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay the ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders and ADS holders, we may rely on dividends and cash distributed by our Hong Kong subsidiary and may, in the future, rely on dividends and cash distributed by our PRC subsidiary through our Hong Kong subsidiary for the cash requirement of the holding company. Certain payments from our PRC subsidiary to us are subject to PRC taxes, such as withholding income tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Each of our PRC subsidiary, VIEs and Shanghai Ouku, the subsidiary of Lanting Huitong, is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to certain statutory reserves until the accumulated amount of such reserves reaches 50% of its respective registered capital. Such statutory reserves are not distributable as loans, advances or cash dividends. Our PRC subsidiary, VIEs and Shanghai Ouku are also required to set aside a certain amount of its after-tax profits each year, if any, to fund a private fund for employees. The specific size of the employee fund is at the discretion of the relevant entity. These reserve funds can only be used for specific purposes and are not transferable to the company's parent in the form of loans, advances or dividends. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2012 presented on:

- an actual basis;
- a pro forma basis to reflect (i) the automatic conversion of all our outstanding preferred shares into 42,174,290 of our ordinary shares immediately upon the completion of this offering and (ii) the vesting of 2,873,888 founders' nonvested shares into ordinary shares immediately upon the completion of this offering; and
- a pro forma as adjusted basis to give effect to (i) the automatic conversion of all our outstanding preferred shares into 42,174,290 of our ordinary shares immediately upon the completion of this offering, (ii) the vesting of 2,873,888 founders' nonvested shares into ordinary shares immediately upon the completion of this offering, (iii) the automatic conversion of our convertible notes issued in March 2012 into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share and (iv) the issuance and sale of the ordinary shares in the form of ADSs offered hereby at an assumed initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, after deducting underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters' option to purchase additional ADSs.

The convertible notes in the aggregate principal amount of $8.0 million issued in March 2012 were recorded as a current liability on the balance sheet as of March 31, 2012. A beneficial conversion feature of $1.6 million had resulted as the maturity conversion price was lower than the fair value of the ordinary shares on the issuance date and was recognized as additional paid-in capital with a corresponding entry in debt discount. The debt discount will be amortized into interest expense over the term of the convertible notes using the effective interest method. During the three months ended March 31, 2012, the amortized discount of $26,000 and accrued interest of $21,000 were recorded as interest expense. The net carrying amount of the convertible notes was $6.4 million as of March 31, 2012. In the case of a qualified financing event occurring before maturity, the beneficial conversion feature will be reassessed and any unamortized balance of the debt discount upon the conversion will be recognized as interest expenses in the statements of operations; and all interest accrued under the convertible notes will become due and payable in cash.

The pro forma and pro forma as adjusted information below is illustrative only and our capitalization following the closing of this offering is subject to adjustment based on the initial public offering price of the ADSs and other terms of this offering determined at pricing. You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2012		
	Actual	Pro Forma	Pro Forma as Adjusted[(1)]
	(U.S. dollars in thousands)		
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	39,200	—	
LightInTheBox Holding Co., Ltd. shareholders' (deficit) equity:			
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	5,000	—	
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding, nil shares issued and outstanding on a pro forma basis and on a pro forma as adjusted basis)	11,270	—	
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 33,533,487[(2)] shares issued and outstanding, 78,581,665[(3)] shares issued and outstanding on a pro forma basis, and [(3)] shares issued and outstanding on a pro forma as adjusted basis)	2	2	
Additional paid-in capital	8,049	63,519	
Statutory reserve			
Accumulated deficit	(61,659)	(61,659)	
Accumulated other comprehensive loss	(25)	(25)	
Total shareholders' (deficit) equity	(37,363)	1,837	
Total	$ 31,499	$ 31,499	

(1) Assumes that the underwriters do not exercise their option to purchase additional ADSs.

(2) Does not include 2,873,888 founders' nonvested shares as of March 31, 2012 which will vest immediately upon the completion of this offering. For more information regarding these founders' nonvested shares, see "Description of Share Capital—History of Securities Issuances—Ordinary Shares".

(3) Includes 2,873,888 founders' nonvested shares as of March 31, 2012 which will vest immediately upon the completion of this offering. For more information regarding these founders' nonvested shares, see "Description of Share Capital—History of Securities Issuances—Ordinary Shares".

DILUTION

If you invest in the ADSs, your interest will be diluted for each ADS you purchase to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the net tangible book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Net tangible book value represents the amount of our total consolidated tangible assets less the amount of our intangible assets, goodwill, total consolidated liabilities and our Series A, Series B and Series C preferred shares.

Our net tangible book value as of March 31, 2012 was approximately $ million, or $ per ordinary share and $ per ADS as of that date.

Pro forma net tangible book value is determined by adjusting net tangible book value per share as of March 31, 2012 to give effect to:

- the conversion of all outstanding Series A, Series B and Series C preferred shares into ordinary shares upon the completion of this offering; and
- the vesting of 2,873,888 founders' nonvested shares into ordinary shares upon the completion of this offering.

Pro forma as adjusted net tangible book value is determined by adjusting net tangible book value per share as of March 31, 2012 to give effect to:

- the automatic conversion of all outstanding Series A, Series B and Series C preferred shares into ordinary shares upon the completion of this offering;
- the vesting of 2,873,888 founders' nonvested shares into ordinary shares upon the completion of this offering;
- the automatic conversion of our convertible notes issued in March 2012 into ordinary shares immediately upon the completion of this offering, based on a conversion price of $ per ordinary share, which, pursuant to the convertible notes, is calculated by discounting the estimated initial public offering price of $ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, on a per ordinary share basis by %, subject to a cap on the conversion price of $ per ordinary share; and
- our sale of the ADSs offered in this offering at the assumed initial public offering price of $ per ADS, which is the mid-point of our estimated initial public offering price range as set forth on the cover of this prospectus, with estimated net proceeds of $ million after deducting underwriting discounts and commissions and estimated offering expenses, payable by us. This assumes no exercise by the underwriters of their option to purchase additional ADSs.

Our pro forma as adjusted net tangible book value as of March 31, 2012 would have been $ million or $ per ordinary share, including ordinary shares underlying our outstanding ADSs, and $ per ADS. This represents an immediate increase in net tangible book value of $ per ordinary share, or $ per ADS, to existing shareholders and an immediate dilution in net tangible book value of $ per ordinary share, or $ per ADS, to new investors in this offering.

The following table illustrates such dilution:

	Per Ordinary Share Equivalent	Per ADS Equivalent
Net tangible book value as of March 31, 2012	$	$
Decrease in net tangible book value per share attributable to conversion of our Series A, Series B and Series C preferred shares	$	$
Pro forma net tangible book value per share after giving effect to the conversion of our Series A, Series B and Series C preferred shares and the vesting of founders' nonvested shares	$	$
Increase in net tangible book value attributable to this offering	$	$
Pro forma as adjusted net tangible book value per share after giving effect to the conversion of our Series A, Series B and Series C preferred shares, the conversion of our convertible notes, the vesting of founders' nonvested shares and this offering	$	$
Assumed initial public offering price	$	$
Amount of dilution to new investors in the offering	$	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to the offering by $ million or by $ per ordinary share and $ per ADS and the dilution per ordinary share and per ADS to new investors in this offering by $ per ordinary share and $ per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus and after deducting underwriting discounts and commissions and other expenses of the offering.

The pro forma information discussed above is illustrative only. Our net tangible book value following the closing of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The following table summarizes on a pro forma basis the differences as of March 31, 2012 between the shareholders at March 31, 2012 and the new investors with respect to the number of ordinary shares purchased from us, the total consideration paid and the average price per ordinary share paid. The total ordinary shares do not include ADSs issuable if the options to purchase our ordinary shares are exercised by underwriters. The information in the following table is illustrative only and the total consideration paid and the average price per ordinary share equivalent and per ADS equivalent is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

	Ordinary Shares Purchased		Total Consideration		Average Price per Ordinary Share Equivalent	Average Price per ADS Equivalent
	Number	Percent	Amount	Percent		
Existing shareholders						
New investors						
Total						

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and the average price per ADS paid by all shareholders by $ million, $ million and $, respectively, assuming no change in the number of ADSs sold by us as

set forth on the cover page of this prospectus and without deducting underwriting discounts and commissions and other expenses of this offering.

The discussion and tables above also do not take into consideration any outstanding share options and unvested restricted shares. As of the date of this prospectus, there were 1,870,000 and 1,327,961 ordinary shares issuable upon the exercise of outstanding share options and vesting of restricted shares issued to employees, respectively. To the extent that any of these options are exercised or any of these restricted shares become vested, there will be further dilution to new investors.

EXCHANGE RATE INFORMATION

Our functional and reporting currency is the U.S. dollars. Most of our revenues are denominated in U.S. dollars with certain revenues denominated in Renminbi while our expenses are primarily denominated in U.S. dollars with certain expenses denominated in Renminbi. Monetary assets and liabilities denominated in currencies other than the U.S. dollar are translated into the U.S. dollars at the exchange rates at the balance sheet date. Transactions in currencies other than the U.S. dollars during the year are converted into U.S. dollars at the applicable exchange rates prevailing at the first day of the month when the transactions occurred. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.2975 to $1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on March 30, 2012. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On July 27, 2012, the noon buying rate was RMB6.3807 to $1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. For all dates and periods through December 31, 2008, exchange rates of Renminbi into U.S. dollars are based on the noon buying rate in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. For January 1, 2009 and all later dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Period End	Average(1)	Low	High
	(RMB per $1.00)			
2007	7.2946	7.5806	7.8127	7.2946
2008	6.8225	6.9193	7.2946	6.7800
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7696	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012				
January	6.3080	6.3119	6.3330	6.2940
February	6.2935	6.2987	6.3120	6.2935
March	6.2975	6.3125	6.3315	6.2975
April	6.2790	6.3043	6.3150	6.2790
May	6.3684	6.3242	6.3684	6.3052
June	6.3530	6.3633	6.3703	6.3530
July (through July 27, 2012)	6.3807	6.3719	6.3879	6.3487

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using the average of the rates on the last business day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

ENFORCEMENT OF CIVIL LIABILITIES

We are registered under the laws of the Cayman Islands as an exempted company with limited liability. We are registered in the Cayman Islands because of certain benefits associated with being a Cayman Islands corporation, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands have a less developed body of securities laws as compared to the United States and provide protections for investors to a significantly lesser extent. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States.

A substantial portion of our assets are located in China. In addition, most of our directors and officers are residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. It may also be difficult for you to enforce in United States courts judgments obtained in United States courts based on the civil liability provisions of the United States federal securities laws against us, our directors and officers.

We have appointed Law Debenture Corporate Services Inc. as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Maples and Calder, our counsel as to Cayman Islands law, and TransAsia Lawyers, our counsel as to PRC law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands or the PRC would, respectively, (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (2) entertain original actions brought in the Cayman Islands or the PRC against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder has informed us that the uncertainty with regard to Cayman Islands law relates to whether a judgment obtained from the United States courts under civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman company. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether they would be enforceable in the Cayman Islands. Maples and Calder has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

TransAsia Lawyers has advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. TransAsia Lawyers has advised us further that under PRC law, a foreign judgment, which does not otherwise violate basic legal principles, state sovereignty, safety or social public interest, may be recognized and enforced by a PRC court, based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. As there existed no treaty or other form of reciprocity between China and the United States governing the recognition and enforcement of judgments as of the date of this prospectus, including those predicated upon the liability provisions of the United States federal securities laws, there is uncertainty whether and on what basis a PRC court would enforce judgments rendered by United States courts.

OUR HISTORY AND CORPORATE STRUCTURE

Our History and Development

We were founded in June 2007 by Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG, Mr. Jun LIU and Mr. Chit Jeremy CHAU. We operated our business at the time through Light In The Box Limited. In March 2008, we incorporated LightInTheBox Holding Co., Ltd., which, through a corporate restructuring, became our ultimate holding company.

We currently conduct our business primarily through the following wholly owned subsidiaries and affiliated entities:

- Light In The Box Limited, our wholly owned subsidiary incorporated in Hong Kong in June 2007, that primarily engages in product sourcing, marketing and the operation of our websites and the sale of our products targeted towards consumers outside of China;

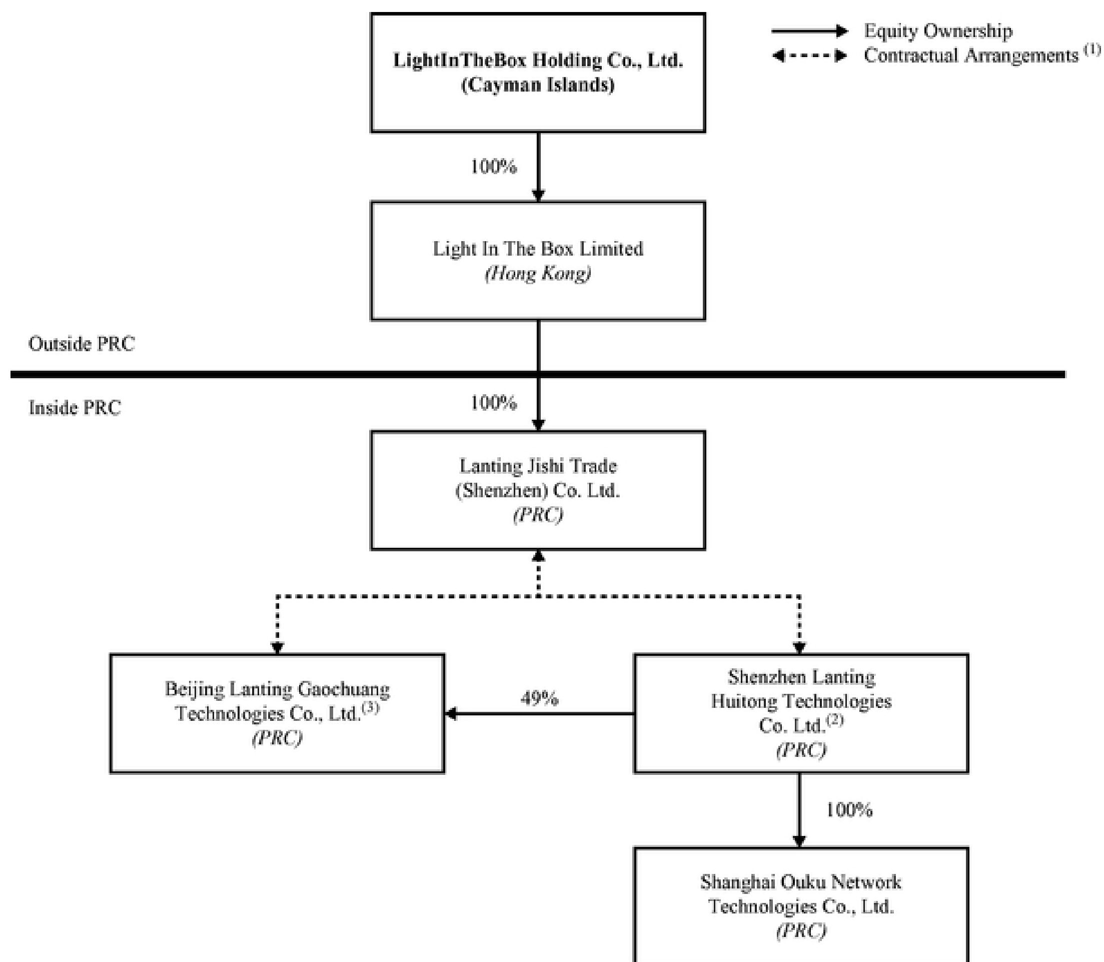
- Lanting Jishi Trade (Shenzhen) Co. Ltd., or Lanting Jishi, our wholly owned subsidiary incorporated in the PRC in October 2008, that primarily engages in providing supplier and warehouse management services for Light In The Box Limited;

- Shenzhen Lanting Huitong Technologies Co. Ltd., or Lanting Huitong, a company incorporated in the PRC in June 2008 by certain of our directors and executive officers which is our consolidated VIE through a series of contractual arrangements. Lanting Huitong primarily engages in technology research and development and support, the operation of certain of our websites in China and the general operations of our business in China;

- Shanghai Ouku Network Technologies Co., Ltd., or Shanghai Ouku, a PRC incorporated company that was acquired in May 2010 from its then shareholders for $2.2 million (RMB14.3 million) and is wholly owned by Lanting Huitong. Shanghai Ouku primarily engages in the product sourcing, marketing, fulfillment and the operation of our websites targeted towards consumers in China; and

- Beijing Lanting Gaochuang Technologies Co., Ltd., or Lanting Gaochuang, a company incorporated in the PRC in December 2011 by Mr. GUO, and Lanting Huitong, our consolidated VIE through a series of contractual arrangements. Lanting Gaochuang primarily engages in technology research and development.

The following diagram illustrates our corporate structure as of the date of this prospectus:



(1) Such arrangements include exclusive technical and consulting service agreements, business operation agreements, equity disposal agreements, share pledge agreements, powers of attorney, spousal consent letters (applicable only to Lanting Huitong) and a loan agreement (applicable only to Lanting Gaochuang).

(2) The shareholders of Shenzhen Lanting Huitong Technologies Co. Ltd. are Mr. Quji (Alan) GUO, our chairman and chief executive officer, Mr. Xin (Kevin) WEN, our director and co-president, Mr. Liang ZHANG, our director and co-president, and Mr. Jun LIU, our director and senior vice-president of operations.

(3) Mr. Quji (Alan) GUO holds the other 51% of the equity interest in Beijing Lanting Gaochuang Technologies Co., Ltd.

Contractual Arrangements Among Lanting Jishi, our VIEs and the Respective Shareholders of our VIEs

Foreign ownership of Internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates Internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. We are a Cayman Islands company and our wholly owned PRC subsidiary, Lanting Jishi, is a wholly foreign owned enterprise and is restricted from holding the relevant licenses that are essential to the operations of our PRC business. Accordingly, we conduct the operation of our domestic websites in China primarily through Lanting Huitong, which we control through a series of contractual arrangements, and its subsidiary, Shanghai Ouku. The registered

shareholders of Lanting Huitong are our directors and executive officers who hold our shares, including Mr. Quji (Alan) GUO, Mr. Xin (Kevin) WEN, Mr. Liang ZHANG and Mr. Jun LIU.

We conduct certain research and development functions through Lanting Gaochuang, which we control through similar contractual arrangements. Mr. Quji (Alan) GUO and Lanting Huitong hold 51% and 49% of Lanting Gaochuang, respectively. Lanting Gaochuang's ownership structure enables it to join a special economic zone within the Wangjing Hi-Tech Industry Zone, the China Beijing Wangjing Overseas Students Pioneer Park, or the Wangjing Pioneer Park, which is reserved for domestic enterprises that are held by Chinese nationals who have previously studied overseas. As Lanting Gaochuang is majority-owned by Mr. GUO, a Chinese national who has studied overseas, Lanting Gaochuang enjoys certain benefits provided by the Wangjing Pioneer Park, which include reduced rents and other benefits aimed to encourage the development of technically innovative companies. In addition, Lanting Gaochuang plans to apply for the "high and new technology enterprise" status in the near future, which, if approved, will provide certain tax benefits. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax" for more information regarding tax benefits provided to "high and new technology enterprises."

Through contractual arrangements with our VIEs and their respective shareholders, we receive substantially all of the economic benefits of our VIEs as their primary beneficiary. The financial results of our VIEs are consolidated into our financial statements despite the lack of our equity interest in them. We derived an aggregate of 0.19%, 7.9%, 4.3% and 2.3% of our consolidated net revenues from Lanting Huitong and Shanghai Ouku in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. We have not derived any consolidated net revenues from Lanting Gaochuang since its inception in December 2011, and we do not expect to derive any significant contributions to our consolidated net revenues from Lanting Gaochuang going forward, if at all. We believe the consolidation is necessary to fairly present the financial position and results of operations of our company because of the existence of a parent-subsidiary relationship through contractual arrangements, which enables us to:

- exercise effective control over our VIEs;
- receive substantially all of the economic benefits from our VIEs; and
- have an exclusive option to purchase all or part of the equity interest in our VIEs when and to the extent permitted by PRC law.

The following is a summary of the currently effective contractual arrangements among Lanting Jishi, our VIEs, and the shareholders of our VIEs:

Agreements that provide Lanting Jishi effective control over the VIEs

Powers of Attorney: Each registered shareholder of our VIEs has executed a power of attorney appointing Lanting Jishi to be his or her attorney, and irrevocably authorizing them to vote on his or her behalf on all of the matters concerning our VIEs that may require shareholders' approval, including nominating and electing directors, general managers and other executive officers. The powers of attorney will be valid as long as the registered shareholders remain as shareholders of our VIEs.

Equity disposal agreements: Under the Equity Disposal Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, Lanting Jishi or its designated party has exclusive options to purchase, when and to the extent permitted under PRC law, all or part of the equity interest in our VIEs. The exercise price for the options to purchase all or part of the equity interest will be the minimum amount of consideration permissible under the then applicable PRC law. The agreements will be valid until Lanting Jishi or its designated party purchases all the shares from shareholders of our VIEs. The equity disposal agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Spousal consent letters: Under the spousal consent letters, the spouse of each of the married shareholders of Lanting Huitong acknowledged that a certain percentage of the equity interest in Lanting Huitong held by and registered in the name of his/her spouse will be disposed of pursuant to the equity disposal agreement and share pledge agreement. These spouses understand that such equity interest is held by their respective spouse on behalf of Lanting Jishi, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interest constitute communal property of marriage. The spousal consent letters will be valid until the liquidation of Lanting Huitong, unless terminated earlier at Lanting Jishi's sole discretion.

Loan Agreement. Under the loan agreement entered into in December 2011 between Lanting Jishi and Mr. Quji (Alan) GUO, Lanting Jishi extended a loan in the amount of RMB255,000 ($40,492) to Mr. GUO for his contribution of 51% of the registered capital of Lanting Gaochuang. Under this agreement, Mr. GUO agreed that without prior written consent from Lanting Jishi, Lanting Gaochuang may not enter into any transaction that could materially affect its assets, liabilities, interests or operations, and there will be no earnings distribution in any form by Lanting Gaochuang before such loan has been repaid. Mr. GUO also agreed that at the request of Lanting Jishi, all or part of the equity interests held in Lanting Gaochuang shall be promptly and unconditionally transferred to Lanting Jishi or a designated third party in accordance with PRC law. This loan can only be repaid by transferring all of Mr. GUO's equity interest in Lanting Gaochuang to Lanting Jishi or a third party designated by Lanting Jishi, and submitting all proceeds from such transaction to Lanting Jishi. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the expiration date.

Agreements that transfer economic benefits to Lanting Jishi

Business operation agreements: Under the Business Operation Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, the registered shareholders of our VIEs and our VIEs agreed that our VIEs may not enter into any transaction that could materially affect their assets, liabilities, interests or operations without prior written consent from Lanting Jishi or other party designated by Lanting Jishi, including entry into any loan or other debtor-creditor relationship with any third party or the making of any equity investment in any third party, the sale or purchase of any asset or right to or from any third party or creation of guarantees or any other security on any of its assets in favor of any third party, or creation of any other obligation on any of its assets. In addition, directors, supervisors, chairman, general managers, financial controllers or other senior managers of our VIEs must be Lanting Jishi's nominees. Furthermore, our VIEs and their registered shareholders have agreed to accept and stringently implement proposals set forth by Lanting Jishi regarding employment and business and financial management. Lanting Jishi is entitled to any dividends declared by our VIEs. The business operation agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Exclusive technical support and consulting service agreements: Under the Exclusive Technical Support and Consulting Service Agreements entered into between Lanting Jishi and our VIEs, Lanting Jishi agreed to provide our VIEs with technology support and consulting services, including the maintenance of computer rooms and websites, the provision of technology platforms required for operations, provision and maintenance of office networks, the conception, configuration, design, updating and maintenance of web pages, the maintenance of customer service platforms, employee training, advertisements, publicity and promotions, and provision of logistics support for product sales and services. Our VIEs agreed to pay a service fee equal to substantially all of their net income, an amount equivalent to the amount of the respective VIEs' operating revenue for the then current quarter after the deduction of: (1) working capital necessary for the maintaining of the daily operations of the respective VIEs; and (2) the amount of cash required for the respective VIEs' capital expenditures. Lanting Jishi recognized services fees in the total amount of RMB12.0 million

($1.9 million) as of March 31, 2012 in consideration for services provided to Lanting Huitong. Lanting Gaochuang has not paid any service fee to Lanting Jishi as it was established in December 2011 and has not generated any revenues since its inception. The exclusive technical support and consulting service agreements will be valid until the liquidation of our VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Share pledge agreements: Under the Share Pledge Agreements entered into among Lanting Jishi, our VIEs, and the shareholders of our VIEs, the registered shareholders of our VIEs pledged all of their respective equity interest in favor of Lanting Jishi to secure our VIEs and their shareholders' obligations under the various contractual agreements, including the business operation agreements and the exclusive technical support and consulting service agreements described above. If our VIEs or any of their respective registered shareholders breach any of their respective contractual obligations under these agreements, Lanting Jishi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interest. The registered shareholders of our VIEs agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interest in our VIEs, without Lanting Jishi's prior written consent. Unless terminated at Lanting Jishi's sole discretion, the share pledge agreements will be valid until our VIEs and their shareholders fulfill all contractual obligations under the business operation agreements, the exclusive technical support and consulting service agreements and the equity disposal agreements. Our PRC counsel, TransAsia Lawyers, has advised us that the pledges on the equity interest of our VIEs were created and are effective as such pledges have already been registered with the relevant local branch of the SAIC in accordance with the PRC Property Rights Law.

Arrangements between our Hong Kong subsidiary, Lanting Jishi and Lanting Huitong

Our Hong Kong subsidiary, Light In The Box Limited, and its PRC subsidiary, Lanting Jishi, have entered into and performed several business information and logistics services agreements, pursuant to which our Hong Kong subsidiary paid service fees to our PRC subsidiary for certain information and logistics services. In addition, our Hong Kong subsidiary and our VIE, Lanting Huitong, entered into and performed a consulting service agreement and several software development service agreements, pursuant to which our Hong Kong subsidiary paid service fees to Lanting Huitong for the consulting and software development services.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statements of operations data for 2009, 2010 and 2011, and the selected consolidated balance sheet data as of December 31, 2010 and 2011 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP and have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm. The report of Deloitte Touche Tohmatsu CPA Ltd. on those consolidated financial statements is also included elsewhere in this prospectus. Our selected consolidated statements of operations data for 2008 and the selected consolidated balance sheet data as of December 31, 2008 and 2009 has been derived from our audited consolidated financial statements not included in this prospectus.

The selected consolidated statement of operations data for the three months ended March 31, 2011 and 2012 and the selected consolidated balance sheet data as of March 31, 2012 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and include all normal recurring adjustments that we consider necessary for a fair presentation of our financial position and operating results for the periods presented.

The following selected consolidated financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," both of which are included elsewhere in this prospectus. We have not included financial information for the year ended December 31, 2007, the year in which we were founded, as such information is not available on a basis that is consistent with the consolidated financial information for the years ended December 31, 2008, 2009, 2010 and 2011, and cannot be provided on a U.S. GAAP basis without unreasonable effort or expense.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(U.S. dollars in thousands, except per share data)					
Selected Consolidated Statements of Operations Data						
Net revenues	$ 6,256	$ 26,051	$ 58,694	$ 116,230	$ 27,932	$ 36,887
Cost of goods sold	4,872	17,757	41,580	77,465	19,964	22,095
Gross profit	1,384	8,294	17,114	38,765	7,968	14,792
Operating expenses*						
Fulfillment	363	1,272	3,517	7,124	1,603	2,038
Selling and marketing	2,379	5,487	22,607	38,465	9,986	10,786
General and administrative	1,686	6,361	12,347	16,660	3,324	4,900
Impairment loss on goodwill and intangible assets	—	—	—	1,928	—	—
Loss from operations	(3,044)	(4,826)	(21,357)	(25,412)	(6,945)	(2,932)
Net loss	(3,044)	(4,821)	(21,923)	(24,531)	(6,944)	(2,979)
Accretion for Series C convertible redeemable preferred shares	—	—	700	2,800	700	700
Net loss attributable to ordinary shareholders	(3,044)	(4,821)	(22,623)	(27,331)	(7,644)	(3,679)
Net loss per ordinary share:						
Basic	(0.50)	(0.13)	(0.62)	(0.76)	(0.21)	(0.10)
Diluted	(0.50)	(0.13)	(0.62)	(0.76)	(0.21)	(0.10)

* Includes share-based compensation expenses as follows:

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(U.S. dollars in thousands)					
Share-Based Compensation Data						
Fulfillment	$ —	$ 12	$ 12	$ 13	$ 3	$ 3
Selling and marketing	3	92	31	90	14	33
General and administrative	374	1,411	1,418	1,990	348	726
Total share-based compensation expenses	377	1,515	1,461	2,093	365	762

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
Other Consolidated Financial Data						
Gross margin[1]	22.1%	31.8%	29.2%	33.4%	28.5%	40.1%

(1) Gross margin represents gross profit as a percentage of net revenues.

	As of December 31,				As of March 31,
	2008	2009	2010	2011	2012
	(U.S. dollars in thousands)				
Selected Consolidated Balance Sheet Data					
Cash and cash equivalents	$ 2,798	$ 6,081	$ 23,439	$ 6,786	$ 16,952
Inventories	535	757	4,931	4,965	5,096
Total current assets	3,717	13,951	34,032	17,671	29,759
Total assets	4,137	14,567	37,184	19,640	31,499
Total current liabilities	1,827	4,209	11,979	17,202	29,662
Total liabilities	1,827	4,209	12,251	17,202	29,662
Series C convertible redeemable preferred shares	—	—	35,700	38,500	39,200
Total equity (deficit)	2,395	10,358	(10,767)	(36,062)	(37,363)

	Year Ended December 31,				Three Months Ended March 31,	
	2008	2009	2010	2011	2011	2012
	(in thousands, unless otherwise stated)					
Operating Data						
Number of customers	36	166	461	948	224	395
Growth in revenue attributed to repeat customers[1]	n/a(2)	n/a(2)	118.3%	138.7%	39.0%	20.3%

(1) Growth in revenue attributed to repeat customers refers to the percentage of the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

(2) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Consolidated Financial Data" and "Selected Consolidated Financial Data" and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com* and our other websites, which are available in 13 major languages and cover more than three-quarters of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2011, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

Since the launch of *www.lightinthebox.com* in 2007, we have focused on offering lifestyle product categories where consumers value increased choice or customization, such as apparel and electronic and communication devices. In the three months ended March 31, 2012, the sale of products from such product categories accounted for 42.8% and 22.8% of our net revenues, respectively. In addition, we also offered a wide range of other products in categories such as home and garden as well as small accessories and gadgets. We will continue to focus on expanding our product selections and categories.

We have developed a large global customer base since we launched our first website. Our number of customers increased from approximately 36,000 in 2008 to approximately 948,000 in 2011. Our number of customers was approximately 395,000 in the three months ended March 31, 2012.

We operate our business from mainland China and Hong Kong but have delivered our products to consumers in over 200 countries and territories. In the three months ended March 31, 2012, we derived 51.2% and 28.1% of our net revenues from Europe and North America, respectively.

We established our first warehouse in 2008 in Shenzhen, Guangdong Province. In 2009, we established an additional warehouse in Suzhou, Jiangsu Province. We have also established six sourcing offices in China located near our suppliers. In May 2010, Lanting Huitong acquired Shanghai Ouku, which operates *www.ouku*.com, a website focused on the sale of electronic and communication devices and other products in China, for $2.2 million (RMB14.3 million).

Our total net revenues grew from $26.1 million in 2009 to $116.2 million in 2011. Our net revenues were $36.9 million in the three months ended March 31, 2012. We experienced a net loss of $4.8 million, $21.9 million, $24.5 million and $3.0 million in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. We have also used cash in operating activities of $2.3 million, $19.9 million and $14.1 million in 2009, 2010 and 2011, respectively. We generated $2.7 million cash from operating activities in the three months ended March 31, 2012.

In 2012, we will continue to invest for long-term growth. We expect to continue to expand our product selection and supplier network and broaden the geographical reach of our websites by introducing new languages and enhancing our marketing efforts. We expect to enhance our physical infrastructure, especially our warehousing systems, including establishing warehouses in strategic locations. Furthermore, we will continue to invest in upgrading our technology and network infrastructure to handle increased traffic and improve our consumer shopping experience. We will also invest in promoting our recently launched product brands and launching additional brands.

Factors Affecting Our Results of Operations

Our business and results of operations are affected by general factors affecting online retail markets around the world. Such factors include:

- the growth of the global economy and of our targeted geographic markets;
- per capita disposable income and consumer spending;
- growth of global Internet penetration and online retail;
- government policies and initiatives in our targeted geographic markets that affect online retail and, in particular, the import of products into their respective countries or regions; and
- overall global consumer perception of consumer goods exported from China.

Unfavorable changes in any of these general industry conditions could materially and adversely affect demand for our products and our results of operations. In addition, our operating results are affected by the following company-specific factors:

- our ability to acquire new customers and increase repeat purchases by customers at reasonable cost;
- our ability to control product sourcing costs, fulfillment and other operating expenses;
- our product selection and pricing;
- our ability to introduce new product offerings and categories;
- our ability to expand into new geographic markets;
- our ability to enhance our brand; and
- our ability to compete effectively.

Net Revenues

We generate revenues from the sale of products through our websites and other supplemental online outlets. Net revenues from the sale of products are recorded less business tax, discounts and allowances.

In 2009, 2010 and 2011, we generated net revenues of $26.1 million, $58.7 million and $116.2 million, respectively. In the three months ended March 31, 2011 and 2012, we generated net revenues of $27.9 million and $36.9 million, respectively. The following table sets forth information of

our net revenues derived from certain product categories in absolute amounts and as percentages of net revenues for the periods presented.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Apparel	$ 8,203	31.5	$ 19,719	33.6	$ 46,888	40.4	$ 9,827	35.2	$ 15,796	42.8
Electronic and communication devices	11,343	43.5	26,031	44.4	36,844	31.7	10,535	37.7	8,427	22.8
Home and garden	245	1.0	4,077	6.9	13,509	11.6	3,106	11.1	4,452	12.1
Small accessories and gadgets[(1)]	12	—	1,521	2.6	11,770	10.1	2,602	9.3	6,051	16.4
Others[(2)]	6,248	24.0	7,346	12.5	7,219	6.2	1,862	6.7	2,161	5.9
Total net revenues	26,051	100.0	58,694	100.0	116,230	100.0	27,932	100.0	36,887	100.0

(1) Includes products such as apparel accessories, video game accessories, tablet computer and computer gadgets, electronics gadgets, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys and travel kits.

(2) Includes beauty, sports and outdoor and other categories of products such as fashion products including handbags, shoes and watches.

Since our inception, we have primarily focused on selling apparel and electronics and communications devices. We expect that sales of such products will continue to grow and comprise a majority of our total net revenues in the near future. However, we have expanded offerings for our other product categories, such as home and garden as well as small accessories and gadgets. We expect our revenues to become more diversified in the future as we grow our business and increase our number of product categories.

We face seasonality for the sale of our products. For example, during the first quarter of the past several years, we experienced greater demand for our wedding dresses and, during the fourth quarter of the past several years, we experienced a general increase in the demand for our products as a result of holiday shopping.

Our products are sold to consumers in over 200 countries and territories. The following table breaks down our net revenues by geographic regions as determined by shipping addresses in absolute amounts and as percentages of net revenues for the periods presented.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollar in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
North America	$ 11,694	44.9	$ 20,509	34.9	$ 32,721	28.2	$ 8,724	31.2	$ 10,348	28.1
Europe	11,650	44.7	29,892	50.9	57,853	49.8	12,589	45.1	18,889	51.2
Other countries	2,707	10.4	8,293	14.2	25,656	22.0	6,619	23.7	7,650	20.7
Total net revenues	26,051	100.0	58,694	100.0	116,230	100.0	27,932	100.0	36,887	100.0

We first launched our websites in English and our online marketing efforts were initially focused in North America. As we started to introduce additional languages, such as French, Spanish, German and Italian, to our websites in 2009 and increased our online marketing efforts in other countries, our revenue source became more geographically diversified. We have recently launched our websites in Russian, Dutch, Arabic, Danish and Norwegian.

We have also started to grow our business in China. In May 2010, our VIE, Lanting Huitong, acquired Shanghai Ouku, which operates *www.ouku.com*, a website focused on the sale of electronics, communications devices and other products in China.

We expect our net revenues to grow in the future as we continue to introduce new products and deepen our penetration of various geographic markets around the world. We also expect to expand our customer base and increase sales to each customer to drive our growth.

Operating Metrics

We regularly review a number of operating metrics, including the following, to evaluate our performance, identify trends affecting our business, formulate financial projections and make certain strategic decisions: (i) the number of customers and (ii) the growth in revenue attributed to repeat customers. The following table sets forth the above metrics for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,	
	2009	2010	2011	2011	2012
	(in thousands, unless otherwise stated)				
Number of customers	166	461	948	224	395
Growth in revenue attributed to repeat customers(1)	n/a(2)	118.3%	138.7%	39.0%	20.3%

(1) Growth in revenue attributed to repeat customers refers to the percentage of the difference between (i) revenue attributed to repeat customers for a given period and (ii) revenue attributed to repeat customers for the prior period, divided by revenue attributed to repeat customers from such prior period.

(2) As we had only begun to operate our business towards the end of 2007, we did not track revenue contributed by repeat customers in 2008. As a result, no data for growth in revenue attributed to repeat customers was available in 2008 and 2009.

Since 2008, the number of customers we sold products to has increased substantially, which, in turn, increased our net revenues. By serving a larger number of customers, we also deepened our understanding of online purchasing and browsing, developing insights into product presentations, promotions and other features based on our customer histories and statistics.

Growth in our revenue attributed to repeat customers has also similarly increased during the past few years. As we have continued to increase our product offerings, we have experienced increase in repeat purchases by our customers. In addition, we have also increased our focus in capitalizing our existing customer base by focusing our remarketing efforts for such customers.

Cost of Goods Sold and Operating Expenses

The following table sets forth our cost of goods sold and operating expenses, both in absolute amounts and as percentages of net revenues for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Cost of goods sold	$ 17,757	68.2	$ 41,580	70.8	$ 77,465	66.6	$ 19,964	71.5	$ 22,095	59.9
Operating expenses:										
Fulfillment	1,272	4.9	3,517	6.0	7,124	6.1	1,603	5.7	2,038	5.5
Selling and marketing	5,487	21.1	22,607	38.5	38,465	33.1	9,986	35.8	10,786	29.2
General and administrative	6,361	24.4	12,347	21.0	16,660	14.3	3,324	11.9	4,900	13.3
Impairment loss on goodwill and intangible assets	—	—	—	—	1,928	1.7	—	—	—	—
Total operating expenses	13,120	50.4	38,471	65.5	64,177	55.2	14,913	53.4	17,724	48.0

Cost of Goods Sold

Our cost of goods sold primarily consists of costs of consumer products sold by us, shipping charges, packaging supplies and inventory write-downs. We write down the cost of slow-moving and broken inventory to the estimated market value based on historical trends for such inventory, inventory aging and historical and forecasted consumer demand and such write-down is recorded as part of cost of goods sold. Shipping charges to receive products from our suppliers are included as inventory and recognized as cost of goods sold upon the sale of such products. Our cost of goods sold as percentage of our net revenues during a specific period is affected by the composition of the type of products sold during that period.

Operating Expenses

Fulfillment Expenses. Fulfillment expenses include costs incurred in operating and staffing our warehouses and customer service centers, including (i) costs attributable to buying, receiving, inspecting and warehousing inventories, (ii) picking, packaging, and preparing customer orders for shipment and (iii) payment processing and related transaction costs. Our fulfillment expenses are primarily affected by the cost of personnel at our warehouses and our ability to strengthen our logistic management capabilities and increase our economies of scale as our volume of products shipped increases.

Selling and Marketing Expenses. Selling and marketing expenses include marketing program expenses and marketing personnel expenses. Marketing program expenses are comprised of targeted online marketing expenses, such as search engine marketing, display advertising and affiliate marketing program expenses. Marketing personnel expenses are comprised of payroll and related expenses for personnel engaged in selling, marketing and business development, including the execution of search engine optimization and social viral marketing activities. The table below breaks down our selling and marketing expenses in absolute amounts and as percentages of net revenues for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Selling and marketing expenses:										
Marketing program expenses	$ 3,899	15.0	$ 18,747	31.9	$ 28,611	24.6	$ 8,076	28.9	$ 8,460	22.9
Marketing personnel expenses	1,588	6.1	3,860	6.6	9,854	8.5	1,910	6.9	2,326	6.3
Total selling and marketing expenses	5,487	21.1	22,607	38.5	38,465	33.1	9,986	35.8	10,786	29.2

The fluctuation of selling and marketing expenses as a percentage of our net revenues relates to our business expansion into and the testing of new geographic markets, product categories, marketing channels and promotional activities. In the near term, we expect to focus our selling and marketing efforts on growing our customer base, but we expect our selling and marketing expenses as a percentage of our net revenues to decrease in the long term as we achieve economies of scale and utilize our selling and marketing channels more efficiently.

General and Administrative Expenses. General and administrative expenses include payroll-related expenses and travel-related expenses for personnel engaged in accounting, finance, tax, legal, human resources and other general corporate functions, as well as costs related to the use of facilities and equipment by these personnel, such as depreciation expenses and rent, professional fees and other general corporate costs. General and administrative expenses also include technology development and related expenses, including payroll-related expenses. In addition, general and administrative expenses include credit losses relating to fraudulent credit card activities which resulted in chargebacks from payment collection agencies. We expect our general and administrative expenses as a percentage of our net revenues to decrease in the future as we achieve economies of scale.

Impairment Loss on Goodwill and Intangible Assets. Our goodwill and intangible assets including trademark, technology platform and customer base arose from the acquisition of Shanghai Ouku. Shanghai Ouku has incurred losses and failed to meet the forecast set by management. As of December 31, 2011, we performed an assessment of goodwill impairment and compared the fair value of Shanghai Ouku to its carrying value. Based on the assessment, we determined the excess in the carrying value of goodwill over the implied fair value of goodwill and recognized an impairment loss of $0.9 million for the year ended December 31, 2011. We also performed an assessment of impairment for indefinite-lived intangible assets by comparing the fair value with their carrying value. Based on the assessment, we determined the excess in the carrying value of indefinite-lived intangible assets over their fair value and recognized an impairment loss of $1.0 million for the year ended December 31, 2011. In addition, we evaluated the recoverability of its intangible assets with definite life and recognized an impairment loss of $12,000 for the year ended December 31, 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Critical Accounting Policies—Impairment of Goodwill and Intangible Assets."

The table below shows the effect of the share-based compensation expenses on our operating expense line items for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Fulfillment	$ 12	—	$ 12	—	$ 13	—	$ 3	—	$ 3	—
Selling and marketing	92	0.4	31	0.1	90	0.1	14	0.1	33	0.1
General and administrative	1,411	5.4	1,418	2.4	1,990	1.7	348	1.2	726	2.0
Total share-based compensation expenses	1,515	5.8	1,461	2.5	2,093	1.8	365	1.3	762	2.1

We expect to continue to grant share options, restricted shares and other share-based awards under our share incentive plan and incur further share-based compensation expenses in future periods.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands. We had incurred loss before income tax of $2.4 million related to our Cayman holding company in 2011.

Hong Kong

Our wholly owned subsidiary in Hong Kong, Light In The Box Limited, is subject to the uniform tax rate of 16.5% in Hong Kong for the year ended December 31, 2011. Under the Hong Kong tax laws, Light In The Box Limited is exempted from the Hong Kong income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends. No provision for Hong Kong tax has been made in our consolidated financial statements, as Light In The Box Limited had incurred loss before income tax of $18.3 million and had no assessable income in 2011.

PRC

Our subsidiary and VIE in China are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. We had incurred loss before income tax of $21.8 million related to our PRC entities in 2011.

Under the New EIT Law and its implementation rules, both of which became effective on January 1, 2008, a uniform 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions.

Lanting Huitong, which was qualified as a "software enterprise" in 2010, is entitled to enjoy a two-year income tax exemption starting from the first year of profitability after 2010, followed by a reduced tax rate of 12.5% for the subsequent three years. During the year of 2010, Lanting Huitong paid $0.6 million to tax authority based on its preliminary management accounts. We do not expect to recover the tax paid or receive a tax benefit in the coming years, therefore, the amount was written off and recorded as income tax expense for the year ended December 31, 2010.

Under the New EIT Law and its implementation rules, dividends from our PRC subsidiary paid out of profits generated after January 1, 2008, are subject to a withholding tax of 20%, although under the detailed implementation rules to the New EIT Law promulgated by the PRC State Council, the withholding tax rate is 10%, unless there is a tax treaty with China that provides for a different withholding arrangement. Distributions of profits generated before January 1, 2008 are exempt from PRC withholding tax.

Under the New EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Further to Circular 82, on July 27, 2011, the SAT issued Bulletin No. 45 to provide more guidance on the implementation of Circular 82, which took effect on September 1, 2011. Bulletin No. 45 provides clarification on the resident status determination, post-determination administration, and competent tax authorities. It also specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income, such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise. Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources to address our internal control over financial reporting. In connection with the preparation and external audit of our consolidated financial statements, we and our independent registered public accounting firm identified a material weakness and other control deficiencies, each as defined in AU325, in our internal control over financial reporting as of December 31, 2011. As defined in AU325, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over

financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified related to our lack of sufficient accounting personnel for financial information processing and reporting and with appropriate U.S. GAAP knowledge. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting as we and they will be required to do once we become a public company. In light of the material weakness and other control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

We are planning to take a number of measures to address this material weakness, which, as of the date of this prospectus, may not be sufficient to remediate this material weakness. The measures we are taking include (i) hiring additional accounting personnel with experience in U.S. GAAP and SEC reporting requirements by the end of 2012; (ii) providing regular training on an ongoing basis to our accounting personnel that cover a broad range of accounting and financial reporting topics; (iii) developing and applying a comprehensive manual with detailed guidance on accounting policies and procedures as well as procedures for maintenance and retention of accounting and financial records. However, the implementation of these measures may not fully address the material weakness and other control deficiencies in our internal control over financial reporting. We are not able to estimate with reasonable certainty the costs that we will need to incur to implement these and other measures designed to improve our internal control over financial reporting. See "Risk Factors—Risks Related to Our Business and Industry—In the course of preparing our consolidated financial statements, we have identified a material weakness and other control deficiencies in our internal control over financial reporting, which as of the date of this prospectus, have not been remediated. If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud and investor confidence in our company and the market price of the ADSs may be adversely affected."

Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur, could materially impact the consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this prospectus.

Revenue Recognition

We make sales through our websites and supplemental online outlets and we recognize revenues from product sales when the following four revenue recognition criteria are met: persuasive evidence of

an arrangement exists, products are delivered and received by the customer, the price to the buyer is fixed or determinable and collectability is reasonably assured.

Most of our customers are required to make online payments using their credit cards, debit cards or through third party payment platforms, such as PayPal and Western Union, when they place purchase orders on our websites. We record the payments as advances from customers on the balance sheet when received. We then utilize delivery service providers, primarily express courier companies, to deliver our products to our customers. Shipping and handling charges to the customers are included in revenues, and our corresponding shipping costs are included in cost of goods sold. We recognize the amounts advanced from customers as revenues at the time the end customers receive the products, which is typically within a few days of shipment.

Customers in China can also choose to pay upon the receipt of our products, which is called the cash on delivery, or COD, model. In the COD model, our delivery service providers collect the payments from our customers for us. We record an accounts receivable on the balance sheet when our customers receive their products from our delivery service providers.

We allow customers to return certain goods within a period of time subsequent to the delivery of the goods. The return period varies depending on the product category and reasons for the return, which normally ranges from seven to 30 days. We estimate return allowances based on product categories and historical experience. The estimation of return allowances is adjusted to the extent that actual returns differ, or are expected to differ. Changes in estimated return allowances are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of net revenues in that period. As of December 31, 2011, we estimated that approximately 2.4% of our sales in December 2011 would be returned and made provisions accordingly. As of March 31, 2012, we estimated that approximately 1.7% of our sales in March 2012 would be returned and made provisions accordingly. This difference in our estimated returns is primarily due to differences in our product mix. Our product category of electronic and communication devices generally has higher sales returns than that of other product categories mainly due to quality issues. Our net revenues derived from the sale of electronic and communication devices, as a percentage of our total net revenue, decreased in the three months ended March 31, 2012 compared to 2011.

We voluntarily provide discount coupons as sales incentives to potential customers from time to time. These coupons can only be utilized in conjunction with a subsequent purchase and are recorded as a reduction of revenues at the time of use.

Promotional items or free products, which cannot be redeemed for cash and always shipped together with current qualified sales, are considered separate deliverables of the current qualified sales and the cost of these promotional items or free products are recorded as cost of sales when the revenue of the current qualified sales is recognized.

We have established a membership program for certain of our website whereby a registered member earns certain points for visiting *www.ouku.com*. Points can only be redeemed in connection with a future purchase based on a defined ratio of 100 points to RMB1.00. Such points are charged as costs of sales at the later of when the incentive is offered and when the related revenue is recognized. Since the points earned are not based on past sales transactions, no accrual is made at the time when earned by the registered members.

As of December 31, 2011 and March 31, 2012, had all of our customers redeemed all of the points earned, the redemption values would have been approximately $120,000 and $120,000, respectively.

Certain of our employees register with supplemental online outlets under their own name, as these websites require registration using the identity cards of individuals to sell our products on our behalf. We have contractual arrangements with these employees that require them to transfer payments received for the sale of the products to us. We evaluate the sales transactions performed by certain employees on our behalf to determine whether to recognize the revenues on a gross or net basis. The determination is based upon an assessment as to whether we act as a principal or agent when selling the products. All revenues involving employees performing sales transactions on the supplemental online outlets on our behalf are currently accounted for on a gross basis since we are the primary obligor and have general and physical inventory risk, latitude in establishing prices, discretion in supplier selection and the credit risks.

In the fourth quarter of 2011, we entered into arrangements with certain suppliers, under which the suppliers store their products at our premises. We record these products as inventory when the liabilities and rights of ownership of the products are passed on to us upon the confirmation of orders by our customers. All of the revenues involving these arrangements are accounted for on a gross basis since we are the primary obligor, have physical inventory risk, retain latitude in establishing prices, exercise discretion in supplier selection and are exposed to credit risks.

Chargebacks

We estimate chargebacks, which are charges from payment collection agencies relating to fraudulent credit card activities or customer disputes, based on historical experience. The estimation of chargebacks is adjusted to the extent that actual chargebacks differ, or are expected to differ. Changes in estimated chargebacks are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of general and administrative expenses in that period. For the years ended December 31, 2009, 2010 and 2011 and the three months ended March 31, 2012, chargebacks expenses as a percentage of net revenue were 2.0%, 0.5%, 0.4% and 0.3%, respectively.

Inventories

Inventories, consisting of products available for sale, are primarily accounted for using the first-in first-out method and are valued at the lower of cost or market value. We maintain low levels of inventories by adopting a frequent procurement strategy with short refill cycles from suppliers. Therefore, our obsolete inventory has been insignificant. In estimating the level of inventory provision, we consider the nature of each category of our inventory, inventory aging, and historical and forecasted consumer demand. This valuation also requires us to make judgments, based on currently-available information, about the likely method of disposition, such as through sales to individual customers, returns to product vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about future disposition of inventory are inherently uncertain.

Impairment of Goodwill and Intangible Assets

Goodwill represents the cost of an acquired business in excess of the fair value of identifiable tangible and intangible net assets purchased. We generally seek the assistance of an independent valuation firm in determining the fair value of the identifiable intangible net assets of the acquired business. There are several methods that can be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, we typically use the income method. This method starts with a forecast of all of the expected future net cash flows associated with a particular intangible asset. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows and the assessment of the asset's economic life cycle and the competitive trends impacting the

asset, including consideration of any technical, legal, regulatory or economic barriers to entry. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives.

Goodwill is tested for impairment at least once annually. Impairment is tested using a two-step process. The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

We had only one reporting unit, Shanghai Ouku, which recorded goodwill as of December 31, 2010. It operates and manages *www.ouku.com* and other websites targeting consumers in China, and prepares its financial information independently. We performed our annual goodwill impairment test on December 31, 2011.

In the goodwill impairment test, we applied the income approach, which we believed to be more reliable than the market approach in determining the fair value of the reporting unit. Accordingly, we adopted the discounted cash flow, or DCF, method under the income approach, which considers a number of factors that include expected future cash flows, growth rates, discount rates, and comparable multiples from publicly traded companies in our industry and requires us to make certain assumptions and estimates regarding industry economic factors and the future profitability of our business. The assumptions are inherently uncertain and subjective.

When applying the DCF method for the reporting unit, we incorporated the use of projected financial information and a discount rate developed by using market participant based assumptions. The cash flow projections were based on five-year financial forecasts developed by management that included revenue projections based on a compound annual growth rate of 12%, capital spending trends and investments in working capital to support anticipated revenue growth. The discount rate selected was 21.0%, which accounts for considerations regarding the risk and nature of the reporting unit's cash flows and the rates of return that market participants would require to invest their capital in the reporting unit.

Based on that assessment, the goodwill of Shanghai Ouku was fully impaired by $0.9 million for the year ended December 31, 2011.

Intangible assets with indefinite useful lives are not subject to amortization and are tested for impairment at least annually if events or changes in circumstances indicate that the asset might be impaired. Such impairment test consists of the fair values of assets with their carrying value amounts and an impairment loss is recognized if and when the carrying amounts exceed the fair values. The estimates of fair values of intangible assets not subject to amortization are determined using various discounted cash flow valuation methodologies. Significant assumptions are inherent in this process, including estimates of discount rates. Discount rate assumptions are based on an assessment of the risk inherent in the respective intangible assets. Intangible assets with determinable useful lives are amortized on a straight-line basis.

We performed our annual impairment test of our indefinite-lived intangible assets, mainly the trademarks held by Shanghai Ouku, on December 31, 2011.

We compared the fair value of our indefinite-lived intangible assets with their carrying values. The fair value of our indefinite-lived intangible assets is determined based on the relief-from-royalty-method at royalty rates of similar companies. Based on the assessment, we determined there was an excess in the carrying value of our indefinite-lived intangible assets over their fair value and recognized an impairment loss of $1.0 million for the year ended December 31, 2011.

We evaluate intangible assets with determinable useful life for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

Technology, non-compete agreements and a customer base with amortization lives of 1 year, 2 years and 4.3 years, respectively, were obtained through the acquisition of Shanghai Ouku.

Since Shanghai Ouku incurred losses and did not meet the forecast set in 2011, we performed the impairment test on intangible assets as of December 31, 2011, and concluded that the balances of these intangible assets should be fully impaired. As a result, we recorded an impairment loss related to these intangible assets totaling $1.0 million.

Estimates of fair value result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions at a point in time. The judgments made in determining an estimate of fair value can materially impact our results of operations. The valuations are based on information available as of the impairment review date and are based on expectations and assumptions that have been deemed reasonable by management. Any changes in key assumptions, including unanticipated events and circumstances, may affect the accuracy or validity of such estimates and could potentially result in an impairment charge.

Fair Value of Ordinary Shares

We are a private company with no quoted market prices for our ordinary shares. We have therefore needed to make estimates of the fair value of our ordinary shares at various dates for the purpose of: (i) determining the fair value of our ordinary shares at the date of the grant of a share-based compensation award to our employees as one of the inputs in determining the grant date fair value of the award, and (ii) determining the fair value of our ordinary shares at the date of issuance of our convertible instruments in the determination of any beneficial conversion feature.

The fair value of the ordinary shares, convertible instruments and options granted to our employees were estimated by us, with assistance from American Appraisal China Limited, an independent third-party appraiser. We are ultimately responsible for the determination of all amounts related to share-based compensation and the convertible instruments recorded in the financial statements.

The following table sets forth the fair value of our ordinary shares estimated at different dates in 2008, 2009, 2010 and 2011:

Date	Class of Shares	Fair Value[1]	Purpose of Valuation	Discounts for Lack of Marketability	Discount Rate
October 27, 2008	Ordinary Shares	$ 0.27	Share option and nonvested share grant and to determine potential beneficial conversion feature in connection with the issuance of Series A convertible preferred shares	33%	34.0%
December 31, 2008	Ordinary Shares	$ 0.35	Share option and nonvested share grant	33%	30.0%
March 31, 2009	Ordinary Shares	$ 0.38	Share option grant	33%	29.5%
June 26, 2009	Ordinary Shares	$ 0.56	Share option grant and to determine potential beneficial conversion feature in connection with the issuance of Series B convertible preferred shares	33%	29.0%
September 30, 2009	Ordinary Shares	$ 0.68	Share option grant	33%	27.0%
December 31, 2009	Ordinary Shares	$ 1.15	Share option grant	33%	26.5%
March 31, 2010	Ordinary Shares	$ 1.34	Share option grant	32%	25.0%
June 30, 2010	Ordinary Shares	$ 1.92	Share option grant	21%	25.0%
October 20, 2010	Ordinary Shares	$ 2.82	Share option grant and to determine potential beneficial conversion feature in connection with the issuance of Series C convertible redeemable preferred shares	18%	21.0%
December 31, 2010	Ordinary Shares	$ 3.14	Share option grant	17%	20.0%
March 31, 2011	Ordinary Shares	$ 4.02	Grant of nonvested shares	12%	18.0%
July 31, 2011	Ordinary Shares	$ 4.03	Share option grant	12%	18.0%
October 1, 2011	Ordinary Shares	$ 4.03	Share option and nonvested shares grant	12%	18.0%
March 23, 2012	Ordinary Shares	$ 3.89	To determine beneficial conversion feature in connection with the issuance of convertible notes	8%	18.0%

(1) In June 2009, our board of directors and shareholders approved the split of each of the previously issued ordinary shares, share options, nonvested shares, Series A convertible preferred shares and Series B convertible preferred shares, into 1.5 ordinary shares, share options, nonvested shares, Series A convertible preferred shares and Series B convertible preferred shares, respectively. All share and per share information presented in this prospectus and our consolidated financial statements have been revised on a retroactive basis to reflect the share split as if the new share structure had been in place throughout the periods presented.

In determining the fair value of our ordinary shares, we have considered the guidelines prescribed by the AICPA Audit and Accounting Practice Aid, Valuation of Privately-Held Company Equity Securities Issued and Compensation, or the Practice Aid. Specifically, paragraph 16 of the Practice Aid sets forth the preferred types of valuation that should be used.

Our independent third-party appraiser used the DCF method of the income approach to derive the fair value of our ordinary shares in 2008, 2009, 2010, 2011 and 2012. We considered the market approach and searched for public companies located in China with business nature and in a development stage similar to ours. However, no companies were similar to us in all aspects and we therefore only used the results obtained from the market approach to assess the reasonableness of the results obtained from the income approach. The determination of the fair value of our ordinary shares required complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

The major assumptions used in calculating the fair value of ordinary shares include:

- Weighted average cost of capital, or WACC: The WACCs were determined based on a consideration of such factors as risk-free rate, comparative industry risk, equity risk premium, company size and company-specific factors. The changes in WACC from 34.0% as of October 27, 2008 to 18.0% as of March 23, 2012 were primarily due to our business growth and additional funding from the series of preferred shares for accelerating development.

  In deriving the WACCs, which are used as the discount rates under the income approach, certain publicly traded companies using e-commerce platforms were selected for reference as our guideline companies. To reflect the operating environment in China and the general sentiment in the U.S. capital markets towards the e-commerce industry, the guideline companies were selected with consideration of the following factors: (i) the guideline companies should provide similar services; and (ii) the guideline companies should either have their principal operations in China, as we operate in China, and/or are publicly listed companies in developed stock exchanges, including in the United States and London.

- Discount for lack of marketability, or DLOM: When determining the DLOM, the option-pricing method (put option) was applied to quantify the DLOM where applicable. Although it is reasonable to expect that the completion of this offering will add value to our shares because we will have increased liquidity and marketability as a result of this offering, the amount of additional value can be measured with neither precision nor certainty. The DLOMs were estimated to be 33% as of each valuation date before December 2009 and decreased to 8% as of March 23, 2012. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares.

  The decrease in DLOM is due to (i) as financial market gradually recovered from financial crisis in 2010, the volatility factor of comparable companies' share price, which is one of the factor considered in quantifying the DLOM, decreased accordingly. The lower the volatility factor used in quantification of DLOM, the lower is the DLOM; (ii) the decrease in estimated leading time to a liquidity event as our company progressed through earlier stages of development towards this offering. The shorter the estimated leading time to a liquidity event, the lower the DLOM.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts developed by us. Our revenue and earnings growth rates contributed significantly to the increase in the fair value of our ordinary shares from 2008 to 2012. The assumptions used in deriving the fair values were consistent with our business plan. However, these assumptions were inherently uncertain and highly subjective.

These assumptions include: (i) no material changes in the existing political, legal and economic conditions in China, (ii) no major changes in the tax rates applicable to our subsidiaries and consolidated VIE and its subsidiary in China, (iii) our ability to retain competent management, key personnel and staff to support our ongoing operations and (iv) no material deviation in market conditions from economic forecasts. The risk associated with achieving our forecasts were assessed in selecting the appropriate discount rates as discussed above.

We used the option-pricing method to allocate equity value of our company to preferred and ordinary shares, taking into account the guidance prescribed by the Practice Aid. This method involves making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board and management. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. We estimated the volatility of our shares based on historical volatility of comparable companies' shares. Had we used different estimates of volatility, the allocations between preferred and ordinary shares would have been different.

The determined fair value of our ordinary shares increased from $0.27 per share as of October 27, 2008 to $0.38 per share as of March 31, 2009. We believe the increase in the fair values of ordinary shares during this period is primarily attributable to the organic growth of our business.

The determined fair value of our ordinary shares increased from $0.38 per share as of March 31, 2009 to $0.56 as of June 30, 2009 and $0.68 as of September 30, 2009. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We successfully raised $11.2 million through issuance of Series B convertible preferred shares. This new round of financing provided us with additional financial resources to expand our services to new markets. For instance, we successfully launched the Spanish version of our website in August 2009. Therefore, we increased the long term revenue growth rate in our financial forecast.

- The new round of Series C financing also indicated investors' confidence in our business model.

- In view of the above, we lowered the discount rate, which represents market participants' perceived risks and required rate of return for investing in our securities, from 29.5% as of March 31, 2009 to 27.0% as of September 30, 2009.

The determined fair value of our ordinary shares increased from $0.68 as of September 30, 2009 to $1.15 as of December 31, 2009 and $1.34 as of March 31, 2010. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We developed our financial forecast for valuations as of December 31, 2009 and March 31, 2010 based on our actual results in 2009. Our operating and financial performance in 2009 demonstrated that there was a continuous increase in the demand for our services. For instance, in the fourth quarter of 2009, the average monthly number of customer orders reached 24,817, which represented a growth rate of 174% compared to the same quarter in 2008. In anticipation of a gradual recovery of the U.S. and European economy, our management team predicted that the increasing trend of our customer orders and revenues would continue. In addition, we expected that the newly launched Spanish and German versions of our website would further contribute to our revenue growth. Accordingly, when preparing the financial forecast, we increased our revenue forecast upward to reflect our confidence in our future growth rate.

- In view of the above, we lowered the discount rate from 27.0% as of September 30, 2009 to 25.0% as of March 31, 2010.

The determined fair value of our ordinary shares increased from $1.34 as of March 31, 2010 to $1.92 as of June 30, 2010. We believe the increase in the fair values of ordinary shares during this period is primarily because:

- We successfully launched the Italian version of our website in April 2010, which we believe would provide further growth potential for the sale of our products overseas.

- Our VIE, Lanting Huitong, successfully completed the acquisition of Shanghai Ouku in May 2010. The acquisition enabled us to combine our experience in overseas markets and Shanghai Ouku's expertise in selling products in the PRC market to create synergies for the sale of our products in China. In view of the above, we adjusted our revenue growth rate to reflect the estimated revenue contribution from our China operations.

- The DLOM used for the valuation decreased from 32% as of March 31, 2010 to 21% as of June 30, 2010. The decrease in DLOM was due to a decrease in estimated lead time for a liquidity event and a decrease in the volatility factor of comparable companies' share prices.

The determined fair value of our ordinary shares increased from $1.92 as of June 30, 2010 to $2.82 as of October 20, 2010 and $3.14 as of December 31, 2010. We believe the increase in fair value of ordinary shares during this period is primarily because:

- We successfully launched Portuguese and Japanese versions of our website in November and December 2010, respectively.

- In the second half of 2010, we implemented a new sales and marketing strategy to increase the promotion of our website. In the third and fourth quarter of 2010, the average monthly number of customer orders reached 38,090 and 74,110, respectively, which represented 99% and 199% growth compared to the corresponding quarters in 2009.

- We issued Series C convertible redeemable preferred shares for an aggregate of $35.0 million. This new round of financing further strengthened our financial status and position.

- In general, the global financial market recovered in the second half of 2010 and market sentiment towards China-based publicly-traded companies improved, which resulted in an overall appreciation in the market value of their shares. For instance, the NASDAQ China Index generally increased in the second half of 2010, closing at 166 on June 30, 2010 and 195 on December 31, 2010.

- In view of the above, we lowered the discount rate from 25.0% as of March 31, 2010 to 20.0% as of December 31, 2010, as our business progressed toward later stage of development and financial market sentiment improved.

The determined fair value of our ordinary shares increased from $3.14 as of December 31, 2010 to $4.02 as of March 31, 2011. We believe the increase in fair value of our ordinary shares during this period is primarily because:

- We strengthened our financial reporting and internal controls by recruiting additional key management.

- As the size of our business increased, a component of our estimated WACC, the small size risk premium, decreased from 3.99% as of December 31, 2010 to 2.85% as of March 31, 2011. This resulted in a decrease in discount rate from 20% to 18%.

- In the first quarter of 2011, we started the preparation for our initial public offering. Due to the proximity of the expected time of the offering, the DLOM used for the valuation decreased from 17% as of December 31, 2010 to 12% as of March 31, 2011.

- In view of the above, we lowered the discount rate from 20.0% as of December 31, 2010 to 18.0% as of March 31, 2011.

The determined fair value of our ordinary shares remained stable at $4.02 as of March 31, 2011 and $4.03 as of October 1, 2011, as we considered our business development during this period was relatively stable and in line with our business plan.

The determined fair value of our ordinary shares decreased from $4.03 as of October 1, 2011 to $3.89 as of March 23, 2012. We believe the decrease in fair value of our ordinary shares during this period resulted from the following:

- We changed the expected date of our initial public offering as a result of the volatility and uncertainty of the United States capital market. As we did not raise additional funds through the capital market as planned, certain business plans were postponed and spending was reduced. In light of the above, our financial forecast was adjusted downwards.

- The liquidity of our ordinary shares increased as we move closer to our expected initial public offering date. As such, we lowered the DLOM from 12% as of October 2011 to 8% as of March 2012. The decrease in DLOM partially offset the impact of the decrease in the financial forecast as to the fair value of our ordinary shares.

Share-based Compensation

Our share-based payment transactions with employees are measured based on the grant date fair value of the equity instrument and recognized as compensation expense over the requisite service period based on the straight-line method, with a corresponding impact reflected in additional paid-in capital.

The following table sets forth certain information regarding the share options granted to our employees at different dates in 2008, 2009, 2010 and 2011.

Grant Date	Number of Options Granted	Exercise Price per Option	Fair Value per Option at Grant Date	Intrinsic Value per Option at Grant Date	Type of Valuation
December 31, 2008	590,000	$ 0.50	$ 0.15	$ —	Retrospective
March 31, 2009	107,000	$ 0.50	$ 0.19	$ —	Retrospective
June 30, 2009	502,000	$ 0.01	$ 0.36	$ 0.36	Retrospective
June 30, 2009	41,000	$ 0.50	$ 0.18	$ —	Retrospective
June 30, 2009	133,000	$ 0.96	$ 0.14	$ —	Retrospective
September 30, 2009	187,000	$ 0.96	$ 0.28	$ —	Retrospective
December 31, 2009	285,000	$ 0.50	$ 0.76	$ 0.64	Retrospective
December 31, 2009	87,000	$ 0.96	$ 0.58	$ 0.18	Retrospective
March 31, 2010	182,000	$ 0.96	$ 0.71	$ 0.37	Retrospective
June 30, 2010	64,000	$ 0.96	$ 1.18	$ 0.96	Retrospective
October 31, 2010	82,000	$ 0.96	$ 2.00	$ 1.86	Retrospective
July 31, 2011	8,000	$ 0.96	$ 3.14	$ 3.07	Retrospective
July 31, 2011	357,000	$ 4.25	$ 1.71	$ —	Retrospective
October 1, 2011	119,000	$ 4.29	$ 1.76	$ —	Retrospective

In determining the value of share options, we have used the binomial option pricing model, with assistance from American Appraisal China Limited. Under this option pricing model, certain assumptions, including the risk-free interest rate, the exercise multiple, the expected dividends on the underlying ordinary shares and the expected volatility of the price of the underlying shares for the period before the valuation dates with lengths equal to the contractual term of the options are required in order to determine the fair value of our options. Changes in these assumptions could significantly affect the fair value of share options and hence the amount of compensation expense we recognize in our consolidated financial statements.

The fair value of an option award is estimated on the date of grant using the binomial option pricing model that uses the following assumptions:

	2008	2009	2010	2011
Risk-free interest rate	3.95%	4.18% - 4.50%	3.29% - 4.24%	3.86% - 4.05%
Exercise multiple	2	2	2	2
Expected volatility	66%	66% - 67%	63% - 65%	58% - 61%
Expected dividend yield	0%	0%	0%	0%

As of December 31, 2011, there was a total $7.7 million in unrecognized share-based compensation, including $6.9 million related to founders' and employees' nonvested shares which is expected to be recognized over the weighted average period of 1.47 years. The unrecognized compensation cost of $1.1 million relating to founders' nonvested shares is expected to be recognized over a period of 0.81 years or immediately upon the completion of this offering. The remaining $0.8 million related to unvested options will be recognized over a weighted average period of 3.43 years.

Income Taxes

In preparing our consolidated financial statements, we must estimate our income taxes in each of the jurisdictions in which we operate. We estimate our actual tax exposure and assess temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we include in our consolidated balance sheet. We must then assess the likelihood that we will recover our deferred tax assets from future taxable income. If we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance, we must include an expense within the tax provision in our consolidated statement of operations.

Management must exercise significant judgment to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We base the valuation allowance on our estimates of taxable income in each jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable. If actual results differ from these estimates or we adjust these estimates in future periods, we may need to establish an additional valuation allowance, which could materially impact our financial position and results of operations.

U.S. GAAP requires that an entity recognize the impact of an uncertain income tax position on the income tax return at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. If we ultimately determine that payment of these liabilities will be unnecessary, we will reverse the liability and recognize a tax benefit during that period. Conversely, we record additional tax charges in a period in which we determine that a recorded tax liability is less than the expected ultimate assessment. We did not recognize any significant unrecognized tax benefits during the periods presented in this prospectus.

Uncertainties exist with respect to the application of the New EIT Law and its implementation rules to our operations, specifically with respect to our tax residency status. The New EIT Law specifies that legal entities organized outside of the PRC will be considered residents for PRC income tax purposes if their "de facto management bodies" are located within the PRC. The New EIT Law's implementation rules define the term "de facto management bodies" as establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise. On April 22, 2009, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, was issued. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a

Chinese-controlled offshore-incorporated enterprise is located in China. Further the Administrative Measures of Enterprise Income Tax of Chinese controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin No. 45, took effect on September 1, 2011, and provides more guidance on the implementation of Circular 82. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in Circular 82 are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. In addition, Bulletin No. 45 provides clarification in resident status determination, post-determination administration and competent tax authorities. It also specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain Chinese-sourced income, such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

Despite the uncertainties resulting from limited PRC tax guidance on the issue, we do not believe that our legal entities organized outside of the PRC are tax residents under the New EIT Law. If one or more of our legal entities organized outside of the PRC were characterized as PRC tax residents, our results of operations would be materially and adversely affected. See "Regulations—Regulations on Tax—PRC Enterprise Income Tax."

Jumpstart Our Business Startups Act of 2012

Section 107(b) of the Jumpstart Our Business Startups Act of 2012 provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. Although as of the date of this prospectus, we have not delayed the adoption of any accounting standard, as a result of this election, our future financial statements may not be comparable to other public companies that comply with the public company effective dates for new or revised accounting standards.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements and

related notes included elsewhere in this prospectus. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Net revenues	$ 26,051	100.0	$ 58,694	100.0	$ 116,230	100.0	$ 27,932	100.0	$ 36,887	100.0
Cost of goods sold	17,757	68.2	41,580	70.8	77,465	66.6	19,964	71.5	22,095	59.9
Gross profit	8,294	31.8	17,114	29.2	38,765	33.4	7,968	28.5	14,792	40.1
Operating expenses:										
Fulfillment	1,272	4.9	3,517	6.0	7,124	6.1	1,603	5.7	2,038	5.5
Selling and marketing	5,487	21.1	22,607	38.5	38,465	33.1	9,986	35.8	10,786	29.2
General and administrative	6,361	24.4	12,347	21.0	16,660	14.3	3,324	11.9	4,900	13.3
Impairment loss on goodwill and intangible assets	—	—	—	—	1,928	1.7	—	—	—	—
Total operating expenses	13,120	50.4	38,471	65.5	64,177	55.2	14,913	53.4	17,724	48.1
Loss from operations	(4,826)	18.5	(21,357)	36.4	(25,412)	21.9	(6,945)	24.9	(2,932)	8.0
Interest income (expense)	5	—	13	—	3	—	1	—	(47)	0.1
Loss before income taxes	(4,821)	18.5	(21,344)	36.4	(25,409)	21.9	(6,944)	24.9	(2,979)	8.1
Income taxes (expenses) benefit	—	—	(579)	1.0	878	0.8	—	—	—	—
Net loss	(4,821)	18.5	(21,923)	37.4	(24,531)	21.1	(6,944)	24.9	(2,979)	8.1

As a result of acquisition of Shanghai Ouku by our VIE, Lanting Huitong, on May 24, 2010, Shanghai Ouku became our VIE's subsidiary and its results of operations since June 1, 2010 have been consolidated in our results of operations. As a result, our results of operations for the year ended December 31, 2010 are not necessarily comparable to our results of operations for the years ended December 31, 2009 and 2011.

	Year Ended December 31,						Three Months Ended March 31,			
	2009		2010		2011		2011		2012	
	(U.S. dollars in thousands, except percentages)									
		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues		% of Net Revenues
Apparel	$ 8,203	31.5	$ 19,719	33.6	$ 46,888	40.4	$ 9,827	35.2	$ 15,796	42.8
Electronic and communication devices	11,343	43.5	26,031	44.4	36,844	31.7	10,535	37.7	8,427	22.8
Home and garden	245	1.0	4,077	6.9	13,509	11.6	3,106	11.1	4,452	12.1
Small accessories and gadgets(1)	12	—	1,521	2.6	11,770	10.1	2,602	9.3	6,051	16.4
Others(2)	6,248	24.0	7,346	12.5	7,219	6.2	1,862	6.7	2,161	5.9
Total net revenues	26,051	100.0	58,694	100.0	116,230	100.0	27,932	100.0	36,887	100.0

(1) Includes products such as apparel accessories, video game accessories, tablet computer and computer gadgets, electronics gadgets, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys and travel kits.

(2) Includes beauty, sports and outdoor and other categories of products such as fashion products including handbags, shoes and watches.

Comparison of the Three Months Ended March 31, 2011 and 2012

Net Revenues

Our net revenues in the three months ended March 31, 2011 and 2012 were $27.9 million and $36.9 million, respectively, reflecting an increase of 32.1%. Our net revenue growth was primarily due to an increase in our number of customers. Our number of customers in the three months ended March 31, 2011 and 2012 were approximately 224,000 and 395,000, respectively, reflecting an increase of 76.3%.

We have streamlined our product listings while continuing to introduce new products to offer better variety and choices to our customers, which has allowed us to capture additional customer demand and retain our existing customers. We have continued to add new product listings in each of our existing product categories. As of March 31, 2011 and 2012, we had more than 67,300 and 87,600 product listings, respectively, reflecting an increase of 30.2%.

We have also continued to increase our customer base by increasing our penetration of various geographic markets. In the three months ended March 31, 2011 and 2012, Europe represented the largest region by revenue in which our products were sold.

Cost of Goods Sold

Our cost of goods sold in the three months ended March 31, 2011 and 2012 were $20.0 million and $22.1 million, respectively, reflecting an increase of 10.7%. This increase was primarily due to the continued growth of our business and increase in product sales.

Our cost of goods sold as a percentage of our net revenues was 71.5% and 59.9% for the first three months of 2011 and 2012, respectively. The decrease in cost of goods sold as a percentage of our net revenues was primarily due to changes in our product mix as we focus on higher margin products.

Gross Profit

As a result of the foregoing, our gross profits in the three months ended March 31, 2011 and 2012 were $8.0 million and $14.8 million, respectively, reflecting an increase of 85.6%. Our gross margins for the three months ended March 31, 2011 and 2012 were 28.5% and 40.1%, respectively.

Fulfillment Expenses

Our fulfillment expenses in the three months ended March 31, 2011 and 2012 were $1.6 million and $2.0 million, respectively, reflecting an increase of 27.1%. Fulfillment expenses as a percentage of our net revenues for the first three months ended March 31, 2011 and 2012 decreased from 5.7% to 5.5%. This decrease was primarily due to greater economies of scale as we strengthened our logistics management.

Selling and Marketing Expenses

Our selling and marketing expenses in the three months ended March 31, 2011 and 2012 were $10.0 million and $10.8 million, respectively, reflecting an increase of 8.0%, primarily due to the continued growth of our business. Our marketing program expenses in the same periods were $8.1 million and $8.5 million, respectively. Our marketing personnel expenses in the same periods were $1.9 million and $2.3 million, respectively.

Selling and marketing expenses as a percentage of our net revenues for the first three months of 2011 and 2012 decreased from 35.8% to 29.2%. Marketing program expenses as a percentage of our net revenues in the same periods decreased from 28.9% to 22.9%. Marketing personnel expenses as a percentage of our net revenues in the same periods decreased from 6.8% to 6.3%. The decrease in selling and marketing expenses as a percentage of our net revenues was primarily due to our greater

brand recognition and economies of scale as well as more efficient utilization of our selling and marketing channels.

General and Administrative Expenses

Our general and administrative expenses in the three months ended March 31, 2011 and 2012 were $3.3 million and $4.9 million, respectively, reflecting an increase of 47.4%. This increase was primarily due to an increase in compensation expenses due to an increase in the number of our general and administrative personnel and an increase in the level of average compensation and benefits paid. Share-based compensation expenses included in general and administrative expenses in the same periods were $0.4 million and $0.8 million, respectively.

General and administrative expenses as a percentage of our net revenues for the first three months of 2011 and 2012 increased from 11.9% to 13.3%. The increase was primarily due to an increase in the number of our general and administrative personnel and an increase in average compensation and benefits paid.

Loss from Operations

As a result of the foregoing, our losses from operations in the three months ended March 31, 2011 and 2012 were $6.9 million and $3.0 million, respectively.

Interest Income (Expense)

Our interest income was approximately $1,000 in the three months ended March 31, 2011. We incurred interest expense of $47,000, including amortization of debt discount of $26,000, related to our convertible notes in the three months ended March 31, 2012.

Income Tax Expenses

Our income tax expenses in the three months ended March 31, 2011 and 2012 were nil and nil, respectively.

Net Loss

As a result of the foregoing, our net losses in the three months ended March 31, 2011 and 2012 were $6.9 million and $3.0 million, respectively.

Comparison of the Years Ended December 31, 2009, 2010 and 2011

Net Revenues

Our net revenues in 2009, 2010 and 2011 were $26.1 million, $58.7 million and $116.2 million, respectively, reflecting an increase of 125.3% from 2009 to 2010 and 98.0% from 2010 to 2011. Our net revenue growth was primarily due to an increase in the number of customers. Our number of customers in 2009, 2010 and 2011 was approximately 166,000, 461,000 and 948,000, respectively, reflecting an increase of 173.7% from 2009 to 2010 and 105.6% from 2010 to 2011.

We have increased our product listings to offer more variety and choices to our customers, which has allowed us to capture additional customer demand and increase our number of customers. We have increased the number of product listings in each of our existing product categories while expanding into other product categories such as home and garden as well as small accessories and gadgets. As of December 31, 2009, 2010 and 2011, we had more than 40,000, 59,000 and 103,000 product listings, respectively, reflecting an increase of approximately 47.5% from 2009 to 2010 and 73.2% from 2010 to 2011. The increases in the number of our customers were the primary contributors to the increases in our net revenues from 2009 to 2011.

We have also increased our customer base by increasing our penetration of various geographic markets. We have initially focused on the North American market but have since expanded our marketing efforts to increase the sale of our products to customers in Europe and other parts of the world. In 2011, Europe represented the largest region in which our products were sold.

Cost of Goods Sold

Our cost of goods sold in 2009, 2010 and 2011 were $17.8 million, $41.6 million and $77.5 million, respectively, representing an increase of 134.2% from 2009 to 2010 and 86.3% from 2010 to 2011. This increase was primarily due to the continued growth of our business and increase in product sales.

Our cost of goods sold as a percentage of our net revenues was 68.2%, 70.8% and 66.6% in 2009, 2010 and 2011, respectively. Changes in cost of goods sold as a percentage of our net revenues were primarily due to changes in the proportion of the type of products sold.

Gross Profit

As a result of the foregoing, our gross profits in 2009, 2010 and 2011 were $8.3 million, $17.1 million and $38.8 million, respectively, reflecting a growth of 106.3% from 2009 to 2010 and 126.5% from 2010 to 2011. Our gross margins in 2009, 2010 and 2011 were 31.8%, 29.2% and 33.4%, respectively.

Fulfillment Expenses

Our fulfillment expenses in 2009, 2010 and 2011 were $1.3 million, $3.5 million and $7.1 million, respectively. Fulfillment expenses as a percentage of our net revenues in 2009, 2010 and 2011 were 4.9%, 6.0% and 6.1%, respectively.

Fulfillment expenses as a percentage of our net revenues was primarily affected by the increase in fulfillment personnel compensation, which was offset by our ability to strengthen our logistic management.

Selling and Marketing Expenses

Our selling and marketing expenses in 2009, 2010 and 2011 were $5.5 million, $22.6 million and $38.5 million, respectively. Our marketing program expenses in the same periods were $3.9 million, $18.7 million and $28.6 million, respectively. Our marketing personnel expenses in the same periods were $1.6 million, $3.9 million and $9.9 million, respectively.

Selling and marketing expenses as a percentage of our net revenues in 2009, 2010 and 2011 were 21.1%, 38.5% and 33.1%, respectively. Marketing program expenses as a percentage of our net revenues in the same periods were 15.0%, 31.9% and 24.6%, respectively. Marketing personnel expenses as a percentage of our net revenues in the same periods were 6.1%, 6.6% and 8.5%, respectively. The fluctuation of selling and marketing expenses as a percentage of our net revenues relates to our business expansion into and the testing of new geographic markets, new product categories, new marketing channels and new promotional activities. In 2009, as a result of the global economic downturn, search engine marketing rates were much lower in general as compared to those in other years due to decreased demand from advertisers in general, resulting in lower search engine marketing costs. We have focused our selling and marketing efforts on investing in customer acquisition and deepening our reach in an increasing number of geographic markets, which increased our selling and marketing expenses as a percentage of our net revenues in 2010 from the prior years. In 2011, as we achieved greater brand recognition and economies of scale as well as more efficient utilization of our selling and marketing channels, our selling and marketing expenses decreased as a percentage of our net revenues, which was partially offset by an increase in the level of average compensation and benefits paid for our marketing personnel.

General and Administrative Expenses

Our general and administrative expenses in 2009, 2010 and 2011 were $6.4 million, $12.3 million and $16.7 million, respectively, reflecting an increase of 94.1% from 2009 to 2010 and 35.2% from 2010 to 2011. This increase was primarily due to an increase in compensation due to an increase in the number of our general and administrative personnel and an increase in the level of average compensation and benefits paid. Share-based compensation expenses included in general and administrative expenses in 2009, 2010 and 2011 were $1.4 million, $1.4 million and $2.0 million, respectively.

General and administrative expenses as a percentage of our net revenues in 2009, 2010 and 2011 were 24.4%, 21.0% and 14.3%, respectively. Notwithstanding share-based compensation expenses, general and administrative expenses as a percentage of our net revenues remained at the same level in 2009 and 2010 as we continued to invest in the growth of our business in 2010 by setting up additional sourcing offices in Shanghai, Guangzhou and Shenzhen, and decreased in 2011 due to greater economies of scale.

We recorded an impairment loss on goodwill and intangible assets of nil, nil and $1.9 million in 2009, 2010 and 2011, respectively.

Loss from Operations

As a result of the foregoing, our losses from operations in 2009, 2010 and 2011 were $4.8 million, $21.4 million and $25.4 million, respectively.

Interest Income

Our interest income was approximately $5,000, $13,000 and $3,000 in 2009, 2010 and 2011, respectively.

Income Tax (Expenses) Benefit

Our income tax (expenses) benefit in 2009, 2010 and 2011 were nil, $(0.6) million and $0.9 million, respectively. We generated a tax credit of $0.9 million in 2011 as a result of a refund of $0.6 million and a deferred tax benefit of $0.3 million relating to the intangible assets which had been fully impaired in 2011. The tax refund of $0.6 million was related to tax payments made by one of our entities in 2010, which was determined by the relevant PRC tax authority based on a tax assessment conducted for 2010 and was received in September 2011.

Net Loss

As a result of the foregoing, our net losses in 2009, 2010 and 2011 were $4.8 million, $21.9 million and $24.5 million, respectively.

Selected Quarterly Results of Operations

The following table sets forth our selected unaudited interim consolidated quarterly results of operations for each of the eight quarters in the period from April 1, 2010 to March 31, 2012. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared the unaudited interim consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited interim consolidated financial information includes all normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating

results for the quarters presented. Our operating results for any particular quarter are not necessarily indicative of our future results.

	Three Months Ended							
	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012
	(U.S. dollars in thousands)							
Net revenues	$ 11,264	$ 14,170	$ 23,848	$ 27,932	$ 27,163	$ 28,058	$ 33,077	$ 36,887
Cost of goods sold	7,036	9,451	19,043	19,964	17,254	18,037	22,210	22,095
Gross profit	4,228	4,719	4,805	7,968	9,909	10,021	10,867	14,792
Operating expenses*								
Fulfillment	570	1,058	1,292	1,603	1,342	1,976	2,203	2,038
Selling and marketing	2,984	5,550	11,605	9,986	8,604	10,433	9,442	10,786
General and administrative	2,428	3,383	4,438	3,324	4,546	3,898	4,892	4,900
Impairment loss on goodwill and intangible assets	—	—	—	—	—	—	1,928	—
Loss from operations	(1,754)	(5,272)	(12,530)	(6,945)	(4,583)	(6,286)	(7,598)	(2,932)
Interest income (expense)	2	10	—	1	1	1	—	(47)
Income taxes (expenses) benefit	(579)	—	—	—	—	606	272	—
Net loss	(2,331)	(5,262)	(12,530)	(6,944)	(4,582)	(5,679)	(7,326)	(2,979)
Accretion for Series C convertible redeemable preferred shares	—	—	700	700	700	700	700	700
Net loss attributable to ordinary shareholders	(2,331)	(5,262)	(13,230)	(7,644)	(5,282)	(6,379)	(8,026)	(3,679)

* Includes share-based compensation expenses as follows:

	Three Months Ended							
	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012
	(U.S. dollars in thousands)							
Share-based compensation expense included in fulfillment	$ 4	$ 4	$ 3	$ 3	$ 4	$ 3	$ 3	$ 3
Selling and marketing	6	8	11	14	15	27	34	33
General and administrative	354	356	360	348	553	358	731	726
Total share-based compensation expenses	364	368	374	365	572	388	768	762

Our net revenues grew rapidly in the recent several quarters due to the continuous expansion of our business. Our net revenues increased and gross margins decreased in the first quarter of 2011 due to increased promotional offerings, including free shipping, as compared to other periods. Our results of operations are subject to seasonal fluctuations. The fourth quarter of the past several years has generally been the strongest quarter in terms of revenues due to the increase in demand for our products during the holiday season. However, in the fourth quarter, we also typically faced decreased gross margins, due to the change in product mix, and increased selling and marketing costs, due to increased costs of online advertising during the holiday season. During the first quarter of the past several years, we typically experienced greater demand for our wedding dresses.

Liquidity and Capital Resources

Cash Flow and Working Capital

To date, we have financed our operations primarily through the proceeds from the issuance of our preferred shares and convertible notes. As of December 31, 2009, 2010, 2011 and March 31, 2012, we had $6.1 million, $23.4 million, $6.8 million and $17.0 million, respectively, in cash and cash equivalents. Our cash and cash equivalents consist of highly liquid investments which are unrestricted as to withdrawal or use and have maturities of three months or less. In March 2012, we issued convertible

notes with an aggregate principal amount of $8.0 million, which will be automatically converted into ordinary shares upon the completion of this initial public offering.

We have incurred net losses and experienced negative cash flow from operating activities since our inception, which has raised substantial doubt about our ability to continue as a going concern, as indicated in our auditor's report for the year ended December 31, 2011. However, the accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, and do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities as that might be necessary if we are unable to continue as a going concern, as we believe that our current cash and cash equivalents will be sufficient to meet our anticipated capital needs for the 12 months following March 31, 2012. We expect to use the net proceeds from this offering to make further investments in enhancing our fulfillment and technology infrastructure, expanding our product offerings and categories, acquiring customers and brand-building and to make payments for interest accrued for the convertible notes issued in March 2012. We believe such investments will allow us to achieve greater economies of scale and increase efficiency in our operations more effectively and within a shorter period of time. As we continue to expand our business and gain further economies of scale, we expect our operating expenses as a percentage of our net revenues to decrease in the future. For example, we have experienced improvement in our fulfillment expense as a percentage of our net revenues and our general and administrative expenses as a percentage of our net revenue since the third quarter of 2011, which we expect to continue going forward. Furthermore, we are focused on improving the efficient utilization of our selling and marketing channels to reduce our marketing program costs and to better manage our variable expenses.

We also expect to continue to optimize our product mix with a focus on higher margin products, which we believe will lead to improved margin and cash flow. As a result, we have generated operating cash flow of $2.7 million in the three months ended March 31, 2012, as compared to cash outflow from operating activities in prior periods.

In the event that our operating expenses or other expenditures exceed our working capital, we may seek to issue debt or equity securities or obtain credit facilities. Any issuance of equity securities could cause dilution for our shareholders. Any incurrence of indebtedness could increase our debt service obligations and subject us to restrictive operating and financial covenants. Additionally, financing may not be available to us in amounts or on terms acceptable to us, or at all. However, we do not currently expect we will need to raise additional funds for the 12 months following March 31, 2012 in order to meet the expenses and other expenditures required for our business operation.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2009	2010	2011	2011	2012
	(U.S. dollars in thousands)				
Net cash (used in) provided by operating activities	$ (2,269)	$ (19,937)	$ (14,056)	$ (3,196)	$ 2,714
Net cash (used in) provided by investing activities	(5,725)	2,285	(1,834)	(613)	(187)
Net cash provided by (used in) financing activities	11,270	35,000	(787)	—	7,638
Net increase (decrease) in cash and cash equivalents	3,276	17,348	(16,677)	(3,809)	10,165
Effect of exchange rate changes on cash and cash equivalents	7	10	24	4	1
Cash and cash equivalents at beginning of the period	2,798	6,081	23,439	23,439	6,786
Cash and cash equivalents at end of the period	6,081	23,439	6,786	19,634	16,952

Operating Activities

From 2009 to 2011, we significantly increased our cash spending on customer acquisition through increased marketing efforts as part of our continued business expansion. To a lesser extent, the increase in our cash used in operating activities was also a result of an increase in inventory levels as we expanded our product offerings to offer customers more choices and a better selection.

Net cash provided by operating activities was $2.7 million in the three months ended March 31, 2012, primarily attributable to an increase in advances from customers of $3.6 million, and an increase in accounts payable of $1.8 million, which were a result of increased business activities that led to increased customer orders, overhead and orders placed with our suppliers. Net cash provided by operating activities was partially offset by our net loss of $3.0 million, adjusted by non-cash items of $1.2 million, which mainly included share-based compensation of $0.8 million and depreciation of $0.3 million, and an increase in prepaid expenses and other current assets of $1.4 million, which was primarily due to the continued growth of our business that led to increases in customer purchases.

Net cash used in operating activities was $14.1 million in 2011, primarily attributable to our net loss of $24.5 million, adjusted by the reconciliation of non-cash items of $5.1 million, which mainly included share-based compensation of $2.1 million, depreciation of $0.9 million, increase in inventory reserve of $0.5 million as well as goodwill and intangible assets impairment of $1.9 million. Net cash used in operating activities was partially offset by an increase of $4.2 million in accrued expenses and other current liabilities and an increase of $1.7 million in accounts payable, which were a result of increased business activities that led to increased overhead and orders placed with our suppliers.

Net cash used in operating activities was $19.9 million in 2010. Our net cash used in operating activities in 2010 reflected a net loss of $21.9 million, adjusted by the reconciliation of non-cash items of $2.0 million, which mainly included share-based compensation of $1.5 million. Additional factors that affected our operating cash flow included an increase in inventories of $3.9 million, primarily in anticipation of an increase in customer demand driven by our increased marketing efforts, and an increase in prepaid expenses and other current assets of $3.1 million, primarily due to an increase in the sale of our products on supplemental online outlets that increased the amount of payments due to us. Net cash used in operating activities was partially offset by an increase of $2.5 million in advances from customers, an increase of $2.1 million in accrued expenses and other current liabilities and an increase of $1.6 million in accounts payable, which were all a result of increased business activities that led to increased customer orders, overhead and orders placed with our suppliers.

Net cash used in operating activities was $2.3 million in 2009. Our net cash used in operating activities in 2009 reflected a net loss of $4.8 million, adjusted by the reconciliation of non-cash items of $1.7 million, which mainly included share-based compensation of $1.5 million. Additional factors affecting our operating cash flow included an increase of $0.9 million in prepaid expenses and other current assets primarily due to the continued growth of our business that led to increases in customer purchases and receivables held by third-party electronic payment platforms, offset by an increase of $1.3 million in accrued expense and other current liabilities.

Investing Activities

Net cash used in investing activities was $0.2 million in the three months ended March 31, 2012, primarily attributable to an increase in restricted cash of $0.2 million.

Net cash used in investing activities was $1.8 million in 2011, primarily attributable to $1.6 million used for the improvement of our new warehouse and new office space and the purchase of additional information technology equipment.

Net cash provided by investing activities was $2.3 million in 2010, primarily due to maturity of term deposits of $5.2 million, which was partially offset by the payment of $1.5 million for the acquisition of

Shanghai Ouku, the purchase of equipment for our warehouses and our information technology infrastructure for $0.9 million and an increase in restricted cash of $0.4 million.

Net cash used in investing activities was $5.7 million in 2009, primarily due to an increase in term deposits of $5.2 million, the purchase of equipment for our warehouses and our information technology infrastructure for $0.4 million and an increase in restricted cash of $0.2 million.

Financing Activities

Net cash provided by financing activities was $7.6 million in the three months ended March 31, 2012, attributable to the issuance of our convertible notes in the amount of $8.0 million in March 2012 which was offset by $0.4 million in payment of expenses related to the preparation for our initial public offering.

Net cash used in financing activities was $0.8 million in 2011, which was primarily due to payment of expenses related to preparation for our initial public offering of $0.6 million and the payment of $0.2 million for the deferred consideration relating to acquisition of Shanghai Ouku.

Net cash provided by financing activities was $35.0 million in 2010, which was from the issuance of our Series C convertible redeemable preferred shares.

Net cash provided by financing activities was $11.3 million in 2009, which was from the issuance of our Series B convertible preferred shares.

Capital Expenditures

Our capital expenditures amounted to $0.4 million, $0.9 million, $1.6 million and $32,000 in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. Our capital expenditures have historically comprised purchase of equipment for our warehouses and our information technology infrastructure. We expect to increase our capital expenditures in the future as we continue to invest in our fulfillment and technology infrastructure.

Acquisition

Our VIE, Lanting Huitong, acquired Shanghai Ouku in May 2010 for $2.2 million (RMB14.3 million). Shanghai Ouku operates *www.ouku.com*, which focuses on the sale of electronics, communications devices and other products to consumers in China.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2011:

	Payment Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
	(U.S. dollars in thousands)				
Operating lease obligations	$ 2,356	$ 1,546	$ 766	$ 44	$ —
Total	2,356	1,546	766	44	—

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through Light In The Box Limited, our Hong Kong subsidiary, Lanting Jishi, our wholly owned subsidiary in China, our VIEs, Lanting Huitong and Lanting Gaochuang, and subsidiary of Lanting Huitong, Shanghai Ouku. Under Hong Kong law, there are no withholding taxes on remittance

of dividends. Under PRC law, each of Lanting Jishi, Lanting Huitong, Lanting Gaochuang and Shanghai Ouku is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves until the accumulated amount of such reserves reaches 50% of its respective registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Lanting Jishi is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

Pursuant to the contractual arrangements among Lanting Jishi and our VIEs, Lanting Jishi can charge our VIEs service fee equal to substantially all of their net income. After paying the withholding taxes applicable to Lanting Jishi's revenue and earnings, making appropriations for its statutory reserve requirement and retaining any profits from accumulated profits, the remaining net profits of Lanting Jishi would be available for distribution to its sole shareholder, Light In The Box Limited, and from Light In The Box Limited to us.

We have not, and do not have any present plan, for our PRC subsidiary, Lanting Jishi, to distribute any dividends. We do not believe our current structure will limit our holding company's ability to timely meet our cash obligations in the near future, as we currently generate and expect to continue to generate the majority of our revenues and receive the majority of our cash from customers outside of China through Light In The Box Limited, our Hong Kong subsidiary. However, if, in the future, we require our PRC subsidiary to distribute dividends to us, restrictions on the distribution of dividends may have an adverse effect on our ability to meet our cash obligations in a timely manner. Please see "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund and financing requirements we may have, and any limitation on the ability of our subsidiaries payments to us could have a material adverse effect on our ability to conduct our business."

Off-balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. 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 engages in leasing, hedging or research and development services with us.

Inflation

Inflation in China has not in the past materially impacted our results of operations. However, China has recently experienced a significant increase in inflation levels, which may materially impact our results of operations in the future. According to the National Bureau of Statistics of China, the change of consumer price index in China was -0.7% in 2009, 3.3% in 2010 and 5.4% in 2011.

Market Risks

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by our bank deposits, which are unrestricted as to withdrawal and use, and highly liquid investments that have maturities of three months of less. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates. An increase in interest rates, however, may raise the cost of any debt we incur in the future. In addition, our future interest income may be lower than expected due to changes in market interest rates.

Foreign Exchange Risk

Most of our revenues are denominated in U.S. dollars, while some of our expenses are denominated in Renminbi. We are subject to foreign exchange translation differences in our Hong Kong subsidiary as its product costs are negotiated and fixed in Renminbi and retranslated into U.S. dollars before payment. In addition, our PRC subsidiary and consolidated affiliated entities hold U.S. dollars in PRC bank accounts to pay for certain Renminbi-denominated expenses such as payroll and rent. As such, they are subject to foreign exchange translation differences on their U.S. dollar balances. The foreign exchange impacts relate to accounts payable denominated in Renminbi were negative $5,000, $118,000, $137,000 and $22,000 for the years ended December 31, 2009, 2010 and 2011 and for the three months ended March 31, 2012, respectively, and the foreign exchange impacts relate to the U.S. dollars held by PRC entities with Renminbi as functional currency were negative $82,000, $196,000, $227,000 and $96,000 for each of the years ended December 31, 2009, 2010 and 2011 and for the three months ended March 31, 2012, respectively. All foreign exchange impact was recorded in general and administrative expenses in our consolidated statement of operations.

We have no hedges against currency risk. If Renminbi continues to appreciate relative to the U.S. dollar, our cost to acquire products priced in Renminbi and our expenses denominated in Renminbi will become more expensive in U.S. dollars. Consequently, any increase in the value of the Renminbi against the U.S. dollar may reduce our margins, reduce our competiveness against retailers with costs denominated in currencies other than Renminbi or render us unable to meet our costs.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. During the period between July 2008 and June 2010, the Renminbi has traded stably within a narrow range against the U.S. dollar. Since June 2010, the Renminbi has started to slowly appreciate further against the U.S. dollar.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would adversely affect the Renminbi amount we receive from the conversion. Assuming we were to convert the net proceeds received in this offering into Renminbi, a 1.0% increase in the value of the Renminbi against the U.S. dollar would decrease the amount of Renminbi we receive by RMB   million. Similarly, to the extent that we need to convert Renminbi into U.S. dollars, depreciation of the Renminbi against the U.S. dollar would decrease the U.S. dollar amount we receive from the conversion. Our U.S. dollar denominated cash balance was $13.5 million as of March 31, 2012 and our Renminbi denominated cash balance was RMB5.0 million as of March 31, 2012. Assuming we had converted the Renminbi denominated cash balance of RMB5.0 million into U.S. dollars at the exchange rate of $1.00 for RMB6.2975 as of March 30, 2012, this cash balance would have been approximately $0.8 million. Assuming a 1.0% depreciation of the

Renminbi against the U.S. dollar, this cash balance would have been approximately $7,800 less as of March 31, 2012.

Recent Accounting Pronouncements

Newly Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (the "FASB") issued an authoritative pronouncement on fair value measurement. The guidance is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair value measurement principles in U.S. GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments, mainly including:

- Highest-and-best-use and valuation-premise concepts for nonfinancial assets—the guidance indicates that the highest-and-best-use and valuation-premise concepts only apply to measuring the fair value of nonfinancial assets.

- Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk—the guidance permits an exception to fair value measurement principles for financial assets and financial liabilities (and derivatives) with offsetting positions in market risks or counterparty credit risk when several criteria are met. When the criteria are met, an entity can measure the fair value of the net risk position.

- Premiums or discounts in fair value measure—the guidance provides that "premiums or discounts that reflect size as a characteristic of the reporting entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (for example, a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement."

- Fair value of an instrument classified in a reporting entity's shareholder's equity—the guidance prescribes a model for measuring the fair value of an instrument classified in shareholders' equity; this model is consistent with the guidance on measuring the fair value of liabilities.

- Disclosures about fair value measurements—the guidance expands disclosure requirements, particularly for Level 3 inputs. Required disclosures include:

  - For fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation process in place (e.g., how the entity decides its valuation policies and procedures, as well as changes in its analyses of fair value measurements, from period to period), and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.

  - The level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed.

The guidance is to be applied prospectively and effective for interim and annual periods beginning after December 15, 2011, for public entities. Early application by public entities is not permitted. The adoption of this guidance did not have a significant effect on our consolidated financial statements.

In June 2011, the FASB issued an authoritative pronouncement to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income

along with a total for other comprehensive income, and a total amount for comprehensive income. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance should be applied retrospectively. For public entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. In December 2011, the FASB issued an authoritative pronouncement related to the deferral of the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This guidance allows the FASB to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. While the FASB is considering the operational concerns about the presentation requirements for reclassification adjustments and the needs of financial statement users for additional information about reclassification adjustments, entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before the pronouncement issued in June 2011. We adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on our consolidated financial statements.

In September 2011, the FASB issued an authoritative pronouncement related to testing goodwill for impairment. The guidance is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. The pronouncement permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The adoption of this guidance did not have a significant effect on our consolidated financial statements.

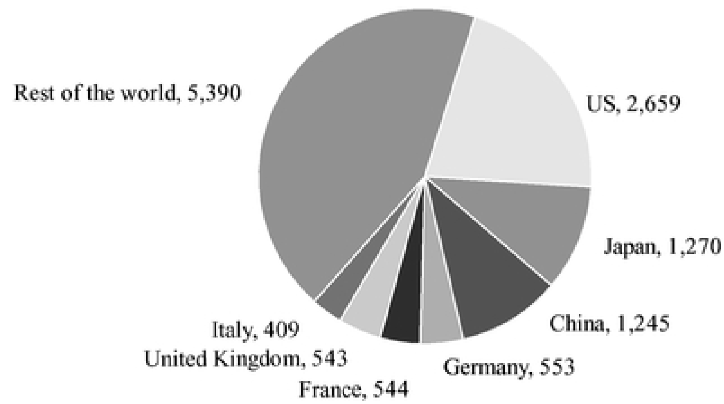
Recent Accounting Pronouncements Not Yet Adopted

In December 2011, the FASB issued an authoritative pronouncement related to Disclosures about Offsetting Assets and Liabilities. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. We do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

Global Online Retail Market

Global online retail sales continue to experience robust growth. As global Internet accessibility continues to improve and broadband usage proliferates, consumers are increasingly utilizing the Internet to purchase goods and services. Growth of global online retail sales is expected to outperform that of global retail sales. According to Euromonitor International, or Euromonitor, global retail sales are expected to grow at a CAGR of 4.7% from $12.6 trillion in 2011 to $15.2 trillion in 2015, while global online retail sales is expected to grow at a CAGR of 13.0% from $399 billion in 2011 to $650 billion in 2015.

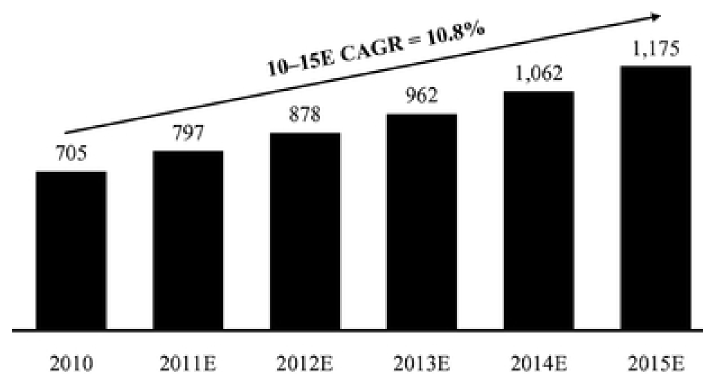
Retail Sales in Major Markets in 2011 (U.S. dollars in billions)



Source: © Euromonitor International 2011

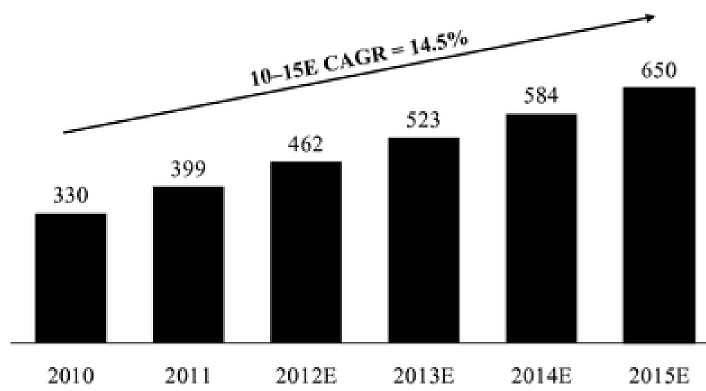
The following charts set forth the historical and estimated number of global online retail shoppers and global online retail sales for the periods indicated:

Global Online Retail Shoppers (in millions)



Source: International Data Corporation

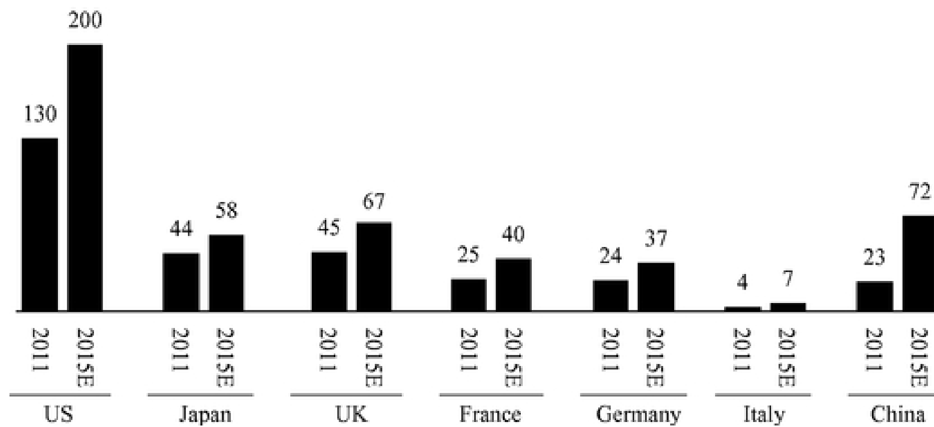
Global Online Retail Sales (U.S. dollars in billions)



Source: © Euromonitor International 2011

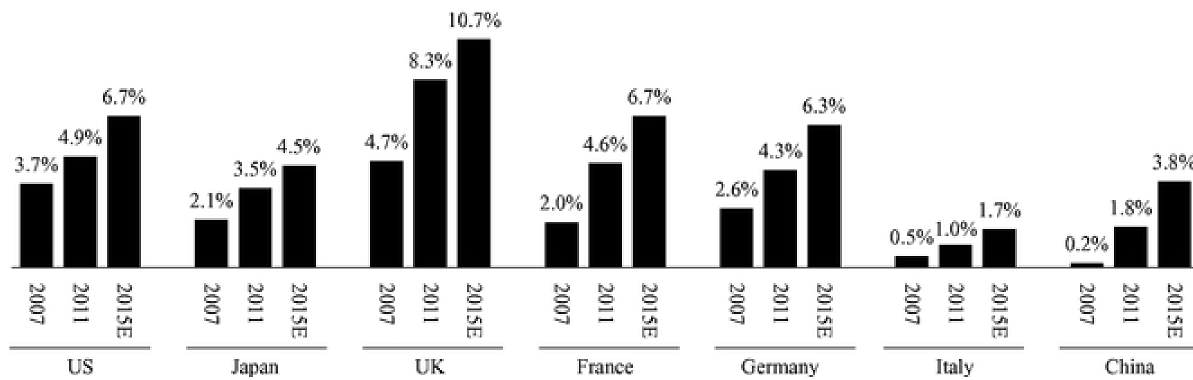
Despite its rapid growth, online retail penetration remains low in major markets around the world, but has and is expected to continue to increase over time. For instance, according to Euromonitor, online retail sales as a percentage of total retail sales in the United States increased from 3.7% in 2007 to 4.9% in 2011 and is expected to continue to increase to 6.7% by 2015. The following charts set forth the size of the major online retail markets around the world and online retail penetration for the periods indicated:

Online Retail Sales in Major Global Markets (U.S. dollars in billions)



Source: © Euromonitor International 2011

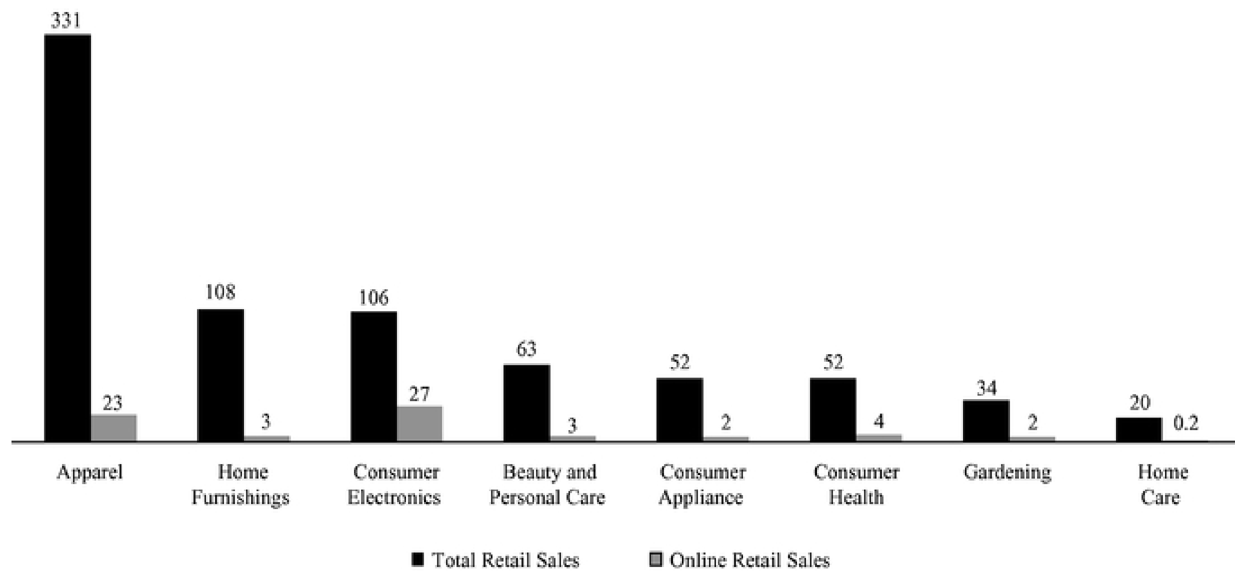
Online Retail Sales as Percentage of Total Retail Sales



Source: © Euromonitor International 2011

While online retail sales as a percentage of total sales continues to increase, there are significant differences between individual product categories. Many product categories remain heavily dominated by offline retailers, as demonstrated in the chart below. These categories present significant opportunities for the future growth of online sales.

Online Retail Sales vs. Total Retail Sales by Category in the United States in 2011 (U.S. dollars in billions)



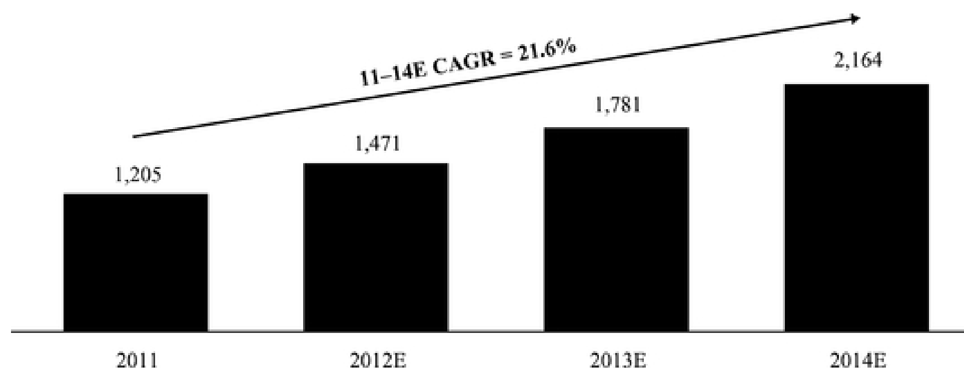
Source: © Euromonitor International 2011

China Manufacturing Capabilities Powering the Global Retail and Online Retail Markets

With the ability to produce high quality products at low costs by employing efficient and flexible manufacturing and access to an abundant supply of experienced and low-cost labor, China has become a major manufacturing hub for the export of consumer goods to global markets. According to iResearch, the Chinese consumer goods export market is expected to grow from $1,205 billion in 2011

to $2,164 billion in 2014, representing a CAGR of 21.6%. The following chart sets forth the historical and estimated size of the Chinese consumer goods export market for the periods indicated:

Chinese Consumer Goods Export Market (U.S. dollars in billions)



Source: iResearch

Opportunities for China-based Companies to Engage in Global Online Retailing

We believe that there are increasing opportunities for China-based companies to participate in global online retail, primarily as a result of the following factors:

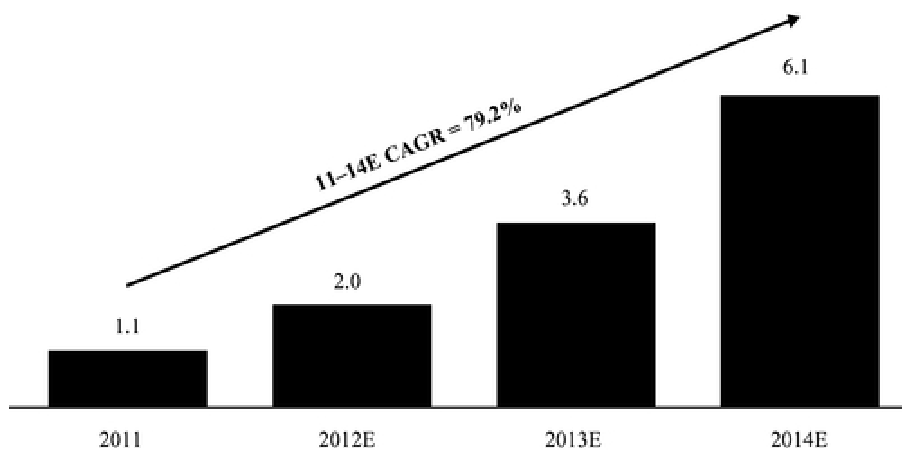
- access to China's large, flexible, low cost and increasingly value-added export-oriented manufacturing base;
- the availability of efficient global payment and logistics solutions that enable direct shipment of goods to consumers around the globe;
- the ability to use online marketing to directly target and acquire potential customers globally; and
- the removal of trade barriers, including high tariffs and import quotas, aided by the WTO.

Our product categories, such as customized apparel, electronics and communication devices and home and garden, target large global markets with strong consumer demand. For example, according to Global Industry Analysts, the 2011 global bridal wear market was expected to be $42 billion.

China-based Global Online Retail Market

Through the Internet, China-based online retailers are able to access a global consumer base. With cost advantages and direct sourcing capabilities, they have been able to emerge and grow quickly. According to iResearch, the total China-based global online retail market is expected to grow from $1.1 billion in 2011 to $6.1 billion in 2014. There are many smaller players exist today in this market. We believe that the high degree of market fragmentation presents an attractive and immediate opportunity for large scale, well-capitalized players to capture significant market share, achieve economies of scale, build brand equity and establish best practices.

China-based Global Online Retail (U.S. dollars in billions)



Source: iResearch

Key Challenges Facing China-based Companies Targeting the Global Online Retail Market

We believe there are a number of challenges faced by China-based companies that sell consumer goods to global consumers, including:

- offering a customized shopping experience and managing online marketing for an international customer base;
- acquiring deep understanding of consumer needs across diverse geographic markets to build and maintain product offerings and presentation that maximize purchase conversion;
- offering a broad selection of high quality products at global standards;
- establishing a scalable and integrated technology, fulfillment and logistics infrastructure with global reach; and
- creating and maintaining global brand equity.

OUR BUSINESS

Overview

LightInTheBox is a global online retail company that delivers products directly to consumers around the world. We offer customers a convenient way to shop for a wide selection of lifestyle products at attractive prices through *www.lightinthebox.com* and our other websites, which are available in 13 major languages and cover more than three-quarters of Internet users globally, according to Internet World Stats. Our innovative data-driven business model allows us to offer customized products at scale for optimal marketing, merchandising and fulfillment. We have built an effective business model whereby we source most of our products directly from China-based manufacturers and we work closely with them to re-engineer their manufacturing processes to achieve faster time-to-market with a greater variety of products. We acquire customers exclusively through the Internet and serve our customers from our cost-effective locations in mainland China and Hong Kong. In 2011, we ranked number one in terms of revenue generated from customers outside of China among all China-based retail websites that source products from third-party manufacturers, according to a report conducted at our request by iResearch, an independent market research firm.

We target lifestyle product categories where consumers value choice or customization. We believe that by offering more variety and personalization we will be able to create and capture new consumer demand. We offer products in the three core categories of customized apparel, electronic and communication devices and home and garden. At any time, a customer shopping for a special occasion dress on our site can have her dress made-to-measure, choosing from more than 3,000 distinctive designs. As of March 31, 2012, we had more than 87,600 product listings. During the first three months of 2012, we added an average of more than 8,000 new product listings each month.

We serve consumers globally without incurring the costs and complexities associated with establishing a traditional multinational retail infrastructure. Our major markets are Europe and North America. We use global online marketing platforms such as Google and Facebook to reach our consumers, we accept payments through all major credit cards and electronic payment platforms such as PayPal and we deliver our goods through major international couriers, including UPS, DHL and FedEx.

We believe that being a China-based company provides important advantages in supply chain management. We strive to source high quality products directly from some of the most competitive manufacturers in the strongest supply ecosystems. By locating our sourcing offices near some of the most competitive factories, we realize cost advantages and just-in-time inventory management as we create effective supplier competition while maximizing the quality of our products. Our suppliers benefit from working closely with our in-house manufacturing experts to re-engineer their manufacturing processes to achieve faster time-to-market for our products and enable large scale production of individually customized products.

To acquire and retain customers across diverse geographic markets, we have developed proprietary technologies to manage and optimize our large-scale technical and marketing operations. In addition, we have established a specialized social marketing team that uses creative interactive activities to engage online users. We provide a user-friendly online shopping experience and intelligent product recommendation algorithms to facilitate purchasing decisions.

We have developed a proprietary technology platform that integrates every aspect of our business operation, including global marketing, online shopping platforms, supply chain management, fulfillment and logistics and customer service. Our founders have extensive experience and expertise in software development. We have made significant investments in software research and development to improve operational efficiency and enable business innovation.

We have grown significantly since we commenced our operations. Our net revenues grew from $6.3 million in 2008 to $116.2 million in 2011. Our net revenues were $36.9 million in the three months

ended March 31, 2012. Our number of customers increased from approximately 36,000 in 2008 to approximately 948,000 in 2011. Our number of customers was approximately 395,000 in the three months ended March 31, 2012. We experienced a net loss of $3.0 million, $4.8 million, $21.9 million, $24.5 million and $3.0 million in 2008, 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. We have also used cash in operating activities of $2.1 million, $2.3 million, $19.9 million and $14.1 million in 2008, 2009, 2010 and 2011, respectively. We generated $2.7 million in cash from operating activities in the three months ended March 31, 2012.

Our Strengths

We believe we are a first mover in offering consumers around the world an attractive online shopping experience by fully capitalizing on direct sourcing from Chinese manufacturers with manufacturing capacity optimized for online consumer demand. We believe the following strengths contribute to our success and differentiate us from our competitors:

Scalable business model designed for global reach

We have a highly scalable business model that allows us to serve consumers in over 200 countries and territories without incurring the costs and complexities associated with a traditional multinational retailing infrastructure. In the three months ended March 31, 2012, customers in Europe and North America represented 51.2% and 28.1% of our net revenues, respectively. We leverage advanced third-party infrastructure to enable our global business and to focus our investment in areas that create the most consumer value on top of it. As a result, we were able to achieve historically low capital expenditures. Through targeted online marketing platforms such as Google and Facebook, we are able to cost effectively acquire consumers at scale. Through secure online payment platforms such as PayPal, we are able to process payments in real-time from all major credit cards issued globally. Through major global carriers including UPS, DHL and FedEx, we are able to deliver products door-to-door to most destinations around the world, directly from our China-based warehouses. We use Akamai CDN technology to optimize the speed of our websites as accessed by users globally. We have professionals from 11 different countries, all based in China, which provides us with deep understanding into global online consumer markets in a cost effective way. As we serve consumers all over the world, we are also able to quickly apply our experience in one market to other markets.

Supply chain optimization for faster time-to-market and product variety

We source over 70% of our products directly from factories in China. We have established six sourcing offices in locations with strong supply ecosystems for specific product categories. We have a comprehensive supplier qualification system and have over 2,000 selected active suppliers, which increased from over 460 in 2009. Our supplier network allows us to create both effective competition and close relationships to control costs by enhancing our purchasing power and to ensure capacity, quality and flexibility.

Our in-house manufacturing experts work closely with our suppliers' factories in order to provide visibility and influence over the manufacturing process, and enable continuous improvements and business innovations. For example, we have helped our apparel suppliers re-engineer their manufacturing process to enable large scale production of individually tailored products with short lead time.

We are able to maintain a low inventory level, by adopting a frequent procurement strategy with short refill cycles from suppliers. We make daily orders to our suppliers and, in most cases, they are able to deliver to our warehouses within 48 hours for the majority of our products and ten to 14 days for customized apparel. Such procurement strategy also enables us to maintain high customer order fulfillment rate as the supply side information is up to date.

Distinctive products optimized for online shopping

We target lifestyle product categories where consumers value choice or customization. We adopt a quantitative and rigorous product selection and management approach. By conducting market analyses on an ongoing basis, we are able to optimize our product offerings by rapidly responding to the latest market trends and consumer preferences. As of March 31, 2012, we had more than 87,600 product listings and during the first three months of 2012, we added an average of more than 8,000 new product listings each month. Most of our products are non-branded or private label products.

As a result of our direct sourcing and manufacturing innovations, we are able to provide differentiated products at attractive prices in order to capture niche consumer demands or create new consumer demand, setting us apart from traditional factories, which provides mass-produced items with little flexibility and long lead time, or boutique firms, which may provide customization but only at a limited scale and may lack standardized quality control measures. For example, we offer more than 1,600 faucet designs. At any time, a customer shopping for a special occasion dress on our site can have her dress made to measure, choosing from more than 3,000 distinctive designs, over a hundred different color and fabric combinations, and any size based on her measurements. Collectively, such made-to-measure offering provides diversity equivalent to more than 5 billion SKUs by traditional retail standards.

We have also established our own designer teams to create distinctive product designs. In certain categories, we have increasingly introduced products under our product brands to further offer product differentiation to consumers.

Sophisticated online marketing capabilities

We utilize scalable online marketing and rich shopping experience to efficiently acquire and retain customers across the world. Targeted performance marketing and social viral marketing are the two primary marketing vehicles we use. Our targeted performance marketing includes search engine marketing, display advertising, affiliate marketing and email marketing. We have developed proprietary technologies to manage and optimize our large-scale performance marketing operations. For example, we have developed an algorithm to discover keyword combinations that are most likely to offer an attractive return on investment. Currently, we actively manage over 1.2 million keywords across 13 languages, as well as display advertising on over 100,000 publisher sites. We have established specialized social marketing team to promote our brand and presence across major global social networking platforms through viral marketing campaigns.

Our self developed platform provides rich online shopping experience. Through data mining, we continuously improve the layout, flow and general usability of our websites. We have built specialized photo and video studios to produce rich media content that best illustrates our product features. We have multilingual copywriter teams to ensure we translate important information on our websites in different languages accurately and in a timely fashion. We have organized many online activities to encourage sharing among consumers. We have real-time online support to communicate with customers via online chats. We believe our emphasis on offering a rich shopping experience has played a vital role in facilitating consumer purchasing decisions.

Advanced technology platform that enables business innovation

We have developed a proprietary technology platform with strong data processing capabilities that integrates every aspect of our business operations, including online marketing, online shopping platform, supply chain management, fulfillment and logistics and customer service. This integrated platform enables us to collect and analyze critical business data, maintain end-to-end control over the entire online retail process, gather customer and supplier feedback at every step, share data across all of our online sales channels, and comprehensively streamline our operations to achieve significant economies of scale across the online retail value chain.

We have made significant investments in software research and development to improve operational efficiency and enable business innovation. We have developed proprietary technology to address internet specific problems inherent in global online retail. For example, determining the best shipping method to over 200 countries and territories requires complex algorithms that take into account a variety of real-time factors, including product mix, sourcing options, shipping costs and delivery speed. Based on statistical analyses of past transactions, we have developed software to dynamically optimize our logistics. We have also developed online fraud detection algorithms optimized for global online retail.

Global operations with cost advantages from our base operations in China

We operate our business from mainland China and Hong Kong. This provides us with cost advantages in many business functions, including warehouse operations, software development, marketing operations and customer service. As the Internet and ecommerce have developed rapidly in China, we have attracted a group of well-trained Internet professionals at a significantly lower cost as compared with those in the United States or Europe. We are also able to attract many foreign professionals and overseas returnees to work for us in China. In addition, we have campus recruiting and training programs to target young talents with foreign language skills. Such combined strategies have enabled us to build a highly cost effective and globally competitive work force. For example, we have more than 30 marketing campaign optimizers with extensive mathematic or engineering background to effectively manage our marketing activities. We also have well-trained photo-editing professionals in our photo studios to produce more than 70,000 high quality product photos per month.

Our Strategies

Our goal is to become a leading global online retail company that revolutionizes the way people shop and manufacturers produce their merchandise. We have built an organization with unique competitive advantages that can provide us with long-term sustainable growth. We plan to execute the following key strategies in order to increase customer base and loyalty, improve marketing and sourcing efficiency, reduce operational costs and establish brand preference:

Expand and strengthen our product offerings

We aim to apply our business model and manufacturing expertise to new lifestyle product categories where customers value variety, individual customization, significantly improved quality or significantly reduced costs. We will analyze market demand and size, supply chain structure, Chinese cost advantages, existing brand players, disruptive innovation opportunity, online marketing efficiency, logistical feasibility and cost and expected margin. We believe that introducing new product categories, especially those with high intrinsic repeat purchase rates, will allow us to capture a broader range of consumer demand, stimulate cross-selling and repeat purchases, and foster our loyal customer base.

We intend to continuously optimize our product offerings in each category by providing more product choices, by introducing more competitive suppliers and by capturing market and industry trends more promptly and precisely. In order to offer more unique and differentiated products to our customers, we aim to acquire deeper domain knowledge in each product category and invest in product design and innovations. Within each of our product categories, we intend to introduce more sub-categories over time. For example, in our home and garden category, we have recently introduced bedding products and plan to introduce made-to-order curtains. We have also expanded our bridal wear category to offer bridesmaid dresses, mother-of-the-bride dresses, flower girl dresses and shoes and accessories.

In addition, we intend to establish our own product labels to further differentiate our product offerings, provide more value to consumers and foster loyalty. We have recently launched our brand of fast fashion apparel for women, *Three Seasons*, and our brand of faucets, *Sprinkle*. We are currently

selling our *Three Seasons* and *Sprinkle* products on *www.lightinthebox.com* and other websites. We intend to develop and introduce additional brands within our product categories.

Enhance our customer experience

We intend to continue to enhance the shopping experience for our customers. We plan to further improve the functionality and content quality of our websites in order to facilitate customer purchasing decisions. We aim to launch new promotional mechanisms such as website promotional deals. We will also further invest in our customer service and enhance our online community based customer peer sharing and support. We are currently developing our proprietary customer relationship management program to better understand and serve the needs of our existing customers and have also implemented focused marketing initiatives to encourage repeat purchasing. We expect these actions to strengthen customer loyalty and brand recognition for *www.lightinthebox.com* and our other websites.

Strengthen our supply chain management

We will help our suppliers to scale up capacity, improve product quality and packaging, reduce cost, reduce lead time and increase flexibility. We will achieve this by investing in manufacturing process innovation and optimization to improve capacity management. We also aim to apply such process to more product categories. We will also introduce specialty suppliers from outside China on an as needed basis.

Optimize our logistics network and infrastructure

We plan to continue to optimize our logistics processes, infrastructure and network. We will refine our algorithms to dynamically optimize fulfillment and inventory management. We intend to work with major global couriers to develop customized shipping methods, reduce shipping time and cost, and improve the overall customer experience. For certain product categories we may also consider using third-party logistics and collection centers in selected overseas locations to reduce our logistics costs and expedite delivery time for our customers.

Invest in our technology platform

We intend to increase the level of automation and technological sophistication of our operations, particularly in areas such as marketing, order processing, customer service and data collection and analysis. We also intend to expand our data-mining capabilities to conduct in-depth analysis of customer purchase patterns and preferences. We will further optimize our site for display on mobile devices to make shopping for our lifestyle products more convenient for mobile Internet users. We believe that having an advanced technology platform will be essential in allowing us to further improve our customer experience, enhance operational efficiency and lower operating expenses.

Deepen our market penetration globally

We recognize different lifestyle and consumer preferences in various geographic markets. We plan to provide more market-specific product offerings and logistic and customer service solutions. We also plan to further tailor our marketing and branding activities for each major market. Our increased localization efforts towards each market will be enabled by a unified technology system that can provide flexibility in business practices with minimal additional overhead.

We aim to help global consumers overcome language barriers in online shopping, and we target geographic regions with under represented online retail markets due to language barriers. We will provide even broader access to our websites by offering other languages on our websites in the near future.

Our Websites

We operate our business primarily through *www.lightinthebox.com*, offering customized apparel, electronic and communication devices, home and garden, small accessories and gadgets and other products. Our *www.lightinthebox.com* website is currently available in English, French, Spanish, German, Italian, Portuguese, Russian, Dutch, Danish and Norwegian. We intend to offer other languages on our website in the near future. We also offer our products on our Arabic and Japanese websites.

We have established additional websites for more specific product categories and geographic regions, including *www.miniinthebox.com* for small accessories and gadgets and *www.ouku.com* for products targeting our Chinese customer base. All of our websites are supported by a common technology platform, allowing for centralized inventory management across all of our websites.

Our websites offer consumers a rich shopping experience and includes comprehensive information on our entire line of products such as detailed descriptions, rich media presentation, size and color availabilities and customer reviews. We have multilingual copywriter teams to ensure we translate important information on our websites in different languages accurately and in a timely fashion. Users may search and view our products by category, style and other popular features. They may also search by product name, code or keyword. We offer users social media tools on our websites to share information about our products on the world's major social networking sites. We have also established online communities to foster customer peer sharing.

We have made our websites easily accessible by users on their mobile devices. We believe this provides our customers with greater flexibility and convenience as to when and where they shop and provide us with the ability to attract even more customers. We are currently in the process of further enhancing the mobile shopping experience of our users as we plan to launch dedicated shopping applications on the iPhone and other mobile platforms. We are also developing platforms for iPad and Android mobile devices.

Supplemental Online Outlets

In addition to our own websites, we also experiment with selling through outlets on other high traffic online marketplace platforms such as Amazon.com, eBay and Taobao.com. These other online outlets provide us with additional channels for the sale of our products and market intelligence to optimize our product offerings. In 2011 and the three months ended March 31, 2012, we generated approximately 7.6% and 9.9% of our net revenues, respectively, through these supplemental online outlets.

Our Product Categories

We primarily offer customers lifestyle products through our websites. We have historically focused on customized apparel and electronic and communication devices. Recently, we have introduced other categories of lifestyle products such as fast fashion, home and garden, beauty and sports and outdoor. We intend to continue to add product categories and increase the variety and customization options of the products we offer in each of our categories.

Our product offerings include:

- *Apparel.* This category includes customized, special occasion apparel, such as wedding dresses, bridesmaid dresses, groom wear, cocktail dresses, formal evening wear, graduation dresses and accessories. It also includes fast fashion, namely women's apparel that represents the latest fashion trends, under our *Three Seasons* brand sold through our *www.onlyts.com* and *www.onlyts.cn* websites.

- *Electronic and Communication Devices.* This category includes tablet computers, car electronics, security systems, portable music and DVD players, projectors, cell phones, short-wave radios,

virtual display glasses and music player sunglasses. We intend to continue to grow sales for our consumer electronics products.

- *Home and Garden.* This category includes faucets, lighting fixtures, paintings, portable home appliances, bathroom fixtures, door and window fixtures and certain types of furniture.

- *Small Accessories and Gadgets.* This category includes apparel accessories, video game accessories, tablet computer and computer gadgets, electronics gadgets, electronics accessories such as electronic cables, headsets and chargers and home theater system accessories, car accessories, cell phone accessories, flashlights, lights, home and office gadgets, batteries, gifts and party supplies, toys and travel kits.

- *Other.* This category includes beauty products such as make-up supplies, wigs, footbaths, and ultrasonic cleaners. It also includes sports and outdoors and fashion products such as handbags, shoes and watches.

We have established dedicated product category management teams with strong expertise in their individual categories. We focus on product categories with strong market demand and large market size, supply chain feasibility, Chinese cost advantages, online marketing efficiency, logistical feasibility and cost saving potentials. After products are selected, we conduct frequent real-time customer behavior analysis and seek customer feedback through surveys to improve and tailor our offerings. This allows us to quickly make adjustments and improvements to our products or the presentation of such products. For certain of our products, we have established our own design teams. Such internal design expertise allows us to create distinctive product designs and provide design feedback to suppliers as to the latest fashions and trends. Our design teams also assist us with our product selection and product presentation to maximize the appeal of our product offerings.

Our Relationship with Suppliers

We source most of our products directly from factories in China. We have a comprehensive supplier qualification system and have over 2,000 selected active suppliers. We select our suppliers based on a range of factors, including product quality, price, reliability, financial strength, reputation, ability to meet our delivery timeline and production capacity, ability to increase their production capacity along with the increase in our business and historical relationship. We employ a bidding process for the selection of our suppliers to encourage competition.

While we do not have manufacturing operations ourselves, we have in-house manufacturing experts who work closely with our suppliers. This provides us with visibility into the manufacturing process, which allows us to efficiently manage capacity and quality and enables continuous improvements and business innovations. Typically Light In The Box Limited enters into one-year supply framework agreements with the Hong Kong entities or agents of our suppliers for our branded and unbranded products and specify in each purchase order the product type, unit price, quantity, delivery timeline and other detailed items. As the manufacturing processes of some of our products, such as customized apparel and certain electronics, require a variety of delicate parts and materials, we usually require our suppliers to procure key materials from our designated raw material suppliers in case of raw material shortages and to ensure prompt fulfillment for popular items. We may also require our suppliers to produce custom fabrics and other materials in accordance with certain design and specification. Our suppliers are liable for problems and costs associated with custom clearance.

We have established a supply network that is characterized by on-demand procurement with low lead time. We have established six sourcing offices in China. We work with many of our suppliers to re-engineer their manufacturing process that enables us to place orders in relatively small batches. This provides us with the advantage to quickly adjust the design of our products, in each batch if needed, based on real-time customer feedback. For our made-to-measure products, such as customized apparel, we place orders with our suppliers only when our customers have placed an order. For non-customized

products, we adopted a frequent procurement strategy characterized with short refill cycles from suppliers that are, in most cases, within 48 hours. Our supply chain management system has been efficient in managing inventory while also reducing production waste for our suppliers, which we believe increases the desire for suppliers to work with us.

Purchases from our suppliers accounted for 72.8%, 71.4%, 68.1% and 66.3% of our total cost of sales in 2009, 2010, 2011 and the three months ended March 31, 2012, respectively. Purchases from the largest supplier accounted for 4.7%, 6.3%, 5.6% and 5.9% of our total cost of sales for the same periods, respectively.

Pricing

In general, we aim to set our products at competitive prices. For example, in the United States, average spending on a wedding dress was $1,166 in 2011, according to The Wedding Report, Inc. We offer customized wedding dresses at an average price of $209 in 2011. We price our products to reflect the savings associated with direct sourcing, low inventory levels and optimized logistics. We set the price of our products based on consumer demand and feedback, sourcing costs, delivery costs and existing market prices for similar products. As we perform extensive data analysis on our product presentation and customer purchasing decisions, we believe we can effectively conduct targeted promotional activities, identify optimal pricing points for each product and generate strong sales and gross-margin performance.

Payment and Order Fulfillment

Payment

Our customers may choose from a wide range of payment methods. For our customers on *www.lightintthebox.com* and other sites targeting customers outside of China, operated by Light In The Box Limited, available payment options include online payment through all major credit and debit cards, including Visa, MasterCard and American Express, and electronic payment platforms such as PayPal, money transfer through Western Union and wire transfer. However, available payment options may differ depending on the country or region in which the customers are based.

For customers on our *www.ouku.com* and other sites operated by Lanting Huitong and Shanghai Ouku targeting customers in China, payment options include cash on delivery, online payment, wire transfer and postal remittance. We also allow our customers to pay online with credit cards and debit cards issued by major banks in China, or through popular third-party electronic payment platforms.

Order Fulfillment

We have established strategically located warehouses in Suzhou, Jiangsu Province and Shenzhen, Guangdong Province. In total, our warehouses measure over 15,000 square meters and have the capacity to handle over 43,000 orders per day. As we grow our business, we build incremental capacity to reduce our capital expenditures. Our warehouses are currently leased.

Generally, orders placed by our customers are transmitted via our information technology system to one of our warehouses. As a result of our unique supply network, we have generally maintained a low inventory level and, in many cases, do not keep many products in stock. Rather, we transmit orders to our suppliers for fulfillment only when such orders are received from our customers or on a daily basis in small batches. Products are then delivered from our suppliers to our warehouses for quality inspection before being shipped out to our customers by third-party couriers. We make daily orders to our suppliers and, in most cases, they are able to deliver to our warehouses within 48 hours for the majority of our products and ten to 14 days for customized apparel. Typically, non-customized products are delivered to customers within 14 days from the time when an order is placed. Wedding gowns and other customized apparel are generally delivered within 21 days from the time when an order is placed.

We regularly monitor our order fulfillment process and solicit customer feedback to ensure fulfillment accuracy.

We offer a wide range of delivery options to our customers. We work with global couriers such as UPS, DHL and FedEx, for international deliveries. We also work with various local couriers for deliveries in China.

Refund and Exchange

We have implemented refund and exchange policies specific to each of our product categories. Generally, for products sold through our *www.lightinthebox.com* and other sites targeting customers outside of China, if the product is returned for quality issues, damage during shipping, failure to conform to specifications, allergic reactions, we generally provide a full refund if the customer submits a return-request form to one of our customer service representatives within seven days of receiving the product. The seven-day refund period is extended for certain products. Customized apparel return requests are subject to additional restrictions due to the personalized nature of such products. For products sold through our *www.ouku.com* and other sites targeting customers in China, refunds are generally provided within seven days of purchase for quality issues. Customers in China who choose to make payment on delivery can inspect products and reject the delivery in part or in whole prior to paying for the goods.

Quality Control

We believe that our ability to offer quality products is essential to our continued growth and success. Therefore, we emphasize quality control and, as of March 31, 2012, we had built a quality control department of 69 employees.

As we source all of our products from suppliers, we have implemented a series of quality control measures to ensure that the products they provide meet our specifications and standards. We communicate actively with our suppliers to clarify our requirements, conduct onsite inspections both to ensure compliance with specifications on particular items as well as for regular quality concerns and share customer feedback. We thoroughly examine product prototypes or initial samples before production begins or agreements with the suppliers are enter into. We examine products when they arrive at our warehouses and we thoroughly inspect most of our products just prior to delivery to our customers.

Marketing

We focus our marketing activities on effective customer acquisition through targeted performance marketing. We primarily employ search engine marketing on a cost-per-click basis. Users are shown our advertisements when they conduct searches using designated keywords or phrases. Under our cost-per-click arrangements, we pay a fixed fee for each time a user clicks on our advertisements, with a higher fee for common keywords with a high correlation to purchase intention. Under our cost-per-acquisition arrangements, we pay a fixed fee for each time a user purchases a product after clicking on an advertisement. We employ a combination of our own proprietary technology and advanced third-party infrastructure to manage and optimize our cost-per-click advertising and to discover long-tail multilingual keywords that are most likely to offer a positive return on investment.

We display contextual advertising through major search engines' advertising networks on a cost-per-click basis. We measure the cost of customer acquisition and constantly adjust our keyword selection combinations, advertising copies and landing pages to increase the likelihood of customer purchases once they visit our websites. We also engage in an affiliate marketing program where we offer affiliated websites commissions for directing customer traffic to our websites through embedded hyperlinks. As of the date of this prospectus, we actively managed over 1.2 million keywords in 13 languages and over 100,000 publisher sites around the world. Furthermore, we have established a specialized social marketing team to promote our brand and presence across major global social networking platforms through viral marketing campaigns, such as exclusive deals to stimulate customer purchases.

We are also focused on providing our customers with a rich shopping experience, which drives customer recommendations, foster customer sharing and encourages repeat customer visits. We engage in direct marketing campaigns through personalized electronic direct marketing newsletters to our customers. We believe that our data analysis capabilities facilitate repeat purchases as we are able to send targeted notices to customers highlighting products they may find relevant and attractive.

Customer Service

We believe our rapid growth in past years and success in attracting a growing customer base is partially attributable to our effort to provide excellent customer service. We have a team of highly trained customer service representatives to address customer inquiries, educate potential customers about our products and services and monitor order progress. We also pay close attention to reviews of our business or products on our or third-party websites in order to promptly address customer complaints and to improve our shopping experience and product offerings. As of March 31, 2012, we had a total of 49 customer service representatives that are able to provide customer services in 13 languages, up from 3 languages in 2009, and most of these representatives have overseas working experience.

We primarily provide customer services for our *www.lightinthebox.com* and other sites targeting customers outside of China through electronic communications, including real-time online chat, e-mails and messages posted on our websites or through social media networks. Customer service for our *www.ouku.com* and other sites targeting customers in China are provided through toll-free call centers and electronic communications.

Our websites also offer a variety of self-help features. These features help our customers to track the status of their orders in real time. Customers may also cancel or modify their orders or contact our customer service representatives for exchange or return of products. We collect customer feedback to improve our responses and utilize such feedback to update our knowledge base to better address customers' needs.

For discussion as to our product exchange and return policy, see "—Payment and Order Fulfillment—Refund and Exchange."

Technology

We have focused on and will continue to invest in our information technology infrastructure and applications. We have built a proprietary modularized and scalable technology infrastructure, which enables us to quickly expand system capacity and add new features and functionalities in response to our business needs and evolving customer demand without affecting our existing operations or incurring significant costs. As of March 31, 2012, we had 104 technology, research and development personnel.

Our systems are mainly composed of front-end and back-end modules with different functions. Each module operates independently and is not affected by the performance of other modules. The following describes the functionality of our front-end and back-end modules:

- *Front-end Modules.* Our front-end modules support the operation of our user-interface websites, including user account management, website homepages, search functions, category browsing, product display pages, online shopping carts, checkout and order management functions.

- *Back-end Modules.* Our back-end modules support our business operations, including our marketing system, order processing system, inventory management system, sourcing system (which is connected to systems of many of our suppliers for order placement and tracking), product fulfillment system (which is tied to our warehouses), product recommendation system, e-mail delivery system and customer support system. Many of our back-end systems work with

each other and our financial operations systems and can generate up-to-date inventory reports and automatically place customized orders with our manufacturers.

A critical component of our business model is our data analysis capabilities. We have a dedicated data analysis team to track, analyze and forecast customer purchase and browsing behaviors. This enables us to anticipate market demand, arrange for production, rearrange website layouts and product placement, product presentation and supports our supply network. Our systems are integrated to allow a seamless communication of data regarding our customers, their orders, product availability information and logistics information.

Our open application programming interface approach allows us to integrate and work with third-party websites including social network sites, electronic payment platforms, other online distribution outlets and analytic systems. We have also adopted rigorous security policies and measures, including our dual-key and server-specific encryption technology, to protect customer privacy. Customers are protected by their own unique passwords and by our advanced data security software.

Competition

The retail market for our products is intensely competitive. Consumers have many choices online and offline, including global, regional and local retailers. Our current or potential competitors include online retailers such as other China-based global online retail companies, retail chains, specialty retailers and sellers on online marketplaces. Each of our competitors has unique strengths that depend on their demographic, product and geographic focus. We may also in the future face competition from new entrants, consolidations of existing competitors or companies created through spin-offs of our larger competitors. For information in relation to the competitive challenges that we face, see "Risk Factors—Risks Related to Our Business and Industry—The online retail industry is intensely competitive and we may not compete successfully against new and existing competitors, which may materially and adversely affect our results of operations."

We compete on the basis of characteristics such as sourcing products efficiently, technology innovation, pricing our products competitively, maintaining the quality of our products and services, anticipating and responding quickly to changing consumer demands, conducting strong and effective marketing activities and maintaining favorable brand recognition. We believe that our primary competitive advantages are our technology-enabled infrastructure, our differentiated product offerings, direct sourcing from cost competitive and flexible suppliers in China, strong online marketing capabilities, favorable prices, effective customer service, and a strong management team.

Intellectual Property

We rely on a combination of trademark, trade secret, patent and other intellectual property laws as well as confidentiality agreements with our employees, manufacturers and others to protect our intellectual property. As of the date of this prospectus, we have registered domain names for all of our websites, including *www.lightinthebox.com*, *www.ouku.com* and *www.miniinthebox.com* and trademarks and service marks in China and the European Union, including for *Lightinthebox* and *MiniInTheBox*. In addition, we have filed additional trademark applications in China, Hong Kong, Japan, Korea, the European Union and the United States. We also have one design patent granted by the State Intellectual Property Office of the PRC.

In addition to the protection of our intellectual property, we are also focused on ensuring that our product offerings do not infringe the intellectual property of others. We have adopted internal policies and guidelines during product design and procurement process to make sure our suppliers and products we offer do not infringe on third-party intellectual property rights. All our supplier agreements contain provisions to safeguard against potential intellectual property infringement by our suppliers and impose severe penalties in the event of any infringement. We will also refuse to work with or terminate our

relationship with suppliers in the event of intellectual property right violations. In addition, we have also engaged third-party advisors to assist us in ensuring compliance with third-party intellectual property rights.

Despite our best efforts, however, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights and that products sold on our websites do not infringe or misappropriate the intellectual property rights of others. For information in relation to the challenges we face protecting our intellectual property, see "Risk Factors—Risks Related to Our Business and Industry—We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position." For information in relation to the challenges we face in relation to preventing our infringement of the intellectual property rights of others, see "Risk Factors—Risks Related to Our Business and Industry—Products manufactured by our suppliers may be defective or inferior in quality or infringe on the intellectual property rights of others, which may materially and adversely affect our business."

Employees

As of December 31, 2009, 2010, 2011 and March 31, 2012, we had 305, 636, 834 and 792 full-time employees, respectively. All of our employees are based in China. We have employees from 11 countries, including the United States, United Kingdom, Italy, Portugal, Spain, France, Egypt, Germany, Mozambique, the Netherlands and China. The following table sets forth the number of our employees by function as of March 31, 2012:

	Number of Employees
Fulfillment	304
Selling and Marketing	320
Technology, Research and Development	104
General and Administrative	64
Total	792

We believe that we offer our employees competitive compensation packages and, as a result, we have generally been able to attract and retain qualified personnel and maintain a stable management team.

We generally enter into standard employment contracts with our employees, which contain non-compete provisions. Furthermore, we have entered into confidentiality agreements with many of our key employees that aim to protect our trademarks, designs, trade secrets and other intellectual property rights.

As required by PRC regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing fund. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government. The total amounts of contributions we made to employee benefit plans in 2009, 2010, 2011 and the three months ended March 31, 2012 were $0.4 million, $1.3 million, $2.9 million and $0.7 million, respectively.

We believe that we have a good working relationship with our employees and we have not experienced any significant labor disputes.

Facilities

We currently lease all properties for our operations. Our corporate headquarters are located in Beijing, China. We have established sourcing offices in Beijing, Shenzhen, Guangdong Province, Shanghai, Suzhou, Jiangsu Province, Guangzhou, Guangdong Province and Yiwu, Zhejiang Province. We maintain warehouses in Suzhou, Jiangsu Province and Shenzhen, Guangdong Province. We have also established photo studios in Beijing and Shenzhen, Guangdong Province. The following table sets forth a summary of our leased properties as of the date of this prospectus:

Location	Size (in square meters)	Usage of Property
Beijing	3,951	Office space, sourcing office and photo studio
Suzhou, Jiangsu Province	10,497	Warehouse and sourcing office
Shenzhen, Guangdong Province	7,114	Warehouse, sourcing office and photo studio
Shanghai	732	Sourcing office
Guangzhou, Guangdong Province	199	Sourcing office
Yiwu, Zhejiang Province	122	Sourcing office

We believe that our existing facilities are adequate for our current business operations and we will be able to enter into lease arrangements on commercially reasonable terms for future expansion.

Insurance

We participate in government sponsored social security programs including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing fund. We do not currently maintain property insurance. In addition, as is typical in China, we do not maintain business interruption insurance, or general third-party liability insurance, general product liability insurance, or key-man life insurance. See "Risk Factors—Risks Related to Our Business and Industry—We do not have any business liability, disruption or litigation insurance and any business disruption or litigation we experience might result in our incurring substantial costs and diversion of resources."

Legal and Administrative Proceedings

We are currently not a party to and we are not aware of any threat of any legal, arbitration or administrative proceedings that, in the opinion of our management, are likely to have a material and adverse effect on our business, financial condition or results of operations. We have in the past, and may from time to time in the future, become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

REGULATIONS

We sell our products to customers around the world, and as such we are subject to a number of foreign and domestic laws and regulations that affect companies conducting global online retail businesses, many of which are still evolving and could be interpreted in ways that could harm our business. For example, we are subject to laws protecting the privacy of customer non-public information and regulations prohibiting unfair and deceptive trade practices. Other laws in which we may be subject include issues such as user privacy, the tracking of consumer activities, marketing e-mails and communications, other advertising and promotional practices, content and quality of products and services, sales and other taxes, import and export laws, electronic contracts and other communications and mandatory data retention.

For example, tax authorities in a number of states in the United States are currently reviewing the appropriate tax treatment of companies engaged in online commerce, and new state tax regulations may subject us to additional state sales and income taxes. New legislation or regulations, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business or the application of existing laws and regulations to the Internet and commercial online services could result in significant additional taxes or regulatory restrictions on our business.

Many states in the United States have passed laws requiring notification to subscribers when there is a security breach of personal data. There are also a number of legislative proposals pending before Congress, various state legislative bodies and foreign governments concerning data protection. In addition, data protection laws in Europe and other jurisdictions outside the United States may be more restrictive, and the interpretation and application of these laws are still uncertain. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Although our products are sold all over the world, our operations are based primarily in China, and as such, we are primarily governed by and especially sensitive to the laws and regulations of China, including the following:

Regulations Relating to Cross-border Trading

The Customs Law, effective as of July 1, 1987 and amended on July 8, 2000, divides imported and exported items into "goods" and "articles" based upon the nature and purpose of such items. Under the Customs Law, "goods" and "articles" are not defined. However, this concept is clarified in the Rules for the Implementation of Administrative Punishments Under the Customs Law, effective as of November 1, 2004. These Rules describes "articles" as postal items and travelers' luggage that are brought in and out of the PRC on an individual's person or luggage. When the quantity of articles is higher than a reasonable amount for personal use, it will be regarded as "goods." "Personal use" means that the traveler or consignee will use the items themselves or give the items as gifts, rather than selling or renting the items. "Reasonable amount" means the regular amount determined in accordance with the traveler or consignee's situation, purpose of travel and duration of stay.

The Foreign Trade Law, effective as of July 1, 2004, governs international trade in services and the import and export of goods and technologies. Under this law, goods and technologies are categorized as (i) permitted, which may be freely imported and exported, (ii) restricted, which require advance approval or (iii) prohibited, which may not be imported or exported at all. Currently, all merchandise we export is categorized as permitted. Furthermore, an "import and export trader", or any company or individual engaging in the import or export of goods or technologies, must register with the administrative department of foreign trade under the State Council or any of its authorized bodies in order to be qualified as a foreign trade business operator. According to current foreign trade laws, the

Ministry of Commerce and its competent local branches are the authorized bodies to conduct qualification filings and registrations for foreign trade business operators.

The Customs Law requires that importers and exporters make true declarations of their goods and technologies to customs. The Measures for the Inspection of Imported and Exported Merchandise also requires that certain items must be inspected by a commodity inspection organization before it can be exported. Further, the Ministry of Commerce and General Administration of Customs jointly adopted a mandatory licensing system for the export of certain merchandise, which exporters must comply with depending on the commodities they export.

The customs declaration, clearance and inspection procedures for goods and articles are different. The declaration of import or export of goods may be made by the consignees or consigners themselves or by customs brokers that have registered with the permission of the customs. The consignees, consigners or customs brokers shall make true declarations and submit the import or export license for restricted goods and relevant documentation to the customs for inspection. The Measures for the Inspection of Imported and Exported Merchandise also requires that certain goods must be inspected by a commodity inspection organization before it can be exported, while exported articles are generally exempted from inspection, unless otherwise required by law.

We work with third-party couriers to ship the merchandise purchased by our global customers on a parcel-by-parcel basis and to go through customs declaration, clearance and inspection procedures for the export of these merchandise. The customs declaration, clearance and inspection procedures for the merchandise which are packaged and shipped in parcels are handled in accordance with procedures for articles. If the PRC government determines that our custom declaration practice do not comply with applicable laws and regulations and the merchandise we sell to our global customers shall be exported as goods instead of articles, it may take regulatory or enforcement actions against us. See "Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the uncertainties and changes in the PRC regulations and policies of cross-border activities."

Corporate Laws and Industry Catalogue Relating to Foreign Investment

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC, or the Company Law, effective in 1994 and as amended in 1999, 2004 and 2005, respectively. The Company Law is applicable to our PRC subsidiary, our VIEs and Shanghai Ouku unless the PRC laws on foreign investment have stipulated otherwise.

The establishment, approval, registered capital requirement and day-to-day operational matters of wholly foreign owned enterprises, such as our PRC subsidiary, Lanting Jishi, are regulated by the Wholly Foreign owned Enterprise Law of the PRC, effective in 1986 and as amended in 2000, and the Implementation Rules of the Wholly Foreign Owned Enterprise Law of the PRC, effective in 1990, as amended in 2001.

Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce and the National Development and Reform Commission. The Catalogue divides industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

Establishment of wholly foreign owned enterprises is generally permitted in encouraged industries. Some restricted industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are also subject to higher-level government approvals. Foreign investors are not allowed to invest in industries in the prohibited category.

Regulations Relating to Telecommunications Services

On September 25, 2000, the State Council promulgated the Telecommunications Regulations, or the Telecom Regulations. The Telecom Regulations draw a distinction between "basic telecommunication services" and "value-added telecommunication services." Internet content provision services, or ICP services, is a subcategory of value-added telecommunications businesses. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT or its provincial level counterparts.

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures. According to the Internet Measures, commercial ICP service operators must obtain a value-added telecommunications license for Internet information service or an ICP license from the relevant government authorities before engaging in any commercial ICP operations within the PRC. In November 2000, the MIIT promulgated the Administrative Measures on Internet Electronic Messaging Services, or the BBS Measures. BBS services include electronic bulletin boards, electronic forums, message boards and chat rooms. The BBS Measures require Internet information services operators to obtain specific approvals or filings before providing BBS services.

On December 26, 2001, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating License, or the Telecom License Measures. On March 1, 2009, the MIIT issued the revised Telecom License Measures, which took effect on April 10, 2009. The Telecom License Measures set forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, an ICP operator providing value-added services in multiple provinces is required to obtain an inter-regional license, whereas an ICP operator providing the same services in one province is required to obtain a local license.

To comply with these PRC laws and regulations, Lanting Huitong, as our ICP operator, holds an ICP license.

Regulations Relating to Foreign Investment in Value-Added Telecommunications Industry

According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises issued by the State Council effective in January 2002, as amended in September 2008, a foreign investor may hold no more than a 50% equity interest in a value-added telecommunications services provider in China and such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record.

The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the Circular, issued by the former Ministry of Information Industry in July 2006, reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain an ICP license to conduct any commercial ICP business in China. Under the Circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, certain relevant assets, such as the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local ICP license holder or its shareholders. The Circular further requires each ICP license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations. If an ICP license holder fails to comply with the requirements in the Circular and also fails to remedy such non-compliance within a specified period of time, the Ministry of Information Industry (currently the MIIT) or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP license.

Regulations Relating to Internet Information Services and Content of Internet Information

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services, or the Internet Measures, to regulate the provision of information services to online users through the Internet. According to the Internet Measures, entities engaged in the provision of Internet information services within the PRC should obtain either (i) an "Internet Content Provider" license issued by the MIIT or its local bureau (ICP License), if the services in question are regarded as "commercial Internet information services"; or (2) an ICP filing with the local MIIT bureau (ICP Filing), if the services in question are regarded to as "non-commercial services". The former refers to "information, web page creation and other services provided to Internet users via the Internet for consideration", while the latter refers to "services that provide information of a publicly available and accessible nature to Internet users via the Internet for gratis". Operators providing commercial Internet information services shall obtain specific approvals before providing BBS services and the operators providing non-commercial Internet information services shall obtain specific filings before providing BBS services. If an Internet information service provider fails to obtain an ICP license or ICP filing or fails to obtain a specific approval or filing for its BBS services, the relevant local branch of the MIIT may levy fines, confiscate its income or even block its website. The concepts of commercial and non-commercial Internet information services are stipulated generally and hence leave much room for interpretation by the local MIIT bureau in its approval practice. According to the practice of Shanghai MIIT branch which applies the ICP filing system to online e-commerce activity (rather than ICP license), Shanghai Ouku has made ICP filings for its website. Shanghai Ouku has not obtained specific filings for BBS on its website.

The Internet Measures further specify that Internet information services regarding, among others, news, publication, education, medical and health care, pharmacy and medical appliances are required to be examined, approved and regulated by the relevant authorities. Internet content providers are prohibited from providing services beyond that included in the scope of their business license or other required licenses or permits. Furthermore, the Internet Measures clearly specify a list of prohibited content. Internet content providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offending content immediately, keep a record and report to the relevant authorities.

Regulations Relating to Privacy Protection

As an Internet content provider, we are subject to regulations relating to protection of privacy. Under the Internet Measures, Internet content providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the lawful rights and interests of others. Internet content providers that violate the prohibition may face criminal charges or administrative sanctions by PRC security authorities. In addition, relevant authorities may suspend their services, revoke their licenses or temporarily suspend or close down their websites. Furthermore, under the Administration of Internet Bulletin Board Services issued by the Ministry of Information Industry in November 2000, Internet content providers that provide electronic bulletin board services must keep users' personal information confidential and are prohibited from disclosing such personal information to any third party without the consent of the users, unless otherwise required by law. The regulation further authorizes relevant telecommunication authorities to order Internet content providers to rectify any unauthorized disclosure. Internet content providers could be subject to legal liabilities if unauthorized disclosure causes damages or losses to Internet users. However, the PRC government retains the power and authority to order Internet content providers to provide the personal information of Internet users if the users post any prohibited content or engage in illegal activities through the Internet. We believe that we are currently in compliance with these regulations in all material aspects.

Regulations on Intellectual Property Rights

China has adopted legislation governing intellectual property rights, including trademarks, patents and copyrights. China is a signatory to the major international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

Patent

The National People's Congress adopted the Patent Law in 1984, which was subsequently amended in 1992, 2000 and 2008. The purpose of the Patent Law is to protect lawful interests of patent holders, encourage invention, foster applications of invention, enhance innovative capabilities and promote the development of science and technology. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, substances obtained by means of nuclear transformation or a design which has major marking effect on the patterns or colors of graphic print products or a combination of both patterns and colors. The Patent Office under the State Intellectual Property Office is responsible for administering patents in the PRC. A patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of utility models and designs, each starting from application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights.

China follows a "first to file" principle for patents. When more than one person files a patent application for the same invention, the patent will be granted to the person who first filed the application. In addition, the PRC requires absolute novelty in order for an invention to be patentable. Pursuant to this requirement, generally, with limited exceptions, any prior written or oral publication in or outside the PRC, demonstration or use in the PRC before the patent application filing prevents an invention from being patented in the PRC. Patents issued in the PRC are not enforceable in Hong Kong, Taiwan or Macau, each of which has an independent patent system. The fact that a patent application is pending is no guarantee that a patent will be granted and, even if granted, the scope of a patent may not be as broad as that of the initial application.

When a patent infringement dispute arises, the patent holder or an interested party who believes the patent is being infringed may either file a civil lawsuit or file a complaint with the relevant authorities in charge of the patent administration. A PRC court may grant the patent holder's or the interested party's request for a preliminary injunction before the legal proceeding. Pursuant to the Patent Law, an infringer shall be subject to various civil liabilities, which include ceasing the infringement and compensating the actual loss suffered by patent owners. If it is difficult to calculate the actual loss suffered by the patent owner, the illegal income received by the infringer as a result of the infringement or if it is difficult to calculate the illegal income, a reasonable amount calculated with reference to the patent royalties shall be deemed as the actual loss. The compensation amount shall also include the reasonable expenses incurred by the patent owner for stopping the infringement. If damages cannot be established by any of the above methods the court can decide the amount of the actual loss up to RMB1,000,000. In addition, an infringer who counterfeits patents of third parties shall be subject to administrative penalties or criminal liabilities if applicable. Typically, a patent holder in the PRC has the burden of proving that the patent is being infringed. However, if the holder of a production process patent alleges infringement of such patent, the alleged infringing party which produces the same kind of products has the burden of proving that there has been no infringement.

We have obtained one design patent granted by the State Intellectual Property Office of the PRC.

Copyright

Copyrights are protected by the Copyright Law of the PRC which was promulgated in 1990 and amended in 2001 and February 2010 and the Regulation for the Implementation of the Copyright Law

of the PRC which came into effect in September 2002 and was amended in January 2011. The amended Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, there is a voluntary registration system administered by local Copyright Bureaus and the China Copyright Protection Center. The amended Copyright Law also requires registration of a copyright pledge.

Copyrights shall vest on the authors, unless otherwise provided under the laws. If a work constitutes "work for hire", the employer, instead of the employee, is considered the legal author of the work and will enjoy the copyrights of such "work for hire" other than rights of authorship. "Works for hire" include, (1) drawings of engineering designs and product designs, maps, computer software and other categories, which are created mainly with the materials and technical resources of the legal entity or organization with responsibilities being assumed by such legal entity or organization; (2) those works the copyrights of which are, in accordance with the laws or administrative regulations or under contractual arrangements, enjoyed by a legal entity or organization. The actual creator may enjoy the rights of authorship of such "work for hire." A copyright owner may transfer its copyrights to others or permit others to use its copyrighted works. Use of copyrighted works of others generally requires a licensing contract with the copyright owner. The protection period for copyrights in the PRC varies, with 50 years as the minimum. The protection period for a "work for hire" where a legal entity or organization owns the copyright (except for the right of authorship) is 50 years, expiring on December 31 of the fiftieth year after the first publication of such work.

In China, holders of computer software copyrights enjoy protections under the Copyright Law. Various regulations relating to the protection of software copyrights in China have promulgated. Under these regulations, computer software that is independently developed and exists in a physical form is protected, and software copyright owners may license or transfer their software copyrights to others. Registration of software copyrights, exclusive licensing and transfer contracts with the Copyright Protection Center of China or its local branches is encouraged. Such registration is not mandatory under Chinese law, but can enhance the protections available to the registered copyrights holders.

Where copyright or a copyright-related right is infringed, the infringer shall make compensation according to the actual losses incurred by the right owner. Where the actual losses are difficult to calculate, the compensation may be paid according to the illegal incomes obtained by the infringer. The compensation amount shall also include the reasonable expenses incurred by the right owner for preventing the infringement. Where neither the actual losses incurred by the right owner nor the illegal gains obtained by the infringer is determinable, the court may render a ruling to award compensation in an amount not more than RMB500,000.

We do not have registered computer software copyrights in China.

Trademark

Trademarks are protected by the PRC Trademark Law adopted in 1982 and subsequently amended in 1993 and 2001 as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council in 2002. The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten year term. Trademark license agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. Trademark license agreements must be filed with the Trademark Office or its regional offices.

Under the Trademark Law, any of the following acts is deemed as an infringement to the right to exclusive use of a registered trademark: (i) using a trademark identical with or similar to the registered trademark of the same kind of commodities or similar commodities without a license from the registrant of that trademark; (ii) selling the commodities that infringe upon the right to exclusive use of a registered trademark; (iii) forging, manufacturing without authorization the marks of a registered trademark of others, or selling the marks of a registered trademark forged or manufactured without authorization; (iv) changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; or (v) causing other damage to the right to exclusive use of a registered trademark of another person. In the event of any of the foregoing acts, the infringer would be imposed a fine, ordered to stop the infringement acts immediately and give the infringed party compensation. The compensation shall equal to the amount of the benefits gained by the infringing party or of the losses suffered by the infringed party during the existence of, and caused by, the infringement, including any reasonable expenses incurred by the infringed party in stopping the infringement. If it is difficult to determine the amount of the benefits gained by the infringing party or the losses suffered by the infringed party, the court may render a judgment awarding damages not more than RMB500,000.

Selling goods without awareness of such goods' infringement of the exclusive right to use a trademark shall be exempted from liability for compensation insofar as the seller is able to prove that the goods were lawfully obtained and can indicate the supplier's identity.

All of our logos are registered trademarks in China, including *Lightinthebox* and *ouku*.

Domain Names

In September 2002, China Internet Network Information Center, or the CNNIC, issued the Implementing Rules for Domain Name Registration setting forth detailed rules for registration of domain names. On November 5, 2004, Ministry of Industry and Information Technology of the People's Republic of China, or the MIIT, promulgated the Measures for Administration of Domain Names for the Chinese Internet, or Domain Name Measures. The Domain Name Measures regulate the registration of domain names, such as the first tier domain name ".cn." In February 2006, CNNIC issued the Measures on Domain Name Disputes Resolution and its implementing rules, pursuant to which CNNIC can authorize a domain name dispute resolution institution to decide disputes. These regulations require owners of Internet domain names to register their domain names with qualified domain name registrars approved by the MIIT and obtain registration certificates from such registration agencies. A registered domain name owner has the exclusive right to use its domain name. Unregistered domain names may not receive proper legal protections and may be misappropriated by unauthorized third parties.

We have registered domain names for all of our websites, including *www.lightinthebox.com*, *www.ouku.com* and *www.miniinthebox.com*.

Regulations Relating to Foreign Currency Exchange

Foreign Exchange Relating to Export Businesses

Foreign exchange activities relating to import and export trading in China are primarily governed by the following regulations:

- the Foreign Currency Administration Rules (2008), or the Exchange Rules;

- the Administrative Measures for the Verification and Cancellation of Export Proceeds in Foreign Exchange and its implementing rules (2003); and

- the Administration Rules for the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

These foreign exchange regulations, along with certain other ancillary notices issued by the SAFE, lay out the legal framework for the administration of foreign exchange for the export of commodities in

international trade. Under these foreign exchange regulations, the exporter, in order to receive the proceeds of the export in foreign exchange and settle the same into Renminbi, must apply with the local branch of the SAFE for a certificate of verification and cancellation of export proceeds in foreign exchange unless otherwise provided under the applicable laws and regulations The exporter must also apply with the competent tax authorities for a tax exemption or refund where a tax exemption refund is applicable.

We source all of our products from suppliers in the PRC. However, we use sourcing agents located in Hong Kong to settle payments and delivery with many of our suppliers. Our payments are made directly to such agents and thus are not subject to the jurisdictions of PRC foreign exchange laws and regulations. These agents should remit the purchase price of the commodities in foreign exchange to the PRC suppliers. Following receipt of the payment, the PRC suppliers shall go through the relevant procedures with the local branch of the SAFE as mentioned above to settle the foreign exchange into Renminbi. However, we cannot assure you that all our sourcing agents or the PRC suppliers will fully comply with these foreign exchange laws and regulations.

Foreign Exchange Relating to Foreign Invested Enterprises

Under current Chinese regulations, Renminbi are freely convertible for trade and service-related transactions denominated in foreign currency, but not for direct investment, loans or investments in securities outside China without the prior approval of the SAFE or its local branches.

Foreign-invested enterprises in China may execute foreign exchange transactions without the SAFE approval for trade and service-related transactions denominated in foreign currency by providing commercial documents evidencing these transactions. They may also retain foreign currency, subject to a cap approved by the SAFE, to satisfy foreign currency-denominated liabilities or to pay dividends. Foreign exchange transactions related to direct investment, loans and investment in securities outside China are still subject to limitations and require approval from the SAFE.

Furthermore, on August 29, 2008, the SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or Circular 142. Pursuant to Circular 142, Renminbi capital derived from the settlement of a foreign-invested enterprise's foreign currency capital must be used within the business scope approved by the applicable government authority and cannot be used for domestic equity investment, unless specifically provided for otherwise. Documents certifying the purposes of the settlement of foreign currency capital into Renminbi, including a business contract, must also be submitted for the settlement of such foreign currency. In addition, foreign-invested enterprises may not change how they use such capital without the SAFE's approval and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans. Violation of Circular 142 can result in severe penalties, including heavy fines as set forth in the Foreign Exchange Administration Rules. Furthermore, the SAFE promulgated a circular on November 19, 2010, or Circular 59, which tightens the regulation over settlement of net proceeds from overseas offerings like this offering and requires that the settlement of net proceeds must be consistent with the description in the prospectus for the offering. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from this offering to our PRC subsidiary and convert the net proceeds into Renminbi, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Regulations on Dividend Distributions

The principal regulations governing dividend distributions of wholly foreign owned companies include:

- the Companies Law (2005);
- the Wholly Foreign Owned Enterprise Law (2000); and
- the Wholly Foreign Owned Enterprise Law Implementing Rules (2001).

Under these regulations, wholly foreign owned companies in China may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the aggregate amount of these funds reaches 50% of the company's registered capital. Wholly foreign owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Regulations on Tax

PRC Enterprise Income Tax

The PRC enterprise income tax is calculated based on the taxable income determined under the applicable EIT Law and its implementation rules. On March 16, 2007, the National People's Congress of China enacted the New EIT Law, which became effective on January 1, 2008. On December 6, 2007, the State Council promulgated the implementation rules to the New EIT Law, which also became effective on January 1, 2008. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the New EIT Law, or the Transition Preferential Policy Circular, which became effective simultaneously with the New EIT Law. The New EIT Law imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises and domestic enterprises, unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under the old EIT Law and regulations. Under the New EIT Law and the Transition Preferential Policy Circular, qualified enterprises established before March 16, 2007 that already enjoyed preferential tax treatments will continue to enjoy them (i) in the case of preferential tax rates, for a maximum of five years starting from January 1, 2008 and during the five-year period, the tax rate will gradually increase from their current preferential tax rate to 25%, or (ii) in the case of preferential tax exemption or reduction for a specified term, until the expiration of such term. For enterprises that are not profitable enough to enjoy the preferential tax exemption or reduction referred to in (ii) above, the preferential duration shall commence from 2008.

Prior to the effectiveness of the New EIT Law on January 1, 2008, domestic companies were generally subject to an enterprise income tax at a statutory rate of 33%.

The New EIT Law and its implementation rules permit "high and new technology enterprises strongly supported by the state" holding independent ownership of core intellectual property and meeting certain other criteria, as stipulated in the implementation rules and other regulations, to enjoy a reduced enterprise income tax rate of 15%. The State Administration of Taxation, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Rules for the Certification of High and New Technology Enterprises delineating the specific criteria and procedures for the certification of "high and new technology enterprises" on April 14, 2008.

Uncertainties exist with respect to how the New EIT Law applies to our tax residency status. Under the New EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," which means that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes, although the dividends paid to one resident enterprise from another may qualify as "tax-exempt income." Though the implementation rules of the New EIT Law define "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise," the only detailed guidance currently available for the definition of "de facto management body" as well as the determination of offshore incorporated PRC tax resident and its administration are set forth in Circular 82 and Bulletin No. 45 issued by the SAT, which provide guidance on the administration as well as determination of the tax residency status of Chinese-controlled offshore-incorporated enterprise, defined as an enterprise

that is incorporated under the law of a foreign country or territory and that has a PRC company or PRC corporate group as its primary controlling shareholder. Although we do not have a PRC enterprise or enterprise group as our primary controlling shareholder and are therefore not a Chinese-controlled offshore incorporated enterprise within the meaning of Circular 82, in the absence of guidance specifically applicable to us, we have applied the guidance set forth in Circular 82 to evaluate the tax residency status of our legal entities organized outside the PRC.

According to Circular 82, a Chinese-controlled offshore-incorporated enterprise will be regarded as a PRC tax resident by virtue of having "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions set forth in Circular 82 are met:

- the primary location of the day-to-day operational management is in the PRC;
- decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC;
- the enterprise's primary assets, accounting books and records, company seals and board and shareholder resolutions are located or maintained in the PRC; and
- 50% or more of voting board members or senior executives habitually reside in the PRC.

In addition, Bulletin No. 45 provided clarification on the resident status determination, post-determination administration, and competent tax authorities. It also specifies that when provided with a copy of PRC resident determination certificate from a resident Chinese-controlled offshore-incorporated enterprise, the payer should not withhold 10% income tax when paying certain PRC-sourced income such as dividends, interest and royalties to the Chinese-controlled offshore-incorporated enterprise.

Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

We do not believe that we meet all of the conditions above. We are a company incorporated outside the PRC. As a holding company, our key assets and records, including the resolutions of our board of directors and the resolutions of their respective shareholders, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding companies with a corporate structure similar to ours that has been deemed a PRC "resident enterprise" by the PRC tax authorities. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes if the criteria for "de facto management body" as set forth in the Circular 82 were deemed applicable to us. However, as the tax residency status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body" as applicable to our offshore entities, we will continue to monitor our tax status. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Although we believe we are not a PRC resident enterprise for enterprise income tax purposes, substantial uncertainty regarding our status still exists. In the event that our company or our Hong Kong subsidiary is considered to be a PRC resident enterprise, (1) our company or our Hong Kong subsidiary would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income; and (2) dividend income that our Hong Kong subsidiary receives from our PRC subsidiary, however, may be exempt from the PRC withholding tax since such income is exempted under the New EIT Law for PRC resident enterprise recipients. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any

cash and financing requirements we may have and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

Under Notice on Strengthening the Management of Enterprise Income Tax Collection of Proceeds from Equity Transfers by Non-resident Enterprises issued by the SAT, or Circular 698, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, or Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5%, or (ii) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the PRC competent tax authority of the PRC resident enterprise this Indirect Transfer within 30 days from the date when the equity transfer agreement was made. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding, or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. Circular 698 is retroactively effective on January 1, 2008. There is uncertainty as to the application of Circular 698. Circular 698 may be determined by the tax authorities to be applicable to our private equity financing transactions where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under Circular 698 and we may be required to expend valuable resources to comply with Circular 698 or to establish that we should not be taxed under the general anti-avoidance rule of the New EIT Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us. See "Risk Factors—Risks Related to Doing Business in China—We may be deemed a PRC resident enterprise under the New EIT Law and be subject to PRC taxation on our income."

Value Added Tax

Our PRC subsidiary, VIEs and Shanghai Ouku are subject to value added tax, or VAT, at a rate of 17% on revenue from sale of products in the PRC and is entitled to a refund for VAT already paid or borne on the goods purchased by it and utilized in the production of goods that have generated gross sales proceeds.

Dividends Withholding Tax

Under the old EIT Law effective prior to January 1, 2008, dividends paid to foreign investors by foreign-invested enterprises would be exempt from PRC withholding tax. We are a Cayman Islands holding company and substantially all of our income may come from dividends we receive from our subsidiary, Light In The Box Limited, a Hong Kong registered company and its PRC subsidiary and VIEs. Approximately 5.6% of our net revenues in 2010 was generated from sales via our websites and third-party online marketplace platforms targeting consumers in China. Pursuant to the New EIT Law and its implementation rules, dividends generated after January 1, 2008 and distributed to us by Lanting Jishi, our PRC subsidiary directly held by Light In The Box Limited, may be subject to withholding tax at a rate of up to 10%. Pursuant to the Double Taxation Avoidance Arrangement, dividends that Light in The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that the conditions and requirements under the Double Tax Avoidance Arrangement have been satisfied, and subject to the assessment and approval of our relevant local tax authority.

Regulations on Offshore Investment by PRC Residents

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, or Circular 75, issued on October 21, 2005, and the Implementation Rules relating to the Circular 75 issued on May 20, 2011, (i) a PRC citizen residing in the PRC or non-PRC citizen primarily residing in the PRC due to his or her economic tie to the PRC, who is referred to as a "PRC resident" in Circular 75, must register with the local branch of the SAFE before it establishes or controls an overseas special purpose company, for the purpose of overseas equity financing; (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas special purpose company, or engages in overseas financing after contributing assets or equity interests into an special purpose company, such PRC resident shall register his or her interest in the special purpose company and the change thereof with the local branch of the SAFE; and (iii) when the special purpose company undergoes a material event outside of China not involving inbound investments, such as change in share capital, creation of any security interests on its assets or merger and division, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. PRC residents who are shareholders of special purpose companies established before November 1, 2005 were required to register with the local branch of the SAFE before March 31, 2006.

Under Circular 75, failure to comply with the registration procedures above may result in penalties, including imposition of restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas special purpose company. See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us."

In addition, PRC subsidiaries of an offshore special purpose company are required to coordinate and supervise the filing of foreign exchange registrations by the offshore holding company's shareholders who are PRC residents in a timely manner. If these shareholders fail to comply, the PRC subsidiaries of the offshore parent company may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company and the offshore parent company may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the above foreign exchange registration requirements could result in liabilities for such PRC subsidiaries under PRC laws for evasion of foreign exchange restrictions, including (i) requirement by the SAFE to return the foreign exchange remitted overseas within a period specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at such PRC subsidiaries who are held directly liable for the violations may be subject to administrative sanctions.

Regulations on Employee Stock Option Plans

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, setting forth the respective requirements for foreign exchange transactions by individuals (both PRC and non-PRC citizens) under either the current account and the capital account. In January 2007, the SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified the approval requirements for certain capital account transactions, such as a PRC citizen's participation in

employee stock ownership plans or share option plans of overseas listed companies. On March 28, 2007, the SAFE promulgated the Stock Option Rules. In February 2012, the SAFE promulgated the Stock Option Notice. This Stock Option Notice replaced the previous Stock Option Rules. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participant, especially in respect of the required application documents and the absence of strict requirements on offshore and onshore custodian banks, as were stipulated in the Stock Option Rules. The purpose of the Stock Option Notice is to regulate the foreign exchange administration of PRC resident individuals who participate in employee stock incentive plans of overseas listed companies.

According to the Stock Option Notice, if a PRC resident individual participates in stock incentive plans of an overseas listed company, which includes employee stock ownership plan share option plan and other incentive plans permitted by relevant laws and regulations, a PRC domestic qualified agent or the PRC subsidiary of such overseas listed company must, among other things, file, on behalf of such resident, an application with the SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or share option exercises as PRC resident individuals may not directly use overseas funds to purchase shares or exercise share options. With the approval from the SAFE or its local counterpart, the PRC domestic qualified agent or the PRC subsidiary shall open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of shares, any dividends issued on the stock and any other income or expenditures approved by the SAFE or its local counterpart. In addition, within three months after any substantial changes to any such stock incentive plan, including, for example, any changes due to a merger or acquisition or changes to the domestic or overseas custodian agent, the domestic agent must update the registration with SAFE.

Under the Foreign Currency Administration Rules (1996), as amended in 2008, the foreign exchange proceeds of domestic entities and individuals can be remitted into China or deposited abroad, subject to the terms and conditions to be issued by the SAFE. However, to date, the SAFE has not issued any implementing rules in respect of depositing the foreign exchange proceeds abroad. Currently, the foreign exchange proceeds from the sales of shares can be converted into Renminbi or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If share options are exercised on a noncash basis, the PRC domestic individuals are required to remit the proceeds to special foreign exchange accounts.

Furthermore, a notice concerning the individual income tax on earnings from employee stock options jointly issued by the Ministry of Finance and the SAT, and its implementing rules, provide that domestic companies that implement employee share option programs shall (1) file the employee share option plans and other relevant documents to the local tax authorities having jurisdiction over them before implementing such employee share option plans; (2) file share option exercise notices and other relevant documents with the local tax authorities having jurisdiction over them before exercise by the employees of the share options and clarify whether the shares issuable under the employee share options mentioned in the notice are the shares of publicly listed companies; and (3) withhold taxes from the PRC employees in connection with the PRC individual income tax.

On October 27, 2008, our board of directors adopted the Amended and Reinstated 2008 Share Incentive Plan, pursuant to which we may issue employee stock options to our qualified employees and directors on a regular basis. In the application documents submitted to the Shenzhen office of the SAFE in connection with the registration of the overseas investment in our company by our PRC resident shareholders under Circular 75, we indicated that 6.08% of the share capital of our company are reserved for employee stock options and service incentive shares. We and our PRC employees who have participated in the Amended and Reinstated 2008 Share Incentive Plan will be subject to the Stock Option Rules when our company becomes an overseas listed company. However, we cannot

assure you that our PRC individual beneficiary owners and the stock options holders can successfully register with the SAFE in full compliance with Stock Option Rules. See "Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us."

Labor Laws and Social Insurance

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees in order to establish an employment relationship. All employers must compensate their employees equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with appropriate workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result fines or other administrative sanctions or, in the case of serious violations, criminal liability.

In addition, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

Regulations on Overseas Listing

In 2006, six PRC regulatory agencies jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules. This rule requires that, if an overseas company established or controlled by PRC domestic companies or citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC domestic companies or citizens, such acquisition must be submitted to the Ministry of Commerce, rather than local regulators, for approval. In addition, this regulation requires that an overseas special purpose vehicle, or SPV, formed for overseas listing purposes and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange.

While the application of the new regulations remain unclear, based on their understanding of current PRC laws, regulations and new procedures announced on September 21, 2006, our PRC counsel, TransAsia Lawyers, has advised us that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;

- we established our PRC subsidiary by means of direct investment other than by merger or acquisition of the equity or assets of PRC domestic companies; and

- no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation.

See "Risk Factors—Risks Related to Doing Business in China—Any requirement to obtain prior approval required under the M&A Rules and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain this approval, if required, could have a material adverse effect on our business, financial condition and results of operations as well as the trading price of the ADSs and could also create uncertainties for this offering."

Regulations on Concentration in Merger and Acquisition Transactions

The M&A Rules also establish procedures and requirements that could make some merger and acquisitions of Chinese companies by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered.

According to the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including controlling entities through contractual arrangements.

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information relating to our directors and executive officers upon closing of this offering. The business address of each of our directors and executive officers is LightInTheBox Holding Co., Ltd., 25F, Tower A, Ocean International Center, No. 56 East Fourth Ring Road, Chaoyang District, Beijing 100025, People's Republic of China.

Name	Age	Position/Title
Quji (Alan) GUO	36	Chairman of the board and chief executive officer
Xin (Kevin) WEN	31	Director and co-president
Liang ZHANG	34	Director and co-president
Jun LIU	39	Director and senior vice president of operations
Jin-Choon (Richard) LIM	54	Director
Bo FENG	42	Director
Ye YUAN	32	Director
Shujun LI	39	Director
Zheng (Richard) XUE	41	Chief financial officer
Liang LU	37	Chief technology officer

Quji (Alan) GUO is our co-founder, chairman and chief executive officer who joined our company in 2008. Prior to joining our company, Mr. GUO served as the chief strategist and the special assistant to the president of Google China from 2005 to 2008, where he was instrumental for building Google's China operation and led many of its strategic product and business initiatives, including the launch of Google Music, the first advertiser-sponsored free music download service in China, as well as certain strategic investments. Prior to joining Google China, he was a product manager with Google in the United States. In 2004, he worked for the corporate business development team at Amazon participating in the acquisition of Joyo.com, the predecessor of Amazon's China operation. From 2001 to 2003, he was a software design engineer at the headquarters of Microsoft Corporation, participating in the development of MSN, IE and Windows. Mr. GUO received his bachelor's degree from the University of Science and Technology of China in 1999, his master's degree in electrical engineering from the University of Illinois at Urbana-Champaign in 2001, and his MBA degree from Stanford University in 2005. Mr. GUO is a holder of a number of patents in software and Internet technologies in the United States.

Xin (Kevin) WEN is a co-founder of our company and has served as our director and co-president, responsible for marketing, product management and user experience since 2007. Mr. WEN was also responsible for our technology development from 2007 to 2010. From 2005 to 2007, Mr. WEN was a vice president of product and business development and the board secretary of Bokee.com, a blog service provider in China, where he built the company's research and development team and user experience team. In 2003, Mr. WEN co-founded Blogdriver.com, one of the first blog service providers in China, and served as its chief executive officer from 2003 to 2004. Mr. WEN studied at University of Texas at Austin.

Liang ZHANG is a co-founder of our company and has served as our director and co-president responsible for sourcing and supply chain since 2007. Mr. ZHANG was also responsible for our operations from 2007 to 2009. From 2001 to 2006, Mr. ZHANG founded and served as the chief executive officer of Zhongrun Ltd., a supplier for large Chinese online retail companies such as Dangdang.com and Amazon China, including its predecessor Joyo.com. He was a marketing manager at Netease.com Inc. from 1999 and 2001 and a program manager at Samsung Electronics from 1998 to 1999. Mr. ZHANG received his bachelor's degree in business management from Nankai University in 1998.

Jun LIU is our director and senior vice president of operations who joined our company in 2009. From 2005 to 2009, Mr. LIU founded and was the chief executive officer of Feloo.com, an education information website in China. From 2002 to 2005, Mr. LIU held various senior management positions, including as vice president of marketing and operations, in the predecessor of Amazon China, Joyo.com. From 2000 to 2001, Mr. LIU was a senior software development manager at Dangdang.com. From 1997 to 1999 Mr. LIU was a software development manager at Bertelsmann China. Mr. LIU received his bachelor's degree in environmental science from East China Normal University in 1994 and his MBA degree from Tongji University in 2005.

Jin-Choon (Richard) LIM has been our director since 2009. Mr. LIM is a founder and the managing director of GSR Ventures. Prior to founding GSR Ventures in 2005, Mr. LIM was involved in founding three venture-backed companies in the United States. From 1988 to 1992, he was an executive of Lotus Development Corporation and from 1983 to 1986, was an executive of the National University Hospital of Singapore. Mr. LIM received his bachelor's degree from National University of Singapore in 1981 and his MBA degree from Stanford University in 1988. Mr. LIM brings to the board his in-depth knowledge of international capital markets and experience leading multinational corporations.

Bo FENG has been our director since 2008. Mr. FENG is currently a partner at Ceyuan Ventures, which he has co-founded in 2004. Prior to that, he was the founder and had been a partner of Chengwei Ventures since 1999. Mr. Feng also served as the chief representative of ChinaVest since 1997 and vice president of Robertson, Stephens & Company since 1994. Mr. FENG is currently a director of Beijing Venustech Inc., a listed company in China. Mr. FENG studied at the College of Marin in 1992. Mr. FENG brings to the board his experience with fast-growing companies in China in various industries and his knowledge of Chinese regulation.

Ye YUAN has been our director since 2008. Mr. YUAN joined Ceyuan Ventures in 2005 and has been a partner since 2009. Mr. YUAN currently serves as a director of Letao Inc., China Medonline Inc. and Wisdom Alliance Limited. From 2003 to 2005, Mr. YUAN worked at the audit department of KPMG (Beijing) Accounting LLP and Latitude Capital. Mr. YUAN received his bachelor's degree in finance from University of International Business and Economics in China in 2002 and his master's degree from the University of Windsor in Canada in 2003. Mr. YUAN brings to the board a deep understanding of finance and accounting.

Shujun LI has been our director since 2010. Mr. LI has been the managing partner of a venture capital investment firm, Trustbridge Partners. From 2002 to 2006, Mr. LI was the chief financial officer of Shanda Interactive Entertainment Limited where he also served several other management roles. In 2001, he was a fund manager responsible for the establishment of Zhongrong Fund Management Company. From 1997 to 2000, Mr. LI served as a senior manager at the international business department of China Southern Securities Co. Ltd. Mr. LI currently serves as director of Boshiwa International Holding Limited and an independent director and the chairman of the audit committee of Qihoo 360 Technology Co. Ltd. Mr. LI received his bachelor's degree from Hebei Normal University in China in 1994 and his master's degree in economics from Nankai University in China in 1998. Mr. LI brings to the board his extensive experience as the chief financial officer of a publically listed company in the United States and his knowledge of sound corporate governance principles.

Zheng (Richard) XUE has been our chief financial officer since September 2011. Prior to joining our company, Mr. XUE served as the chief financial officer of ATMU Inc., a leading independent automated teller machine operator in China from September 2010 to September 2011. In 2009, he was an advisor at Asia Alternatives Management LLC. From 2006 to 2009, Mr. XUE was a venture partner of Softbank China & India Holdings, a wholly-owned subsidiary of Softbank Corp and manager of Bodhi Investments LLC, which focuses on early stage and selected pre-IPO opportunities in China. He was the chief financial officer of Target Media Holdings Ltd., a leading out-of-home flat-panel display

advertising network operator in China from 2005 to 2006. From 2003 to 2005, Mr. XUE served as director, chief financial officer and vice president of strategy and business development of eLong, Inc., a Nasdaq listed company providing online travel services in China. Prior to that, Mr. XUE worked in investment banking in the United States and China for more than five years. Mr. XUE studied applied physics at Tsinghua University in China, received his bachelor of science degree in applied physics from University of Illinois in 1993 and his MBA degree from the University of Chicago in 1997.

Liang LU has been our chief technology officer since 2011. From 2010 to 2011, Mr. LU served as the general manager of Wasu Taobao Digital Technology Ltd., a joint venture between Taobao.com, China's largest online retail platform, and Wasu Media Internet Ltd. He was a senior director of Taobao Ltd. from 2007 to 2010 and was the chief technology officer of Bokee Ltd., a blog service provider in China, from 2004 to 2007. Mr. LU received his bachelor's degree from University of Science and Technology of China in 1996, his master's degree in physics from China Academy of Science in 2000 and his Ph.D. degree in physics from Southern Methodist University in 2005.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including registering such shares in our share register.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of our board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (1) dies or becomes bankrupt or makes any arrangement or composition with his creditors generally; or (2) is found a lunatic or becomes of unsound mind. We do not have service contracts with any of our directors that would provide our directors with benefits upon their termination.

Pursuant to our third amended and restated memorandum and articles of association and second amended and restated shareholders agreement entered into in connection with the issuance of our Series C convertible redeemable preferred shares, we have provided rights to certain of our shareholders to appoint directors to our board of directors. Our ordinary shareholders have the right to appoint three of our directors, one of which must be Mr. Quji (Alan) GUO. Our Series A convertible preferred shareholders, Ceyuan Entities, have the right to appoint two of our directors, our majority Series B convertible preferred shareholder, GSR Ventures III, L.P., has the right to appoint one

director and our majority Series C convertible redeemable preferred shareholder, Trustbridge Parnters III, L.P., has the right to appoint one director. Our third amended and restated memorandum and articles of association and second amended and restated shareholders agreement also stipulates that one other director shall be appointed which should initially be Mr. Jun LIU. However, such rights granted to our existing shareholders to appoint directors will terminate upon the closing of this offering.

Board Committees

Our board of directors will establish an audit committee, a compensation committee and a corporate governance and nominating committee upon the completion of this offering. We have adopted a charter for each of these committees. Each committee's members and functions are as follows.

Audit Committee

Our audit committee will initially consist of , and . will be the chairman of our audit committee and satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. satisfies the requirements for an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual and will meet the criteria for independence set forth in Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act.

The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm;
- reviewing any audit problems or difficulties and management's response with our independent registered public accounting firm;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and our internal auditor and independent registered public accounting firm; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee will initially consist of and . will be the chairperson of our compensation committee. and satisfy the requirements for an

"independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual.

The compensation committee is responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to the board with respect to the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and setting the compensation level of our chief executive officer based on such evaluation; and
- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

Our corporate governance and nominating committee will initially consist of and . will be the chairman of our corporate governance and nominating committee. and satisfy the requirements for an "independent director" within the meaning of Section 303A of the New York Stock Exchange Listed Company Manual and will meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act.

The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- conducting annual reviews of the Board's independence, qualifications and experiences in light of the availability of potential Board members; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our internal rules and procedures.

Corporate Governance

Our board of directors has adopted a code of business conduct and ethics, which is applicable to all of our directors, officers and employees. We will make our code of business conduct and ethics publicly available on our website.

In addition, our board of directors has adopted a set of corporate governance guidelines. The guidelines reflect certain guiding principles with respect to our board's structure, procedures and committees. The guidelines are not intended to change or interpret any law, or our amended and restated memorandum and articles of association.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of our company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third party.

Qualification

There is no requirement for our directors to own any shares in our company in order for them to qualify as a director.

Employment Agreements

We have entered into employment agreements with each of our executive officers. We may terminate their employment for cause. In the event of termination for cause, we have no further obligations or liabilities to such executive officer other than to pay any accrued but unpaid compensation through the date of termination and we are not required to provide any prior notice of such termination. For purposes of these agreements, the term cause means: (a) the executive officer commits willful misconduct or gross negligence in performance of his duties hereunder ("Malfeasance") and fails to correct such Malfeasance within a reasonable period specified by us after we have sent the executive officer a written notice demanding correction within such a period; (b) the executive officer has committed Malfeasance and has caused serious losses and damages to us; (c) the executive officer seriously violates our internal rules and fails to correct such violation within a reasonable period specified by us after we have sent the executive officer a written notice demanding correction within such a period; (d) the executive officer has seriously violated the internal rules of and has caused serious losses and damages to us; (e) the executive officer is convicted by a court or has pleaded guilty of theft, fraud or other criminal offense; or (f) the executive officer seriously breaches his/her duty of loyalty to us or our affiliate under the laws of the Cayman Islands, the PRC or other relevant jurisdictions. We may terminate their employment at any time, without cause, upon 30-day prior written notice to the executive officer. Executive officers may terminate their employment with us at any time, without cause, upon three months written notice to us. If any severance pay is mandated by law, executive officers will be entitled to such severance pay in the amount mandated by law when his or her employment is terminated. However, an executive officer will not be entitled to any severance pay if his/her employment is terminated by him/her for any reason. In addition, we have been advised by our PRC counsel that notwithstanding any provision to the contrary in our employment agreements, we may still be required to make severance payments upon termination without cause to comply with the PRC Labor Law, the labor contract law and other relevant PRC regulations, which entitle employees to severance payments in case of early termination of "de facto employment relationships" by PRC entities without statutory cause regardless of whether there exists a written employment agreement with such entities.

Compensation of Directors and Executive Officers

In 2011, we and our subsidiaries paid an aggregate cash compensation and benefits in kind of approximately $0.9 million to our directors and executive officers as a group. We set aside approximately $0.7 million for pensions, retirement or other benefits for our officers and directors in 2011. For information regarding options and restricted shares granted to officers and directors, see "—Share Incentive Plan."

Share Incentive Plan

We adopted our Amended and Reinstated 2008 Share Incentive Plan, or the Plan, on October 27, 2008. The Plan is intended to promote our success and to increase shareholder value by providing an additional means to attract, motivate, retain and reward selected directors, officers, employees and other eligible persons. An aggregate of 4,444,444 ordinary shares were reserved for issuance under the Plan. As of the date of this prospectus, we have granted 1,626,371 restricted shares and options to purchase 1,905,750 ordinary shares, with 912,323 ordinary shares available for future grants. As of the date of this prospectus, we have 1,327,961 unvested restricted shares and 800,973 unvested share

options outstanding under the Plan. As of the date of this prospectus, options to purchase 1,870,000 ordinary shares of our company were outstanding.

The following table summarizes the share options granted to our employees under the Plan that were outstanding as of the date of this prospectus:

Name	Number of Ordinary Shares Underlying Outstanding Options	Exercise Price ($/Share)	Grant Date	Expiration Date
Our employees	305,000	0.50	December 31, 2008	
	103,000	0.50	March 31, 2009	
	482,000	0.01	June 30, 2009	The earlier of
	29,000	0.50	June 30, 2009	(1) the tenth
	133,000	0.96	June 30, 2009	anniversary of the
	134,000	0.96	September 30, 2009	date of grant, or
	65,000	0.96	December 31, 2009	(2) the fifth
	167,000	0.96	March 31, 2010	anniversary of the
	59,000	0.96	June 30, 2010	completion date of
	57,750	0.96	October 31, 2010	this offering.
	5,000	0.96	July 31, 2011	
	247,000	4.25	July 31, 2011	
	119,000	4.29	October 1, 2011	

We have historically determined the exercise price of shares granted under the Plan based on a number of factors, such as the type of awards, the length of time in which such employees were with our company, the function of such employees and the price of our preferred share issuances. Certain employees who joined our company near its inception were issued options with lower exercise prices than other employees. In addition, employees who we consider to be our key personnel may also be issued options with a lower exercise price.

The following table summarizes the restricted awards granted to our executive officers and employees under the Plan that were outstanding as of the date of this prospectus:

Name	Restricted Shares Granted	Grant Date	End of Vesting Period
Zheng (Richard) XUE	992,732	October 1, 2011	September 30, 2015
Liang LU	*	March 31, 2011	March 31, 2015
Other individuals as a group	*	December 31, 2008	December 31, 2012

* Less than 1% of our outstanding share capital

The following paragraphs summarize the principal terms of the Plan.

Types of Awards and Exercise Prices. The Plan permits the grant of several kinds of awards, including among others, options, restricted shares, restricted share units, share appreciation rights and dividend equivalent rights.

Plan Administration. The Plan administrator is the chairman of our board or, in the case of administration with respect to directors and officers, a committee consisting of at least two non-employee directors designated by the board, and, with respect to consultants and other employees, a committee consisting of one or more directors of the company designated by the board. The plan administrator designates the eligible optionees and determines the award type, award period, grant date, performance requirements and such other provisions and terms not inconsistent with the plan in the award agreement.

Award Agreement. Options and other awards granted under the Plan are and will be evidenced by an award agreement that sets forth the terms, provisions, limitations and performance requirements for each grant.

Eligibility. At the discretion of the board of directors, we may grant awards to employees, officers, directors or consultants of our company.

Term of Awards. The term of each award shall be the term stated in the award agreement, provided that the term of an incentive share option shall be no more than ten years from the date of grant, subject to certain exceptions.

Acceleration of Awards upon Corporate Transaction. The plan administrator may upon or in anticipation of a corporate transaction, accelerate awards or modify the terms of the awards.

Vesting Schedule. The plan administrator may determine the vesting schedule and may provide additional vesting conditions in the award agreement to each optionee.

Amendment and Termination. Our board of directors may at any time by resolutions amend, suspend or terminate the Plan, subject to certain exceptions. Unless earlier terminated by the board or directors, the Plan will terminate on October 26, 2018.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers;
- each person known to us to beneficially own 5% and more of our ordinary shares; and
- each selling shareholder.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of this offering, including through the exercise of any option, warrant or other right, the vesting of restricted shares or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

The calculations in the table below assume there are ordinary shares outstanding as of the date of this prospectus, including 1,231,667 founders' nonvested shares that will become vested immediately upon the completion of this offering, 42,174,290 ordinary shares into which all of our outstanding preferred shares will automatically convert upon completion of this offering, ordinary shares into which all of our outstanding convertible notes will automatically convert upon the completion of this offering, and ordinary shares outstanding immediately after the closing of this offering, assuming the underwriters do not exercise their option to purchase additional ADSs, excluding ordinary shares issuable upon the exercise of outstanding share options, unvested restricted ordinary shares and ordinary shares reserved for issuance under our share incentive plan.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Being Sold in This Offering		Ordinary Shares Beneficially Owned After This Offering	
Name	Number	Percent	Number	Percent	Number	Percent
Directors and Executive Officers:						
Quji (Alan) GUO[1]	10,555,555	13.5%				
Xin (Kevin) WEN[2]	7,038,889	9.0%				
Liang ZHANG[3]	7,038,889	9.0%				
Jun LIU[4]	5,222,221	6.7%				
Ye YUAN[5]	20,686,277	26.4%				
Bo FENG[6]	20,686,277	26.4%				
Jin-Choon (Richard) LIM[7]	16,094,261	20.6%				
Shujun LI[8]	5,356,111	6.8%				
Zheng (Richard) XUE	—	—				
Liang LU	*	*				
All directors and executive officers as a group	72,095,613	92.1%				
Principal and Selling Shareholders:						
Ceyuan Entities[9]	20,686,277	26.4%				
GSR Ventures III, L.P.[10]	16,094,261	20.6%				
Wincore Holdings Limited[11]	10,555,555	13.5%				
Vitz Holdings Limited[12]	7,038,889	9.0%				
Clinet Investments Limited[13]	7,038,889	9.0%				
Trustbridge Partners III, L.P.[14]	5,356,111	6.8%				
Focus China Holdings Limited[15]	5,333,334	6.8%				
Fulltrend Holdings Group Limited[16]	5,222,221	6.7%				

Notes:

† Each selling shareholder named above acquired its shares in offerings which were exempted from registration under the Securities Act because they involved offshore sales to non-U.S. persons. As of the date of this prospectus, none of our outstanding ordinary shares is held by record holders in the United States.

* Less than 1% of our total outstanding shares.

(1) Represents 10,555,555 ordinary shares held by Wincore Holdings Limited, including 527,778 founders' nonvested shares that will become immediately vested upon the completion of this offering. Wincore Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer. The registered address of Wincore Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(2) Represents 7,038,889 ordinary shares held by Vitz Holdings Limited, including 351,944 founders' nonvested shares that will become immediately vested upon the completion of this offering. Vitz Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xin (Kevin) WEN, our director and co-president. The registered address of Vitz Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(3) Represents 7,038,889 ordinary shares held by Clinet Investments Limited, including 351,944 founders' nonvested shares that will become immediately vested upon the completion of this offering. Clinet Investments Limited, a British Virgin Islands company, is wholly owned by Mr. Liang ZHANG, our director and co-president. The registered address of Clinet Investments Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(4) Represents 5,222,221 ordinary shares held by Fulltrend Holdings Limited. Fulltrend Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Jun LIU, our director and senior vice president of operations. The registered address of Fulltrend Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(5) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are collectively referred to in this prospectus as the Ceyuan Entities. For a description of the beneficial ownership of our ordinary shares by the Ceyuan Entities, see Note 9 below. Mr. Ye YUAN disclaims beneficial ownership of our ordinary shares held by the Ceyuan Entities, except to the extent of his pecuniary interest in these shares.

(6) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are collectively referred to in this prospectus as the Ceyuan Entities. For a description of the beneficial ownership of our ordinary shares by the Ceyuan Entities, see Note 9 below. Mr. Bo FENG disclaims beneficial ownership of our ordinary shares held by the Ceyuan Entities, except to the extent of his pecuniary interest in these shares.

(7) Represents 16,094,261 ordinary shares issuable upon the conversion of all Series B and Series C preferred shares held by GSR Ventures III, L.P., a United States limited partnership. Ordinary shares beneficially owned by GSR Ventures III, L.P. also include ordinary shares issuable upon the conversion of convertible notes in the principal amount of $3,430,000. For a description of the beneficial ownership of our ordinary shares by GSR Ventures III, L.P., see Note 10 below. Mr. Jin-Choon (Richard) LIM disclaims beneficial ownership of our ordinary shares held by GSR Ventures III, L.P., except to the extent of his pecuniary interest in these shares.

(8) Represents 5,356,111 ordinary shares issuable upon the conversion of all Series C convertible redeemable preferred shares held by Trustbridge Partners III, L.P., a Cayman Islands limited partnership. For a description of the beneficial ownership of our ordinary shares by Trustbridge partners III, L.P., see Note 14 below. Mr. Shujun LI disclaims beneficial ownership of our ordinary shares held by Trustbridge Partners III, L.P., except to the extent of his pecuniary interest in these shares.

(9) Represents 19,918,816 and 767,461 ordinary shares held by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC, respectively, issuable upon the conversion of all Series A, Series B and Series C preferred shares held by such shareholders. Ordinary shares beneficially owned by Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC after this offering also include and ordinary shares issuable upon the conversion of convertible notes in the principal amount of $4,333,050 and $166,950, respectively. Ceyuan Ventures II, L.P. and Ceyuan Ventures Advisors Fund II, LLC are under the common control of Ceyuan Ventures Management II, LLC, which is the general partner of Ceyuan Ventures II, L.P. and sole director of Ceyuan Ventures Advisors II, LLC. Mr. Bo FENG, Mr. Christopher Wadsworth, Yanxi Holding Co., Ltd., Mr. Weiguo ZHAO, NewMargin Fund Management Company Limited and Mr. John S. Wadsworth Jr. collectively hold 100% shares of Ceyuan Ventures Management II, LLC. Mr. Ye YUAN has the voting and dispositive power over the shares held by Yanxi Holding Co., Ltd. Mr. Tao FENG has the voting and dispositive power over the shares held by NewMargin Fund Management Company Limited. The registered address of Ceyuan Entities is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies.

(10) Represents 16,094,261 ordinary shares issuable upon the conversion of all Series B and Series C preferred shares held by GSR Ventures III, L.P., a United States limited partnership. Ordinary shares beneficially owned by GSR Ventures III, L.P. also include ordinary shares issuable upon the conversion of convertible notes in the principal amount of $3,430,000. The general partner of GSR Ventures III, L.P. is GSR Partners III, L.P.. The General Partner of GSR Partners III, L.P. is GSR Partners III, Ltd. The director of GSR Partners III, Ltd. is Mr. Jin-Choon (Richard) LIM. The registered address of GSR Ventures III, L.P. is 101 University Ave, 4th Floor, Palo Alto, CA 94301, USA.

(11) Wincore Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer. The registered address of Wincore Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(12) Vitz Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xin (Kevin) WEN, our director and co-president. The registered address of Vitz Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(13) Clinet Investments Limited, a British Virgin Islands company, is wholly owned by Mr. Liang ZHANG, our director and co-president. The registered address of Clinet Investments Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

(14) Represents 5,356,111 ordinary shares issuable upon the conversion of all Series C convertible redeemable preferred shares held by Trustbridge Partners III, L.P., a Cayman Islands exempted limited partnership. The general partner of Trustbridge Partners III, L.P. is TB Partners GP3 L.P. The general partner of TB Partners GP3 L.P. is TB Partners GP Limited. Shujun LI, Feng GE, Donglei ZHOU and David LIN hold voting and investment power for Trustbridge Partners III, L.P. The registered address of Trustbridge Partners III, L.P. is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands.

(15) Represents 5,333,334 ordinary shares held by Focus China Holdings Limited. Focus China Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Xiaoping XU, a founding angel. The registered address of Focus China Holdings Limited is Trinity Chambers, P.O. Box 4301, Road Town, Tortola, British Virgin Islands.

(16) Fulltrend Holdings Limited, a British Virgin Islands company, is wholly owned by Mr. Jun LIU, our director and senior vice president of operations. The registered address of Fulltrend Holdings Limited is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

Immediately after the completion of this offering, we will have one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share. However, in matters related to change of control, pursuant to our amended and restated memorandum and articles of association, Wincore Holdings Limited, Clinet Investments Limited and Vitz Holdings Limited will be entitled to three votes per share, and each other holder is entitled to one vote per share. Such change of control events include: (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company. See "Description of Share Capital—Ordinary Shares—Voting Rights." Each of Wincore Holdings Limited, Clinet Investment Limited and Vitz Holdings Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and %, respectively, and an aggregate of % of voting rights in such matters related to a change of control.

As of the date of this prospectus, none of our outstanding ordinary shares were held by record shareholders in the United States. We are not aware of any arrangement that may at a subsequent date, result in a change of control of our company. Each selling shareholder named above acquired its shares in offerings which were exempted from registration under the Securities Act because such offerings involved either private placements or offshore sales to non-U.S. persons.

RELATED PARTY TRANSACTIONS

As of March 31, 2012, we had provided advance payment of $51,000 to Mr. Quji (Alan) Guo, our chairman and chief executive officer, for travelling and other expenses incurred in the ordinary course of business.

As of December 31, 2009, we had receivables from Mr. Xin (Kevin) WEN of $424,000. The amount represented sales made by Mr. Xin (Kevin) WEN on behalf of us on certain third-party online marketplace platforms. The cash received was deposited in Mr. Xin (Kevin) WEN's personal accounts pending transfer to us as of December 31, 2009. Such amount was subsequently transferred to us in 2010.

Employment Agreements

See "Management—Employment Agreements."

Share Options

See "Management—Share Incentive Plan."

Private Placements

See "Description of Share Capital—History of Securities Issuances."

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association and the Companies Law (2011 Revision) of the Cayman Islands, which is referred to as the Companies Law below.

As of the date of this prospectus, our authorized share capital is $50,000 divided into (i) 707,825,710 ordinary shares of par value $0.000067 each and (ii) 42,174,290 preferred shares of par value $0.000067 each, 15,000,000 of which are designated as Series A convertible preferred shares, 17,522,725 of which are designated as Series B convertible preferred shares and 9,651,565 of which are designated as Series C convertible redeemable preferred shares. As of the date of this prospectus, there are 36,108,965 ordinary shares issued and outstanding in accordance with our register of members, which includes 1,231,667 founders' nonvested shares, and excludes 298,410 vested but not yet legally issued restricted shares. For more information regarding founders' nonvested shares, see "—History of Securities Issuances—Ordinary Shares". All of our issued and outstanding preferred shares will automatically convert into 42,174,290 ordinary shares immediately upon the completion of this initial public offering. All of the outstanding principal amount of our convertible notes will automatically convert into ordinary shares immediately upon the completion of this initial public offering.

Our fourth amended and restated memorandum and articles of association will become effective upon completion of this offering and will replace our pre-offering third amended and restated memorandum and articles of association in its entirety. The following are summaries of material provisions of our fourth amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our shareholders or board of directors subject to the Companies Law and to the articles of association.

Voting Rights

Each holder of ordinary shares is entitled to one vote on a show of hands or, on a poll, each holder is entitled to have one vote for each share registered in his name on the register of members, on all matters upon which the ordinary shares are entitled to vote, except on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, where Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, is entitled to three votes for each share registered in his name on the register of members, and each other holder is entitled to one vote for each share registered in his name on the register of members. Each of Wincore Holdings Limited, Vitz Holdings Limited and Clinet Investments Limited will hold %, % and % of the shares of our company upon completion of this offering, respectively, entitling them to %, % and %, respectively, and an aggregate of % of voting rights

in such matters related to a change of control. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

Maples and Calder, our counsel as to Cayman Islands law, has advised that such voting structure is in compliance with current Cayman Islands law as in general terms, a company and its shareholders are free to provide in the articles of association for such rights as they consider appropriate, subject to such rights not being contrary to any provision of the Companies Law and not inconsistent with common law. Maples and Calder has confirmed that the inclusion in the articles of provisions giving weighted voting rights to specific shareholders generally or on specific resolutions is not prohibited by the Companies Law. Further, weighted voting provisions have been held to be valid as a matter of English common law and therefore it is expected that such would be upheld by a Cayman Islands court.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of votes attached to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of votes cast attached to the ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions contained in our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- the ordinary shares transferred are fully paid and free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- the transfer is not to more than four joint holders.

If our directors refuse to register a transfer they are required, within three months after the date on which the instrument of transfer was lodged, to send to each of the transferor and the transferee notice of such refusal.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Law and other applicable law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner, including out of capital, as may be determined by the board of directors.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

General Meetings of Shareholders

Shareholders' meetings may be convened by a majority of our board of directors or our chairman. Additionally, on the requisition of shareholders representing not less than 40% of the voting rights entitled to vote at general meetings, the board shall convene an extraordinary general meeting. Advance notice of at least ten days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a meeting of shareholders consists of at least two shareholders present or by proxy, representing not less than one-third in nominal value of the total issued voting shares in our company.

Election and Removal of Directors

Unless otherwise determined by our company in the general meeting, our articles provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a casual vacancy on the board or, subject to authorization by the members in the general meeting, as an addition to the existing board, but so that the number of directors so appointed will not exceed any maximum number determined from time to time by the members in general meeting. Any director appointed by the board to fill a casual vacancy will hold office until the next annual general meeting of members after his appointment and be subject to re-election at such meeting.

Our articles provide that persons standing for election as directors at a duly constituted general meeting with requisite quorum are appointed by shareholders by a simple majority of the votes cast on the resolution.

A director may be removed with or without cause by special resolution. The notice must contain a statement of the intention to remove the director and must be served on the director not less than ten days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

Proceedings of Board of Directors

Our articles provide that our business is to be managed and conducted by our board of directors. The quorum necessary for the board meeting may be fixed by the board and, unless so fixed at another number, will be a majority of the directors.

Our articles provide that the board may from time to time at its discretion exercise all powers of our company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our company and, subject to the Companies Law, issue debentures, bonds and other securities of our company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will in our articles provide our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements. See "Where You Can Find More Information."

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- 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 our share capital by the amount of the shares so cancelled.

We may by special resolution reduce our share capital or any capital redemption reserve in any manner permitted by law.

Exempted Company

We are an exempted company with limited liability under the Companies Law of the Cayman Islands. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable or bearer shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);

- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. Upon the closing of this offering, we will be subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this prospectus, we currently intend to comply with the New York Stock Exchange rules in lieu of following home country practice after the closing of this offering. The New York Stock Exchange rules require that every company listed on the New York Stock Exchange hold an annual general meeting of shareholders. In addition, our articles of association allow directors to call a special meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States.

Mergers and Similar Arrangements

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) a "consolidation" means the combination of two or more constituent companies into a combined 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 authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, 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 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.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders or creditors (representing 75% by value) with whom the arrangement is to be made and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to

express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or *ultra vires*;
- the act complained of, although not *ultra vires*, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

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, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that,

in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that (i) on a resolution relating to (a) a merger, amalgamation, consolidation or similar transaction involving our company, (b) the filing of a petition for a scheme of arrangement involving our company, or the giving of consent to such a filing or the co-operation by our company in the making of such filing, and (c) a sale, transfer or other disposition of all or substantially all of the assets of our company, Wincore Holdings Limited, a British Virgin Islands company wholly owned by Mr. Quji (Alan) GUO, Vitz Holdings Limited, a British Virgin Islands company wholly owned by Mr. Xin (Kevin) WEN, and Clinet Investments Limited, a British Virgin Islands company wholly owned by Mr. Liang ZHANG, will be entitled to three votes per share held by him, and the remaining shareholders will be entitled to one vote per share held; and (ii) authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Neither Cayman Islands law nor our articles of association allow our shareholders to requisition a shareholders' meeting. However, on the requisition of shareholders representing not less than 40% of the voting rights entitled to vote at general meetings, the board shall convene an extraordinary general meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. However, our articles of association require us to call such meetings every year.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our articles of association, directors may be removed by special resolution.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Law of the Cayman Islands and our memorandum and articles of association, our company may be dissolved, liquidated or wound up by a special resolution, or by an ordinary resolution on the basis that our company is unable to pay its debts as they fall due.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. As permitted by Cayman Islands law, our memorandum and articles of association may only be amended by special resolution or the unanimous written resolution of all shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find More Information."

History of Securities Issuances

The following is a summary of our securities issuances since our inception.

Ordinary Shares

We were incorporated in the Cayman Islands as an exempted limited liability company on March 28, 2008. We issued one ordinary share to the incorporation agent, which was transferred on the same day to Mr. Chit (Jeremy) CHAU, a current shareholder.

In October 2008, we issued 10,555,555 ordinary shares, par value $0.000067 per share, to Wincore Holdings Limited, a company wholly owned by Mr. Quji (Alan) GUO, our chairman of the board and chief executive officer, 7,038,889 ordinary shares, par value $0.000067 per share, to Vitz Holdings Limited, a company wholly owned by Mr. Xin (Kevin) WEN, our director and co-president, 7,038,889 ordinary shares, par value $0.000067 per share, to Clinet Investments Limited, a company wholly owned by Mr. Liang ZHANG, our director and co-president, 5,333,334 ordinary shares, par value $0.000067 per share, to Focus China Holdings Limited, a company wholly owned by Mr. Xiaoping XU, 920,076 ordinary shares, par value $0.000067 per share, to Kingmax Holdings Group Limited, a company wholly owned by Mr. Chit (Jeremy) CHAU, and 5,222,221 ordinary shares, par value $0.000067 per share, to Fulltrend Holdings Limited, a company wholly owned by Mr. Jun LIU, our director and senior vice president of operations.

We issued ordinary shares to Mr. GUO, Mr. WEN and Mr. ZHANG in October 2008, and these ordinary shares were entered into our register of members. These ordinary shares then became restricted pursuant to a restricted share agreement entered into in connection with the issuance of our preferred shares. Such restricted shares are referred to as founders' nonvested shares. Pursuant to the restricted share agreement, 20% of such founders' nonvested shares were vested at the closing of our Series A convertible preferred shares issuance in October 2008 and another 20% of such founders' nonvested shares were vested on the one-year anniversary of our Series A closing, with the remaining founders' nonvested shares to vest in 1/36th increments every 30 days thereafter. The agreement provides that in the event Mr. GUO, Mr. WEN or Mr. ZHANG's relationship with the Company is terminated, the Company shall have the right to repurchase all remaining founders' nonvested shares at a price of $0.000067 per share from Mr. GUO, Mr. WEN or Mr. ZHANG, as the case may be. Upon the completion of this offering, all remaining founders' nonvested shares will become immediately vested.

Preferred Shares

In October 2008, we issued 14,443,500 Series A convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $4,812,500, and 556,500 Series A convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $187,500.

In June 2009, we issued 3,151,454 Series B convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $2,026,904, 121,424 Series B convertible preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $78,095 and 14,249,847 Series B convertible preferred shares, par value $0.000067 per share, to GSR Ventures III, L.P. at an aggregate subscription price of $9,165,000.

In October 2010, we issued 2,323,862 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Ceyuan Ventures II, L.P. at an aggregate subscription price of $8,427,148, 89,537 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Ceyuan Ventures Advisors Fund II, LLC at an aggregate subscription price of $324,693, 1,844,414 Series C convertible redeemable preferred shares, par value $0.000067 per share, to GSR Ventures III, L.P. at an aggregate subscription price of $6,688,501, 37,641 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Banean Holdings Ltd, at an aggregate subscription price of $136,500 and 5,356,111 Series C convertible redeemable preferred shares, par value $0.000067 per share, to Trustbridge Partners III, L.P. at an aggregate subscription price of $19,423,158.

Preferred shares are convertible at the option of the holder at any time into ordinary shares as determined by dividing their issuance prices by their conversion prices as set forth in our third amended and restated memorandum and articles of association. Their conversion prices are initially their issuance prices per preferred share. All preferred shares automatically convert into ordinary shares at their respective then effective applicable conversion price upon the closing of a qualified initial public offering, as defined in our third amended and restated memorandum and articles of association or with the written consent of holders of more than two thirds of the outstanding preferred shares, including consent of holders of a majority of the outstanding Series C convertible redeemable preferred shares. Upon the completion of this offering, all of our preferred shares will convert into 42,174,290 ordinary shares.

Share Options and Restricted Shares

We adopted our Amended and Reinstated 2008 Share Incentive Plan, or the Plan, in October 2008. Under the Plan, we granted options to purchase an aggregate of 1,905,750 ordinary shares to our employees from December 31, 2008 to October 1, 2011. We have also granted to two executive officers and certain employees an aggregate of 1,626,371 restricted shares from December 31, 2008 to October 1, 2011. As of the date of this prospectus, options to purchase 1,870,000 ordinary shares of our company were outstanding. See "Management—Share Incentive Plan."

Convertible Notes

On March 23, 2012, pursuant to a convertible note purchase agreement, we issued convertible notes due September 22, 2013 in the aggregate principal amount of US$8,000,000 to existing shareholders Ceyuan Ventures II L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., and Banean Holdings Ltd. The convertible notes bear interest at 12% per annum, uncompounded and computed on the basis of the actual number of days elapsed, or 15% per annum upon an event of default, uncompounded and computed on the basis of the actual number of days elapsed. The convertible notes will be automatically converted into the number of ordinary shares equivalent to the outstanding amount of the convertible notes divided by the applicable conversion price immediately upon the completion of our initial public offering. The conversion price shall be equal to the per share issuance price of the ordinary share issued for our initial public offering, provided that in the event the total pre-money valuation of our company prior to our initial public offering, without taking into account the convertible notes or the ordinary shares, is greater than $350 million, the note conversion price shall be equal to $350 million divided by the total number of outstanding equity shares of our company prior to such qualified financing event which shall include any shares issued or reserved for issuance under any benefit plan of our company. The conversion price shall be multiplied by 95% as

the applicable conversion discount if a qualified financing event takes place after three months but on or before six months from the convertible note issuance date, by 90% as the applicable conversion discount if a qualified financing event takes place after six months but on or before 12 months from the convertible note issuance date and by 85% as the applicable conversion discount if a qualified financing event takes place after 12 months from the convertible note issuance date. Based on the mid-point of the estimated range of the initial public offering price, the convertible notes will be automatically converted into ordinary shares upon the completion of this initial public offering. All interest accrued under the convertible notes is to be paid in cash after this offering from the proceeds of this offering and our existing cash balance.

In the event of maturity prior to the completion of this initial public offering and absent an event of default, all of the outstanding amount of the convertible notes shall be converted into such number of Series C preferred shares, the number of which is equivalent to the outstanding amount of the convertible notes divided by the maturity conversion price of $225 million divided by the total number of our outstanding equity shares on the maturity date, which shall include any shares issued or reserved for issuance under any benefit plan of our company, but excluding such Series C preferred shares converted upon maturity. All interest accrued under the convertible notes will also become due and payable in cash. In the event of default, the noteholders may, jointly but not severally, convert all outstanding principal amount of the convertible notes into ordinary shares or seek repayment from us for all outstanding principal amount and accrued interest, subject to the terms of the convertible notes.

Registration Rights

Under the second amended and restated shareholders agreement entered into on September 28, 2010, we have granted certain registration rights to holders of our registrable securities, which include our ordinary shares issued or issuable upon conversion of our preferred shares. Set forth below is a description of the registration rights.

Demand registration rights. At any time after 180 days after the completion of this offering, holders of at least 25% of the registrable securities then outstanding have the right to demand that we file a registration statement. We, however, are not obliged to effect a demand registration if we have already effected (i) three demand registrations or (ii) two demand registrations or F-3 registration within the prior six months. We have the right to defer the filing of a registration statement up to 90 days if our board of directors determines in good faith that such registration and offering would be materially detrimental to us and our shareholders, provided that we may not utilize this right more than once in any 12-month period.

Piggyback registration rights. If we propose to register any of our shares under the Securities Act for its own account any of its equity securities, or for the account of any holder of equity securities any of such holder's equity securities, in connection with the public offering of such securities, we must offer holders of registrable securities an opportunity to include in the registration all or any part of their registrable securities that each such holder may request to be registered.

Form F-3 registration. Holders of our registrable securities then outstanding have the right to request that we file a registration statement under Form F-3 when we are eligible to use Form F-3. We also have the right to postpone a registration pursuant to this request up to 60 days if our board of directors determines in good faith that it would be materially detrimental to us and our shareholders for such Form F-3 registration. We may not utilize this right more than once in any 12-month period. There is no limit on the number of the registration made pursuant to this request so long as the anticipated gross offering proceeds (before deduction of underwriting discounts and commissions) exceed $1,000,000; provided that we are not obliged to effect any such registration if (i) Form F-3 is not available for such offering by the holders, (ii) we have already effective two registrations within

twelve months preceding such request, or (iii) the request is made within 90 days after we have effected a registration.

Expenses of registration. We will pay all expenses (other than underwriting discounts and commissions and stock transfer taxes) in connection with the demand registration, Form F-3 registration and piggyback registration including all registration and filing fees, printers' and accounting fees, the reasonable legal fees, charges and expenses incurred by one counsel selected by the initiating holders. The holders participating in the registration on Form F-3 shall bear all expenses in connection with such registration if the registration request is subsequently withdrawn at the request of the initiating holders.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent shares (or a right to receive shares) deposited with the principal Hong Kong office of The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at *http://www.sec.gov.*

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Shares your ADSs represent.

- ***Cash.*** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to

the United States. If that is not possible or if any government approval is needed and can not be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation". It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

- ***Shares.*** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.

- ***Rights to purchase additional shares.*** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to ADS holders. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

If the depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

- ***Other Distributions.*** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives reasonably satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you*.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary to vote the number of deposited shares their ADSs represent. The depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they much reach the depositary by a date set by the depositary.

Otherwise, you won't be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

The depositary will try, as far as practical, subject to the laws of the Cayman Islands and of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. The depositary will only vote or attempt to vote as instructed.

We can not assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$.05 (or less) per ADS	• Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
$.05 (or less) per ADSs per calendar year	• Depositary services
Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American Depositary Shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:	Then:
• Change the nominal or par value of our shares	The cash, shares or other securities received by the depositary will become deposited securities.
• Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
• Distribute securities on the shares that are not distributed to you	The depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also deliver new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.
• Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended*.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders if 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only

obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- reasonably satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.

- When you owe money to pay fees, taxes and similar charges.
- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash, U.S. government securities or other collateral that the depositary determines, in good faith, will provide similar liquidity and security; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is reasonably appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depositary may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder communications; inspection of register of holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

SHARES ELIGIBLE FOR FUTURE SALE

Upon closing of this offering, we will have ADSs outstanding representing approximately % of our ordinary shares (or ADS outstanding representing approximately % of our ordinary shares, if the underwriters exercise in full their option to purchase additional ADSs). All of the ADSs sold in this offering and the ordinary shares they represent will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Rule 144 of the Securities Act defines an "affiliate" of a company as a person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, our company. All outstanding ordinary shares prior to this offering are "restricted securities" as that term is defined in Rule 144 because they were issued in a transaction or series of transactions not involving a public offering. Restricted securities, in the form of ADSs or otherwise, may be sold only if they are the subject of an effective registration statement under the Securities Act or if they are sold pursuant to an exemption from the registration requirement of the Securities Act such as those provided for in Rules 144 or 701 promulgated under the Securities Act, which rules are summarized below. Restricted ordinary shares may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Act. This prospectus may not be used in connection with any resale of the ADSs acquired in this offering by our affiliates.

Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or ADSs, and while our application has been made to list the ADSs on the New York Stock Exchange, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by ADSs.

Lock-up Agreements

We, our officers, directors, holders of our ordinary shares and all of our option holders have agreed, subject to some exceptions, not to sell, transfer or dispose of, directly or indirectly, any of our ordinary shares, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, in the form of ADSs or otherwise, for a period of 180 days after the date this prospectus becomes effective. After the expiration of the 180-day period, the ordinary shares or ADSs held by the selling shareholders, our directors, executive officers or our other existing shareholders or certain option holders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

Rule 144

In general, under Rule 144 as currently in effect, a person who has beneficially owned our restricted securities for at least six months is entitled to sell the restricted securities without registration under the Securities Act, subject to certain restrictions. Persons who are our affiliates (including persons beneficially owning 10% or more of our outstanding shares) may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately ordinary shares immediately after this offering; and

- the average weekly trading volume of the ADSs on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Such sales are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us. The manner-of-sale provisions require the securities to be sold either in "brokers' transactions" as such term is defined under the Securities Act, through transactions directly with a market maker as such term is defined under the Exchange Act or through a riskless

principal transaction as described in Rule 144. In addition, the manner-of-sale provisions require the person selling the securities not to solicit or arrange for the solicitation of orders to buy the securities in anticipation of or in connection with such transaction or make any payment in connection with the offer or sale of the securities to any person other than the broker or dealer who executes the order to sell the securities. If the amount of securities to be sold in reliance upon Rule 144 during any period of three months exceeds 5,000 shares or other units or has an aggregate sale price in excess of $50,000, three copies of a notice on Form 144 should be filed with the SEC. If such securities are admitted to trading on any national securities exchange, one copy of such notice also must be transmitted to the principal exchange on which such securities are admitted. The Form 144 should be signed by the person for whose account the securities are to be sold and should be transmitted for filing concurrently with either the placing with a broker of an order to execute a sale of securities or the execution directly with a market maker of such a sale.

Persons who are not our affiliates and have beneficially owned our restricted securities for more than six months but not more than one year may sell the restricted securities without registration under the Securities Act subject to the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than one year may freely sell the restricted securities without registration under the Securities Act.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in the United States in reliance on Rule 701 under the Securities Act, or Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of-sale requirements. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Registration Rights

Upon closing of this offering, the holders of   of our ordinary shares or their transferees (or the holders of   of our ordinary shares or their transferees, if the underwriters exercise in full the option to purchase additional ADSs) will be entitled to request that we register their ordinary shares under the Securities Act, following the expiration of the lock-up agreements described above.

TAXATION

The following is a general summary of the material Cayman Islands, People's Republic of China and U.S. federal income tax consequences relevant to an investment in the ADSs and ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material Cayman Islands tax consequences of the ownership of our ordinary shares and ADSs represents the opinion of Maples and Calder, our Cayman Islands counsel. To the extent that the discussion relates to matters of People's Republic of China tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material People's Republic of China tax consequences of the ownership of our ordinary shares and ADSs represents the opinion of TransAsia Lawyers, our PRC counsel. To the extent that the discussion relates to matters of United States federal income tax law, and subject to the qualifications, assumptions and limitations related thereto, the discussion of the material United States federal income tax consequences to United States Holders of the ownership of our ordinary shares and ADSs represents the opinion of Simpson Thacher & Bartlett LLP, our United States counsel. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the ADSs and ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of the ADSs and ordinary shares. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. 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. The Cayman Islands is not party to any double tax treaties applicable to payments made to or by us. There are no exchange control regulations or currency restrictions in the Cayman Islands.

People's Republic of China Taxation

The New EIT Law and its Implementation Rules, both of which became effective on January 1, 2008, provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its foreign investor, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business in China through Lanting Jishi, which is 100% owned by Light In the Box Limited, our wholly owned subsidiary located in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangements on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Double Taxation Avoidance Arrangement, dividends that Light In The Box Limited receives from Lanting Jishi may be subject to withholding tax at a rate of 5%, provided that: (a) Light In The Box Limited is determined by the relevant PRC tax authorities to be a "non-resident enterprise" under the New EIT Law; (b) Light In The Box Limited is the beneficial owner of the PRC sourced income; (c) Light In The Box Limited holds at least 25% of the equity interest of Lanting Jishi and (d) all other conditions and requirements under the Double Tax Avoidance Arrangement shall be satisfied.

Under the New EIT Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered to be PRC tax resident enterprises for tax purposes. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%.

The Implementation Rules of the New EIT Law provide that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how "domicile" may be interpreted under the New EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders which are non-resident enterprises as well as gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

Furthermore, if we are considered a PRC resident enterprise and the competent PRC tax authorities consider dividends we pay with respect to our shares or ADSs and the gains realized from the transfer of our shares or ADSs to be income derived from sources within the PRC, such dividends we pay to our overseas shareholders or ADS holders who are non-resident individuals and such gains realized by such shareholders from the transfer of our shares or ADSs may be subject to PRC individual income tax at a rate of 20%, unless any such non-resident individuals' jurisdiction has a tax treaty with China that provides for a preferential tax rate or a tax exemption. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other cash distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

Material United States Federal Income Tax Considerations

The following summary describes the material United States federal income tax consequences to United States Holders (as defined below) of the ownership of our ordinary shares and ADSs as of the date hereof. Subject to the qualifications, assumptions and limitations set forth herein, this discussion of the material United States federal income tax consequences to United States Holders of the ownership of our ordinary shares and ADSs represents the opinion of Simpson Thacher & Bartlett LLP, our United States counsel. Except where noted, this summary deals only with ordinary shares and ADSs held as capital assets. As used herein, the term "United States Holder" means a holder of an ordinary share or ADS that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a U.S. expatriate;
- a tax-exempt organization;
- a person holding our ordinary shares or ADSs as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our voting stock;
- a person who acquired ordinary shares or ADSs pursuant to the exercise of any employee share option or otherwise as compensation;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership holds our ordinary shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ordinary shares or ADSs, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. If you are considering the purchase, ownership or disposition of our ordinary shares or ADSs, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax.

__Taxation of Dividends__

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the ADSs or ordinary shares (including amounts withheld to reflect PRC withholding taxes) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

With respect to non-corporate United States investors, certain dividends received in taxable years beginning before January 1, 2013 from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on ordinary shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. We have applied to list the ADSs on the New York Stock Exchange. Provided that the listing is approved, United States Treasury Department guidance indicates that the ADSs will be readily tradable on an established securities market in the United States. Thus, we believe that dividends we pay on the ADSs will meet the conditions required for the reduced tax rate. Since we do not expect that our ordinary shares will be listed on an established securities market, we do not believe that dividends that we pay on our ordinary shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that the ADSs will be considered readily tradable on an established securities market in later years. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we may be eligible for the benefits of the income tax treaty between the United States and the PRC (the "Treaty"), and if we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by ADSs, would be eligible for the reduced rates of taxation whether or not such shares are readily tradable on an established securities market in the United States. See "Taxation—People's Republic of China Taxation." Non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us in taxable years beginning prior to January 1, 2013, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, you may be subject to PRC withholding taxes on dividends paid to you with respect to the ADSs or ordinary shares. See "—People's Republic of China Taxation." In that case, subject to certain conditions and limitations, PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or ordinary shares will be treated as foreign-source income and will generally constitute passive category income. However, in certain circumstances, if you have held the ADSs or ordinary shares for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for any PRC withholding taxes imposed on dividends paid on the ADSs or ordinary

shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or ordinary shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by you on a subsequent disposition of the ADSs or ordinary shares), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits would generally not give rise to foreign source income and you would generally not be able to use the foreign tax credit arising from any PRC withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Passive Foreign Investment Company

Based on the past and projected composition of our income and valuation of our assets, including goodwill, we do not believe that we were a PFIC for 2011, and we do not expect to become one in the current year or the foreseeable future, although there can be no assurance in this regard. Moreover, as the determination of our PFIC status is based on an annual determination that cannot be made until the close of a taxable year, and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income we earn, our United States counsel expresses no opinion with respect to our PFIC status.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (determined on a quarterly basis) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, it is not entirely clear how the contractual arrangements between us and our VIEs will be treated for purposes of the PFIC rules. If it is determined that we do not own the stock of our VIEs for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we would likely be treated as a PFIC.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. Because we have valued our goodwill based on the market value of our equity, a decrease in the price of the ADSs may also result in our becoming a PFIC. The composition of our income and our assets will also be affected by how, and how quickly, we spend the cash raised in this offering. Under circumstances where the cash is not deployed for active purposes, our risk of becoming a PFIC may increase. If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of ADSs or ordinary shares. Distributions received

in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

In addition, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us in taxable years beginning prior to January 1, 2013, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. Furthermore, unless otherwise provided by the United States Treasury Department, each United States Holder of a PFIC is required to file an annual report containing such information as the United States Treasury Department may require.

If we are a PFIC for any taxable year during which you hold the ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC or we make direct or indirect equity investments in other entities that are PFICs, a United States Holder would be treated as owning a proportionate amount (by value) of the shares of such the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such stock is regularly traded on a qualified exchange. Under current law, the mark-to-market election may be available to United States Holders of ADSs if the ADSs are listed on the New York Stock Exchange, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. It should also be noted that it is intended that only the ADSs and not the ordinary shares will be listed on the New York Stock Exchange. Consequently, if you are a United States Holder of ordinary shares that are not represented by ADSs, you generally will not be eligible to make a mark-to-market election if we are or were to become a PFIC.

If you make an effective mark-to-market election, you will include in each year that we are a PFIC as ordinary income the excess of the fair market value of your ADSs at the end of your taxable year over your adjusted tax basis in the ADSs. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, any gain you recognize upon the sale or other disposition of your ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

Your adjusted tax basis in the ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If you make a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or the

Internal Revenue Service consents to the revocation of the election. You are urged to consult your tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances. Any distributions we make would generally be subject to the rules discussed above under "—Taxation of Dividends," except the reduced rates of taxation on any dividends received from us would not apply.

Alternatively, you can sometimes avoid the PFIC rules described above by electing to treat us as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or ordinary shares if we are considered a PFIC in any taxable year.

Taxation of Capital Gains

For United States federal income tax purposes and subject to the discussion under "—Passive Foreign Investment Company" above, you will recognize taxable gain or loss on any sale or exchange of ADSs or ordinary shares in an amount equal to the difference between the amount realized for the ADSs or ordinary shares and your tax basis in the ADSs or ordinary shares. Such gain or loss will generally be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss for foreign tax credit limitation purposes. However, if we are treated as a PRC "resident enterprise" for PRC tax purposes and PRC tax was imposed on any gain, and if you are eligible for the benefit of the Treaty, you may elect to treat such gain as PRC source gain. If you are not eligible for the benefits of the Treaty or you fail to make the election to treat any gain as PRC source, then you may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources. You are urged to consult your tax advisors regarding the tax consequences if any PRC tax is imposed on gain on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit and the election to treat any gain as PRC source, under your particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of the ADSs or ordinary shares and the proceeds from the sale, exchange or redemption of the ADSs or ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service in a timely manner.

Additional Reporting Requirements

Certain United States Holders who are individuals are required to report information relating to an interest in the ADSs or ordinary shares, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions). United States Holders should consult their tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the ADSs and ordinary shares.

UNDERWRITING

We are offering the ADSs described in this prospectus through a number of underwriters. and are acting as joint bookrunners for the offering and as representatives of the underwriters. Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of ADSs indicated below:

Name	Number of ADSs
Morgan Stanley & Co. International plc	
Credit Suisse Securities (USA) LLC	
Stifel, Nicolaus & Company, Incorporated	
Oppenheimer & Co. Inc.	
Total	

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and the independent accountants. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. The underwriters are not required, however, to take or pay for the ADSs covered by the underwriters' option to purchase additional ADSs described below. Morgan Stanley & Co. International plc will offer the ADSs in the United States through its registered broker-dealer in the United States, Morgan Stanley & Co. Incorporated.

The underwriters propose to offer the ADSs directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per ADS. Any such dealers may resell ADSs to certain other brokers or dealers at a discount of up to $ per ADS from the initial public offering price. After the initial public offering of the ADSs, the offering price and other selling terms may be changed by the underwriters. The representatives have advised us that the underwriters do not intend to confirm discretionary sales in excess of 5% of the ADSs offered in this offering.

The underwriters have an option to purchase from us and the selling shareholders up to additional ADSs to cover sales of ADSs by the underwriters which exceed the number of ADSs specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional ADSs. If any ADSs are purchased with this option, the underwriters will purchase the ADSs in approximately the same proportion as shown in the table above. If any additional ADSs are purchased, the underwriters will offer the additional ADSs on the same terms as those on which the ADSs are being offered.

The table below shows the per ADS and total underwriting discounts and commissions that we and the selling shareholders will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

Underwriting Discounts and Commissions	No Exercise	Full Exercise
Per ADS	$	$
Total by us	$	$
Total by the selling shareholders	$	$

We have applied to list the ADSs on the New York Stock Exchange under the symbol "LITB."

We have agreed that, subject to certain restrictions, we will not without the prior written consent of the representatives, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; or

- file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (other than a registration statement on Form S-8);

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise.

Each of our directors, executive officers, existing shareholders and option holders has agreed that, subject to certain restrictions, such director, officer, shareholder or option holder will not, without the prior written consent of the representatives, during the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; or

- make any demand for or exercise any right with respect to, the registration of any ordinary shares, ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs;

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise.

The restricted period will be extended under certain circumstances. If (1) during the last 17 days of the restricted period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the restricted period, the restricted period will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event unless the extension is waived in writing by the underwriters.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling ADSs in the open market for the purpose of preventing or retarding a decline in the market price of the ADSs while this offering is in progress. These stabilizing transactions may include making short sales of the ADSs, which involves the sale by the underwriters of a greater number of ADSs than they are required to purchase in this offering, and purchasing ADSs on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional ADSs referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising

their option to purchase additional ADSs, in whole or in part, or by purchasing ADSs in the open market. In making this determination, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market compared to the price at which the underwriters may purchase ADSs through their option to purchase additional ADSs. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase ADSs in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ADSs, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase ADSs in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those ADSs as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs, and, as a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange or otherwise.

Prior to this offering, there has been no public market for the ADSs. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded securities of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the underwriters can assure investors that an active trading market will develop for our ordinary shares, or that the shares will trade in the public market at or above the initial public offering price.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act. If we or the selling shareholders are unable to provide this indemnification, we and the selling shareholders will contribute to payments that the underwriters may be required to make for these liabilities.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to   ADSs offered by this prospectus to our directors, officers, employees, business associates and related persons. We will pay all fees and disbursements of counsel incurred by the underwriters in connection with offering the ADSs to such persons. Any sales to these persons will be made through a directed share program. The number of ADSs available for sale to the general public will be reduced

to the extent such persons purchase such reserved ADSs. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same basis as the other ADSs offered by this prospectus. We have agreed to indemnify the underwriters for against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of directed shares.

The address of Morgan Stanley & Co. International plc is 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, New York 10010-3629, United States of America.

Electronic Offer, Sale and Distribution of ADSs

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The underwriters may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that may make Internet distributions on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs, where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia. This prospectus is not a product disclosure statement, prospectus or other type of disclosure document for the purposes of Corporations Act 2001 (Commonwealth of Australia) (the "Act") and does not purport to include the information required of a product disclosure statement, prospectus or other disclosure document under Chapter 6D.2 of the Act. No product disclosure statement, prospectus, disclosure document, offering material or advertisement in relation to the offer of the ADSs has been or will be lodged with the Australian Securities and Investments Commission or the Australian Securities Exchange.

Accordingly, (1) the offer of the ADSs under this prospectus may only be made to persons: (i) to whom it is lawful to offer the ADSs without disclosure to investors under Chapter 6D.2 of the Act under one or more exemptions set out in Section 708 of the Act; and (ii) who are "wholesale clients" as that term is defined in section 761G of the Act; (2) this prospectus may only be made available in Australia to persons as set forth in clause (1) above; and (3) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (1) above, and the offeree agrees not to sell or offer for sale any of the ADSs sold to the offeree within 12 months after their issue except as otherwise permitted under the Act.

Canada. The ADSs may not be offered, sold or distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada, except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distribution is made, and only through a dealer duly registered

under the applicable securities laws of that province or territory or in accordance with an exemption from the applicable registered dealer requirements.

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares to any member of the public in the Cayman Islands.

European Economic Area. In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive, or a Relevant Member State, from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer of the ADSs to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and the competent authority in that Relevant Member State has been notified, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the ADS to the public in that Relevant Member State at any time,

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive; or

(d) in any other circumstances that do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of ADSs shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of the above provision, the expression "an offer of ADSs to the public" in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong. The ADSs may not be offered or sold by means of this document or any other document other than (i) in circumstances that do not constitute an offer or invitation to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) or the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances that do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning

of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Israel. In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

(a) a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;

(b) a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;

(c) an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(d) a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(e) a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;

(f) a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;

(g) an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;

(h) a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);

(i) an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and

(j) an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

Japan. The underwriters will not offer or sell any of the ADSs directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except, in each case, pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

People's Republic of China. This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Singapore. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 by a relevant person that is:

(a) a corporation (that is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the ADSs under Section 275 except:

(1) to an institutional investor (for corporations, under 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Taiwan. The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

Switzerland. The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

United Arab Emirates and Dubai International Financial Centre. This offering of the ADSs has not been approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), the Emirates Securities and Commodities Authority or any other relevant licensing authority in the UAE, including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (the "DFSA"), a regulatory authority of the Dubai International Financial Centre (the "DIFC"). This offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended), DFSA Offered Securities Rules and the Dubai International Financial Exchange Listing Rules, respectively, or otherwise.

The ADSs may not be offered to the public in the UAE and/or any of the free zones. The ADSs may be offered and this prospectus may be issued, only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned. The ADSs will not be offered, sold, transferred or delivered to the public in the UAE or any of its free zones.

United Kingdom. An offer of the ADSs may not be made to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000, as amended, or the FSMA, except to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances that do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or the FSA.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) may only be communicated to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which Section 21 of FSMA does not apply to the company.

All applicable provisions of the FSMA with respect to anything done by the underwriters in relation to the ADSs must be complied with in, from or otherwise involving the United Kingdom.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the ADSs by us and the selling shareholders. With the exception of the SEC registration fee and the Financial Industry Regulatory Authority filing fee, all amounts are estimates.

SEC registration fee	$
New York Stock Exchange listing fee	
Financial Industry Regulatory Authority filing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
Total	

These expenses will be borne by us, except for underwriting discounts and commissions, which will be borne by us and the selling shareholders in proportion to the numbers of ADSs sold in the offering by us and the selling shareholders, respectively.

LEGAL MATTERS

We are being represented by Simpson Thacher & Bartlett LLP with respect to certain legal matters of United States federal securities and New York State law. Certain legal matters of United States federal securities and New York State law in connection with this offering will be passed upon for the underwriters by Kirkland & Ellis International LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Certain legal matters as to PRC law will be passed upon for us by TransAsia Lawyers and for the underwriters by Han Kun Law Offices. Simpson Thacher & Bartlett LLP may rely upon TransAsia Lawyers with respect to matters governed by PRC law. Kirkland & Ellis International LLP may rely upon Han Kun Law Offices with respect to matters governed by PRC law.

EXPERTS

Our consolidated financial statements as of December 31, 2010 and 2011, and for each of the years in the three-year period ended December 31, 2011 and the related financial statement schedule of LightInTheBox Holding Co., Ltd. included in this prospectus have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm, as stated in their report appearing herein. Such report expresses an unqualified opinion on the financial statements and financial statement schedule and includes explanatory paragraphs referring to our ability to continue as a going concern and the retrospective application of the authoritative guidance regarding the presentation of comprehensive income. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given on their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu CPA Ltd. are located at 8/F, Deloitte Tower, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, People's Republic of China.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. A related registration statement on F-6 will be filed with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon closing of this offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Additional information may also be obtained over the Internet at the SEC's website *at www.sec.gov*.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

LIGHTINTHEBOX HOLDING CO., LTD.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
LIGHTINTHEBOX HOLDING CO., LTD.

We have audited the accompanying consolidated balance sheets of LightInTheBox Holding Co., Ltd. (the "Company"), its subsidiaries, its variable interest entities (the "VIEs") and its VIE's subsidiary (collectively the "Group") as of December 31, 2010 and 2011, and the related consolidated statements of operations, consolidated statements of comprehensive loss, changes in equity (deficit), and cash flows for each of the three years in the period ended December 31, 2011, and the related financial statement schedule included in Schedule I. These consolidated financial statements and financial statement schedule are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2010 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to such consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2, the consolidated financial statements have been adjusted for the retrospective application of the authoritative guidance regarding the presentation of comprehensive income, which was adopted by the Group on January 1, 2012.

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Group's recurring losses from operations and shareholders' capital deficiency raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte Touche Tohmatsu CPA Ltd.
Beijing, the People's Republic of China
April 11, 2012 (May 21, 2012 as to Note 24 and the effects of the retrospective application of the authoritative guidance regarding the presentation of comprehensive income discussed in Note 2)

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	As of December 31,	
	2010	2011
ASSETS:		
Current assets		
Cash	$ 23,439	$ 6,786
Restricted cash	597	849
Accounts receivable	61	72
Inventories	4,931	4,965
Prepaid expenses and other current assets	5,004	4,999
Total current assets	34,032	17,671
Property and equipment, net	1,098	1,902
Acquired intangible assets, net	1,028	—
Goodwill	887	—
Long-term deposit	139	67
TOTAL ASSETS	$ 37,184	$ 19,640
LIABILITIES:		
Current Liabilities:		
Accounts payable (including accounts payable of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $91 and $202 as of December 31 2010 and December 31, 2011, respectively)	$ 3,396	$ 5,130
Advance from customers (including advance from customers of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of nil and $125 as of December 31, 2010 and December 31, 2011, respectively)	3,571	3,457
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $2,020 and $1,516 as of December 31, 2010 and December 31, 2011, respectively)	5,012	8,615
Total current liabilities	11,979	17,202
Deferred tax liability—non-current (including deferred tax liability—non-current of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $272 and nil as of December 31, 2010 and December 31, 2011, respectively)	272	—
TOTAL LIABILITIES	12,251	17,202
Commitments and contingencies (Note 23)		
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $35,000)	35,700	38,500
EQUITY:		
LightInTheBox Holding Co., Ltd. Shareholders' equity		
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $5,000)	5,000	5,000
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $11,270)	11,270	11,270
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 27,246,744 and 32,198,411 shares issued and outstanding as of December 31, 2010 and December 31, 2011, respectively)	2	2
Additional paid-in capital	3,575	5,668
Accumulated deficit	(30,649)	(57,980)
Accumulated other comprehensive income (loss)	35	(22)
TOTAL SHAREHOLDERS' DEFICIT	(10,767)	(36,062)
TOTAL LIABILITIES, SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' DEFICIT	$ 37,184	$ 19,640

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Net revenues	$ 26,051	$ 58,694	$ 116,230
Cost of goods sold	17,757	41,580	77,465
Gross profit	8,294	17,114	38,765
Operating expenses:			
Fulfillment	1,272	3,517	7,124
Selling and marketing	5,487	22,607	38,465
General and administrative	6,361	12,347	16,660
Impairment loss on goodwill and intangible assets	—	—	1,928
Total operating expenses	13,120	38,471	64,177
Loss from operations	(4,826)	(21,357)	(25,412)
Interest income	5	13	3
Loss before income taxes	(4,821)	(21,344)	(25,409)
Income taxes (expenses) benefit	—	(579)	878
Net loss	(4,821)	(21,923)	(24,531)
Accretion for Series C convertible redeemable preferred shares	—	700	2,800
Net loss attributable to ordinary shareholders	(4,821)	(22,623)	(27,331)
Net loss per ordinary share—basic	$ (0.13)	$ (0.62)	$ (0.76)
Net loss per ordinary share—diluted	$ (0.13)	$ (0.62)	$ (0.76)
Share-based compensation expense included in			
Fulfillment	12	12	13
Selling and marketing	92	31	90
General and administrative	1,411	1,418	1,990
Total	1,515	1,461	2,093

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Net loss	$ (4,821)	$ (21,923)	$ (24,531)
Other comprehensive loss:			
Foreign currency translation adjustment	(1)	36	(57)
Comprehensive loss	$ (4,822)	$ (21,887)	$ (24,588)

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2009	15,000,000	$ 5,000	—	—	16,522,299	$ 1	$ 599	$ —	$ (3,205)	$ 2,395
Issuance of Series B convertible preferred shares	—	—	17,522,725	11,270	—	—	—	—	—	11,270
Vesting of nonvested shares	—	—	—	—	5,772,778	—	—	—	—	
Share-based compensation	—	—	—	—	—	—	1,515	—	—	1,515
Net loss	—	—	—	—	—	—	—	—	(4,821)	(4,821)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(1)	—	(1)
Balance at December 31, 2009	15,000,000	5,000	17,522,725	11,270	22,295,077	1	2,114	(1)	(8,026)	10,358
Vesting of nonvested shares	—	—	—	—	4,951,667	1	—	—	—	1
Share-based compensation	—	—	—	—	—	—	1,461	—	—	1,461
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Net loss	—	—	—	—	—	—	—	—	(21,923)	(21,923)
Foreign currency translation adjustment	—	—	—	—	—	—	—	36	—	36
Balance at December 31, 2010	15,000,000	5,000	17,522,725	11,270	27,246,744	2	3,575	35	(30,649)	(10,767)
Vesting of nonvested shares	—	—	—	—	4,951,667	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,093	—	—	2,093
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,800)	(2,800)
Net loss	—	—	—	—	—	—	—	—	(24,531)	(24,531)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(57)	—	(57)
Balance at December 31, 2011	15,000,000	$ 5,000	17,522,725	$ 11,270	32,198,411	$ 2	$ 5,668	$ (22)	$ (57,980)	$ (36,062)

The accompanying notes are an integral part of these consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Net loss	$ (4,821)	$ (21,923)	$ (24,531)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	176	401	899
Share-based compensation	1,515	1,461	2,093
Bad debt provision	—	35	—
Inventory provision	34	122	515
Impairment loss on intangible assets	—	—	1,022
Deferred tax liability	—	—	(272)
Impairment loss on goodwill	—	—	906
Changes in operating assets and liabilities:			
Accounts receivable	—	334	(8)
Inventories	(256)	(3,868)	(508)
Prepaid expenses and other current assets	(904)	(3,114)	(9)
Amount due from related party	(424)	424	—
Accounts payable	679	1,603	1,727
Advance from customers	356	2,518	(118)
Accrued expenses and other current liabilities	1,346	2,082	4,154
Long-term deposit	30	(12)	74
Net cash used in operating activities	(2,269)	(19,937)	(14,056)
Cash flows from investing activities			
Purchase of property and equipment	(401)	(892)	(1,582)
Increase in restricted cash	(174)	(424)	(252)
(Purchase) maturity of term deposits	(5,150)	5,150	—
Purchase of Shanghai Ouku, net of cash acquired of $388	—	(1,549)	—
Net cash (used in) provided by investing activities	(5,725)	2,285	(1,834)
Cash flows from financing activities			
Payment of professional fees related to initial public offering	—	—	(602)
Payment of deferred consideration for Shanghai Ouku acquisition	—	—	(185)
Proceeds from issuance of Series B convertible preferred shares	11,270	—	—
Proceeds from issuance of Series C convertible redeemable preferred shares	—	35,000	—
Net cash provided by (used in) financing activities	11,270	35,000	(787)
Net increase (decrease) in cash	3,276	17,348	(16,677)
Effect of exchange rate changes on cash	7	10	24
Cash at beginning of year	2,798	6,081	23,439
Cash at end of year	$ 6,081	$ 23,439	$ 6,786
Supplemental cash flow information:			
Income taxes (paid) received	—	$ (579)	$ 606

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

LightInTheBox Holding Co., Ltd. (the "Company" or "LightInTheBox"), incorporated in the Cayman Islands in March 2008 by the five founding shareholders, together with its consolidated subsidiaries, consolidated variable interest entities ("VIEs") and VIE's subsidiary (collectively referred to the "Group") is primarily involved in online retailing to sell and deliver products to consumers around the world.

As of December 31, 2011, details of the Company's subsidiaries, its VIEs and VIE's subsidiary are as follows:

	Later of acquisition/ Incorporation	Place of incorporation	Percentage of legal ownership
Subsidiaries			
Light In The Box Limited	June 13, 2007	Hong Kong	100%
Lanting Jishi Trade (Shenzhen) Co., Ltd.	October 21, 2008	People's Republic of China	100%
LightInTheBox (UK) Limited	May 26, 2009	United Kingdom	100%
VIEs:			
Shenzhen Lanting Huitong Technologies Co., Ltd.	June 24, 2008	People's Republic of China	Consolidated VIE
Beijing Lanting Gaochuang Technologies Co., Ltd.	December 6, 2011	People's Republic of China	Consolidated VIE
VIE's (Lanting Huitong's) wholly owned subsidiary:			
Shanghai Ouku Network Technologies Co., Ltd.	August 24, 2010	People's Republic of China	VIE's subsidiary

History of the Group and corporate reorganization

The Group commenced its operation in June 2007, with the establishment of Light In The Box Limited in June 2007 in Hong Kong by the same five founding shareholders of the Company. Light In The Box Limited subsequently became the Company's subsidiary through a share for share exchange in April 2008 which has been accounted for in a manner akin to a pooling of interest as if the Company had been in existence and owned Light In The Box Limited since June 2007.

Lanting Jishi Trade (Shenzhen) Co., Ltd. ("WFOE" or "Lanting Jishi") was established in October 2008 in the People's Republic of China (the "PRC") as a wholly owned subsidiary of Light In The Box Limited.

LightInTheBox (UK) Limited was established in May 2009. For the years ended December 31, 2010 and 2011, there were no significant business activities and transactions as it is a dormant company.

Acquisition

On May 24, 2010, Shenzhen Lanting Huitong Technologies Co., Ltd. ("Lanting Huitong"), a VIE of the Company, completed the acquisition of Shanghai Ouku Network Technologies Co., Ltd. ("Shanghai Ouku"), a Chinese e-commerce business. The total consideration was $2,167.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

The VIE arrangements

PRC regulations currently limit direct foreign ownership of business entities providing value-added telecommunications services, advertising services and Internet services in the PRC where certain licenses are required for the provision of such services. To comply with these PRC regulations, the Company currently conducts certain aspects of its business in the PRC through Lanting Huitong, a VIE.

Lanting Huitong was established by the shareholders of the Company in June 2008 in the PRC. Through the contractual arrangements (as described below) among Lanting Jishi, Lanting Huitong and the respective shareholders of Lanting Huitong, Lanting Huitong became the Group's variable interest entity.

In order to obtain the benefit granted to domestic enterprises that are held by Chinese nationals who have previously studied overseas, the Chief Executive Officer ("CEO") and Lanting Huitong established Beijing Lanting Gaochuang Technologies Co., Ltd. ("Lanting Gaochuang") in December 2011, each holding 51% and 49% of Lanting Gaochuang, respectively, in the China Beijing Wangjing Overseas Students Pioneer Park, or the Wangjing Pioneer Park.

Through a series of contractual arrangements among Lanting Jishi, Lanting Gaochuang and the respective shareholders of Lanting Gaochuang, Lanting Gaochuang became the Group's variable interest entity.

Lanting Jishi, a wholly owned subsidiary of the Company, entered into a series of contractual arrangements with Lanting Huitong and Lanting Gaochuang. Through the contractual arrangements, described below, the Company has control over Lanting Huitong and Lanting Gaochuang and the right to substantially all of the rewards of ownership.

Agreements that provide Lanting Jishi effective control over Lanting Huitong and Lanting Gaochuang (collectively, the "VIEs")

Powers of Attorney: Each registered shareholder of the VIEs has executed a power of attorney appointing Lanting Jishi or its designee to be his or her attorney and irrevocably authorizing them to vote on his or her behalf on all of the matters concerning the VIEs that may require shareholders' approval. The powers of attorney will be valid as long as the registered shareholders remain as shareholders of the VIEs.

Equity disposal agreements: The agreements granted Lanting Jishi or its designated party exclusive options to purchase, when and to the extent permitted under PRC law, all or part of the equity interests in the VIEs. The exercise price for the options to purchase all or part of the equity interests will be the minimum amount of consideration permissible under the then applicable PRC law. The agreement will be valid until Lanting Jishi or its designated party purchases all the shares from shareholders of the VIEs. The equity disposal agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Spousal consent letters: Pursuant to spousal consent letters, the spouse of each of the shareholders of Lanting Huitong acknowledged that certain equity interests of Lanting Huitong held by and registered in the name of his/her spouse will be disposed of pursuant to the equity disposal and share pledge agreements. These spouses understand that such equity interests are held by their respective spouse on behalf of Lanting Jishi, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interests constitute communal property of marriage. The spousal consent letters will be valid until the liquidation of Lanting Huitong, unless terminated earlier at Lanting Jishi's sole discretion.

Loan Agreement: Under the loan agreement entered into in December 2011 between Lanting Jishi and the CEO, Lanting Jishi extended a loan in the amount of RMB255,000 ($40,515) to the CEO to be contributed as 51% of the registered capital of Lanting Gaochuang. Under this agreement, the CEO agrees that without prior written consent from Lanting Jishi, Lanting Gaochuang may not enter into any transaction that could materially affect its assets, liabilities, interests or operations, and there will be no earnings distribution in any form by Lanting Gaochuang before such loan has been repaid. This loan can only be repaid by transferring all of the CEO's equity interest in Lanting Gaochuang to Lanting Jishi or a third party designated by Lanting Jishi, and submitting all proceeds from such transaction to Lanting Jishi. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the contract expiration date.

Agreements that transfer economic benefits to Lanting Jishi

Business operation agreements: The registered shareholders of the VIEs and the VIEs agreed that the VIEs may not enter into any transaction that could materially affect the assets, liabilities, interests or operations of the VIEs, without prior written consent from Lanting Jishi or other party designated by Lanting Jishi. In addition, directors, supervisors, chairman, general managers, financial controllers or other senior managers of the VIEs must be Lanting Jishi's nominees. Lanting Jishi is entitled to any dividend declared by the VIEs. The business operation agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Exclusive technical support and consulting service agreements: Lanting Jishi agreed to provide the VIEs with technology support and consulting services. The VIEs agreed to pay a service fee equal to substantially all of the net income of the VIEs. The exclusive technical support and consulting service agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Share pledge agreement: The registered shareholders of the VIEs pledged all of their respective equity interests in favor of Lanting Jishi to secure the obligations of the VIEs, and shareholders' obligations of the VIEs under the various agreements of the VIEs, including the business operation agreements, the exclusive technical support and consulting service agreements described above. If the VIEs or any of the respective registered shareholders of the VIEs breaches any of their respective contractual obligations under these agreements, Lanting Jishi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The registered shareholders of the VIEs

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interests in the VIEs, without Lanting Jishi's prior written consent. Unless terminated at Lanting Jishi's sole discretion, each share pledge agreement will be valid till the completion of all the contractual obligations of the VIEs, or any of the shareholders of the VIEs under the business operation agreements, the technical support and consulting service agreements and equity disposal agreements.

These contractual arrangements allow the Company, through its wholly owned subsidiary, Lanting Jishi, to effectively control Lanting Huitong, and to derive substantially all of the economic benefits from it. Accordingly, the Company treats it as a VIE and because the Company is the primary beneficiary of Lanting Huitong, the Company has consolidated the financial results of Lanting Huitong since its establishment.

In June 2009, the FASB issued an authoritative pronouncement to amend the accounting rules for VIE. The amendments effectively replace the quantitative-based risks-and-rewards calculation for determining which reporting entity, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which reporting entity has (1) the power to direct the activities of a variable interest entity that most significantly affect the entity's economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. The new guidance also requires additional disclosures about a reporting entity's involvement with variable interest entities and about any significant changes in risk exposure as a result of that involvement.

The Company adopted the new guidance on January 1, 2010. Since the Company, through its subsidiary, has (1) the power to direct the activities of Lanting Huitong and Lanting Gaochuang that most significantly affect their economic performance and (2) the right to receive the benefits from them, the Company consolidated Lanting Gaochuang and also continued to consolidate Lanting Huitong as VIEs under the new guidance, which therefore, other than for additional disclosures that have been retrospectively applied for all the periods presented in these financial statements, has no accounting impact.

The Group believes that Lanting Jishi's contractual arrangements with the VIEs are in compliance with PRC law and are legally enforceable. The shareholders of the VIEs are also shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Group's ability to enforce these contractual arrangements and if the shareholders of the VIEs were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the VIEs not to pay the service fees when required to do so. The Company's ability to control the VIEs also depends on the power of attorney Lanting Jishi has to vote on all matters requiring shareholder

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

approval in the VIEs. As noted above, the Company believes this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the PRC government could:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- revoke the benefits provided by the Wangjing Pioneer Park;
- require the Group to restructure the operations in such a way as to compel the Group to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIE and its subsidiaries or the right to receive their economic benefits, the Group would no longer be able to consolidate the VIE. The Group does not believe that any penalties imposed or actions taken by the PRC Government would result in the liquidation of the Company, WFOE, or the VIE.

The following consolidated financial information of the Group's VIE and its subsidiaries was included in the accompanying consolidated financial statements as of and for the years ended:

	As of December 31, 2010	As of December 31, 2011
Total assets	$ 5,924	$ 4,762
Total liabilities	$ 6,529	$ 4,705

	Years ended December 31, 2009	2010	2011
Net revenues	$ 72	$ 4,648	$ 5,010
Net loss	$ (128)	$ (1,201)	$ (1,078)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

	Years ended December 31,		
	2009	2010	2011
Net cash provided by operating activities	$ 98	$ 1,449	$ 1,119
Net cash used in investing activities	$ (7)	$ (1,616)	$ (894)
Net cash provided by financing activities	$ 278	—	—

There are no consolidated VIE's assets that are collateral for the VIE's obligations and can only be used to settle the VIE's obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Group experienced a net loss of $24,531 and negative cash flows from operating activities of $14,056 for the year ended December 31, 2011. Its total liabilities and mezzanine equity exceeded its total assets by $36,062 as of December 31, 2011. For the year of 2012, management expects the Group to continue incurring operating losses and negative cash flows from operating activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern. However, management believes that the Group has the ability to fulfill its financial obligations as they fall due for at least the next 12 months and will continue as a going concern based on the following:

1) The Company has obtained $8,000 cash in the form of convertible loan from the existing shareholders. This amount will be converted into ordinary shares upon an offer and sale of the equity securities of the Company, including a qualified initial public offering or converted into preferred shares having the same terms as Series C convertible redeemable preferred shares upon maturity in September 2013 (see note 24 Subsequent events);

2) The Company's current assets exceeded its current liabilities by $469 as of December 31, 2011 and the Company's series C convertible redeemable preferred shareholders do not have the right to redeem the shares before September 28, 2014, the fourth anniversary of the issuance date.

3) The Company has obtained a letter of intent from one existing preferred shareholder under which the preferred shareholder expressed the intent to provide continuous financial support as needed; and

4) The Company is adopting various cost-saving strategies.

As a result, the accompanying consolidated financial statements have been prepared on a going concern basis, and do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities as that might be necessary if the Group is unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its VIE and VIE's subsidiaries. All inter-company transactions and balances are eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of revenues and expenses in the financial statements and accompanying notes. Actual results may differ from these estimates. The Group bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Group's financial statements include revenue recognition, fair value of ordinary shares, valuations of acquired intangible assets, share-based compensation, income taxes, impairment of goodwill and acquired intangible assets.

Cash

Cash consists of cash on hand and demand deposits with financial institutions and other accounts that have the general characteristics of demand deposits.

Restricted cash

Restricted cash consists of cash which is held under the Company's name in an escrow account as deposits withheld by third party payment collection agencies and the deposits fluctuate with the volume of payment collections.

Accounts receivable

Accounts receivable represents money collected by the delivery service providers on behalf of the Company and has not been remitted back to the Company, as a result of completed sales transactions in China under cash-on-delivery terms. As of December 31, 2010 and 2011, there was no allowance for doubtful accounts due to the nature of the receivables which is cash collected from customers and in-transit to the Company.

Inventories

Inventories are accounted for using the First-in-first-out ("FIFO") method, and are valued at the lower of cost or market value. Adjustments are recorded to write down the cost of inventory to the estimated market value due to slow-moving merchandise and broken assortments, which is dependent upon factors such as historical trends with similar merchandise, inventory aging, and historical and forecasted consumer demand. Write downs are recorded in cost of goods sold in the consolidated statements of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives:

	Useful lives
Leasehold improvements	Lesser of the lease term or estimated useful life of the assets
Furniture, fixtures and office equipment	5 years
Software and IT equipment	3 years

Acquired intangible assets, net

Intangible assets, other than goodwill, resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets acquired.

Identifiable intangible assets are carried at cost less accumulated amortization. Amortization of finite-lived intangible assets (except customer base) is computed using the straight-line method over the following estimated average useful lives. The amortization of customer base is computed using the estimated attrition pattern of the acquired customers.

	Useful lives
Trademark/Domain name	Indefinite life
Technology Platform	1 Year
Non-compete Agreement	2 Years
Customer Base	4.3 Years

Impairment of long-lived assets and intangible assets with definite life

Long-lived assets, such as property and equipment and definite-lived intangible assets are stated at cost less accumulated depreciation or amortization. Depreciation and amortization is computed principally by the straight-line method.

The Group evaluates the recoverability of long-lived assets, including identifiable intangible assets, with determinable useful lives whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The Group measures the carrying amount of long-lived asset against the estimated undiscounted future cash flows associated with it. Impairment exists when the sum of the expected future net cash flows is less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. Fair value is estimated based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Group to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Goodwill and Indefinite-lived intangible assets

Goodwill and intangible assets deemed to have indefinite useful lives are not amortized, but tested for impairment annually or more frequently if event and circumstances indicate that they might be impaired.

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. The Group performs a two-step goodwill impairment test. The first step compares the fair values of each reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill is not considered impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. In estimating the fair value of each reporting unit the Group estimates the future cash flows of each reporting unit, the Group has taken into consideration the overall and industry economic conditions and trends, market risk of the Group and historical information. The Company recorded an impairment loss of nil, nil and $906 for the years ended December 31, 2009, 2010 and 2011, respectively (see Note 8).

An intangible asset that is not subject to amortization is tested for impairment at least annually or if events or changes in circumstances indicate that the asset might be impaired. Such impairment test compares the fair values of assets with their carrying value amounts and an impairment loss is recognized if and when the carrying amounts exceed the fair values. The estimates of fair values of intangible assets not subject to amortization are determined using various discounted cash flow valuation methodologies. Significant assumptions are inherent in this process, including estimates of discount rates. The Company recorded an impairment loss of nil, nil and $1,010 for the years ended December 31, 2009, 2010 and 2011, respectively (see Note 7).

Business combinations

From January 1, 2009, the assets acquired, the liabilities assumed, and any noncontrolling interest of the acquiree at the acquisition date, if any, are measured at their fair values as of that date. Goodwill is recognized and measured as the excess of the total consideration transferred plus the fair value of any noncontrolling interest of the acquiree, if any, at the acquisition date over the fair values of the identifiable net assets acquired. Previously, any noncontrolling interest was reflected at historical cost. Acquisition costs are expensed when incurred, while previously acquisition costs were considered as part of the acquisition consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consideration transferred in a business acquisition is measured at the fair value as of the date of acquisition. For shares issued in a business combination, if any, the Group would estimate the fair value as of the date of acquisition.

Revenue recognition

Revenue is stated net of value added tax and return allowances.

The Group recognizes revenue from the sale of apparel, electronics, communication devices and other products through its websites and other online platforms.

The Company recognizes revenue when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

The Group defers revenue and the related product costs for shipments that are in-transit to the customer. Payments received in advance of delivery are classified as advances from customers. The Group recognizes the revenue at the time the end customers receive the products, which is typically within a few days of shipment. Amounts collected by delivery service providers but not remitted to the Group are classified as accounts receivable on the consolidated balance sheets.

Certain employees of the Group register in supplemental online outlets under their own name as these websites require registration using identity cards of individuals to sell the Group's product on behalf of the Group. The Company has contractual arrangements with these employees which require them to transfer customers' payments received to the Company for the sale of the products. The Group evaluates the sales transactions performed by certain employees on behalf of the Group to determine whether to recognize the revenues on a gross or net basis. The determination is based upon an assessment as to whether the Group acts as a principal or agent when selling the products. All of the revenues involving employees performing sales transactions on the supplemental online outlets on behalf of the Group are currently accounted for on a gross basis since the Group is the primary obligor, has general and physical inventory risk, has the latitude in establishing prices, discretion in supplier selection and the credit risks.

In arrangements whereby certain suppliers place the products at the Group's premises, the risk and rewards of ownership of the products passed to the Group upon confirmation of orders by the Group's customers. All of the revenues involving these arrangement are accounted for on a gross basis since the Group is the primary obligor, has physical inventory risk, latitude in establishing prices, discretion in supplier selection and credit risks.

The Group periodically provides incentive offers to its customers to encourage purchases. Current discount offers, when accepted by its customers, are treated as a reduction to the purchase price of the related transaction, are included as a net amount in revenue.

Promotional free products, which cannot be redeemed for cash are normally shipped together with current qualified sales. Cost of these promotional items or free products are recorded as cost of sales when the revenue of the current qualified sales is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has established a membership program whereby a registered member earns certain points for visiting one of the Group's websites. Points can only be redeemed in connection with a future purchase. Such points, when redeemed, are charged as costs of sales at the time of future purchase. Since the points are earned not based on past sales transactions, no accrual is made at the time when earned by the registered members.

The Group allows customers to return goods within a period of time subsequent to the delivery of the goods purchased. The return period varies depending on reasons for the return, which normally ranges from 7 days to 30 days. The Group estimates return allowance based on historical experience. The estimation of return allowances is adjusted to the extent that actual returns differ, or are expected to differ. Changes in the estimated return allowance are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of net revenues in that period.

Outbound shipping charges to customers are included as a part of the revenues. Outbound shipping-related costs are included in the cost of goods sold. Shipping costs incurred for sales of products and recognized as cost of goods sold were $4,757, $11,440 and $24,589 for the years ended December 31, 2009, 2010 and 2011, respectively.

Value Added Tax (VAT) on sales is calculated at 17% on revenue from sale of products in the PRC and paid after deducting input-VAT on purchases. The net VAT balance between input-VAT and output-VAT is reflected in the accounts under accrued expenses and other current liabilities.

Cost of goods sold

Cost of sales consists of the purchase price of consumer products sold by the Group on its websites, inbound and outbound shipping charges, packaging supplies and inventory write-down. Shipping charges to receive products from its suppliers are included in inventory cost, and recognized as cost of sales upon sale of products to its customers. Payment processing and related transaction costs, including those associated with seller transactions, are classified in fulfillment on its consolidated statements of operations.

Fulfillment

Fulfillment costs represent those costs incurred in operating and staffing the Group's fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting, and warehousing inventories; picking, packaging, and preparing customer orders for shipment; payment processing and related transaction costs.

Selling and marketing

Selling and marketing expenses consist primarily of search engine marketing and advertising, affiliate market program expenditure, public relations expenditures; and payroll and related expenses for personnel engaged in selling, marketing and business development. The Group pays to use certain relevant key words relating to its business on major search engines and the fee is on a "cost-per-click" basis. The Group also pays commissions to participants in its affiliate program when customer referrals

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

result in product sales, and the Group classifies such costs as selling and marketing expenses in the consolidated statements of operations. Advertising includes fees paid to on-line advertisers who assist the Group to advertise at targeted websites. Such fees are paid at fixed rate or calculated based on volume directed to the Group's website.

General and administrative

General and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions such as accounting, finance, tax, legal, and human relations; costs associated with the use by these functions of facilities and equipment, such as depreciation expense and rent; professional fees and other general corporate costs. Also included in general and administrative expenses are payroll and related expenses for employees involved in application development, category expansion, editorial content, and systems support, as well as server charges and costs associated with telecommunications.

General and administrative expenses also include credit losses relating to fraudulent credit card activities which resulted in chargebacks from the payment collection agencies. The Group estimates chargebacks based on historical experience. The estimation of chargebacks is adjusted to the extent that actual chargebacks differ, or are expected to differ. Changes in estimated chargebacks are recognized through a cumulative catch-up adjustment in the period of change and will impact the amount of general and administrative expenses in that period.

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Financial instruments

Financial instruments of the Group primarily consist of cash, restricted cash, accounts receivable, accounts payable and preferred shares. The carrying values of cash, restricted cash, accounts receivable and accounts payable approximate their fair values due to short-term maturities.

Foreign currency translation

The functional currency of the Company, Light In The Box Limited and LightInTheBox (UK) Limited is the United States dollar ("US dollar"). The financial records of the Group's subsidiaries and VIE entities located in the PRC are maintained in their local currencies, the Renminbi ("RMB"), which are also the functional currencies of these entities.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of operations.

The Group's entities with functional currency of RMB, translate their operating results and financial position into the U.S. dollar, the Group's reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are report as cumulative translation adjustments and are shown as a separate component of other comprehensive income.

Income taxes

Deferred income taxes are provided using the asset and liability method. Under this method, deferred income taxes are recognized for tax credits and net operating losses available for carryforwards and significant temporary differences. Deferred tax assets and liabilities are classified as current or non-current based upon the classification of the related asset or liability in the financial statements or the expected timing of their reversal if they do not relate to a specific asset or liability. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws and regulations applicable to the Group as enacted by the relevant tax authorities.

The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2009, 2010 or 2011, respectively.

Comprehensive income (loss)

Comprehensive income includes net income and foreign currency translation adjustments and is reported in the consolidated statements of comprehensive income.

The consolidated financial statements have been adjusted for the retrospective application of the authoritative guidance regarding presentation of comprehensive income, which was adopted by the Group on January 1, 2012.

Share-based compensation

Share-based payment transactions with employees, such as share options are measured based on the grant date fair value of the equity instrument. The Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the options that are vested at that date, over the requisite service period of the award, which is generally the vesting period of the award. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of share-based compensation expense to be recognized in future periods.

Operating leases

Leases where the rewards and risks of ownership of assets primarily remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease periods.

Earnings per share

Basic earnings (loss) per ordinary share is computed by dividing net income (loss) attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

The Group's Series A convertible preferred shares, Series B convertible preferred shares and Series C convertible redeemable preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Nonvested shares are also participating securities as they enjoy identical dividend rights as ordinary shares. Accordingly, the Group uses the two-class method whereby undistributed net income is allocated on a pro rata basis to each participating share to the extent that each class may share in income for the period. Undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss allocated to the ordinary and nonvested shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Diluted earnings (loss) per ordinary share reflect the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had convertible preferred shares, convertible redeemable preferred shares, stock options and nonvested shares, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted income per share, the effect of the convertible preferred shares and convertible redeemable preferred shares is computed using the as-if-converted method; the effect of the stock options and nonvested shares is computed using the treasury stock method.

Significant risks and uncertainties

The Group participates in an industry with rapid changes in regulations, customer demand and competition and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations, or cash flows: advances and trends in e-commerce industry; changes in certain supplier and vendor relationships; regulatory or other PRC related factors; risks associated with the Group's ability to keep and increase the market coverage

Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash, accounts receivable and advances to suppliers. The Group places its cash with financial institutions with high-credit ratings and quality. Accounts receivable primarily comprise amounts receivable from product delivery service providers. These amounts are collected from customers by the service providers upon product delivery. With respect to advances to product suppliers, the Group performs on-going credit evaluations of the financial condition of its suppliers.

Foreign currency risk

The RMB is not a freely convertible currency. The PRC State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China foreign exchange trading system market. The Group's cash denominated in RMB amounted to $501 and $645 at December 31, 2010 and 2011, respectively.

Recent accounting pronouncements not yet adopted

In December 2011, the Financial Accounting Standards Board ("FASB") has issued an authoritative pronouncement related to Disclosures about Offsetting Assets and Liabilities. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group is in the process of evaluating the effect of adoption of this guidance on its consolidated financial statements.

In September 2011, the FASB issued an authoritative pronouncement related to testing goodwill for impairment. The guidance is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. The pronouncement permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Group does not expect the adoption of this guidance to have a significant impact on its consolidated financial statements.

In June 2011, the FASB issued an authoritative pronouncement to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance should be applied retrospectively. For public entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. In December 2011, the FASB issued an authoritative pronouncement related to deferral of the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This guidance allows the FASB to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. The Group adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on the Company's consolidated financial statements.

In May 2011, the FASB issued an authoritative pronouncement on fair value measurement. The guidance is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

value measurement principles in US GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments, mainly including:

- Highest-and-best-use and valuation-premise concepts for nonfinancial assets—the guidance indicates that the highest-and-best-use and valuation-premise concepts only apply to measuring the fair value of nonfinancial assets.
- Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk—the guidance permits an exception to fair value measurement principles for financial assets and financial liabilities (and derivatives) with offsetting positions in market risks or counterparty credit risk when several criteria are met. When the criteria are met, an entity can measure the fair value of the net risk position.
- Premiums or discounts in fair value measure—the guidance provides that premiums or discounts that reflect size as a characteristic of the reporting entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (for example, a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement.
- Fair value of an instrument classified in a reporting entity's shareholders' equity—the guidance prescribes a model for measuring the fair value of an instrument classified in shareholders' equity; this model is consistent with the guidance on measuring the fair value of liabilities.
- Disclosures about fair value measurements—the guidance expands disclosure requirements, particularly for Level 3 inputs. Required disclosures include:
    - For fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation process in place (e.g., how the entity decides its valuation policies and procedures, as well as changes in its analyses of fair value measurements, from period to period), and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.
    - The level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed.

The guidance is to be applied prospectively and effective for interim and annual periods beginning after December 15, 2011, for public entities. Early application by public entities is not permitted. The Group does not expect the adoption of this guidance to have a significant impact on its consolidated financial statements.

3. ACQUISITION

Acquisition of Shanghai Ouku Network Technologies Co., Ltd.

On May 24, 2010, Lanting Huitong, a consolidated VIE, acquired Shanghai Ouku Network Technologies Co., Ltd. ("Shanghai Ouku"), a Chinese e-commerce business. The acquisition allowed the Group to extend its brand to the Chinese market and provide synergies with the existing business.

The total consideration of the acquisition was $2,167 and goodwill of $887 was recorded resulting from the acquisition. The consideration was paid in three installments, and as of December 31, 2010, two payments totaled $1,977 had been paid. The third and last installment is recorded at the present value and had been paid in 2011.

The acquisition of Shanghai Ouku was recorded using the acquisition method of accounting and, accordingly, the acquired assets and liabilities were recorded at their fair market value at the date of acquisition. The purchase price allocation of the transaction, based on the initial consideration, was determined by the Group with the assistance of American Appraisal China Limited, an independent valuation firm. The total purchase price of $2,167 was allocated as follows:

	US$	Useful lives
Cash	$ 388	
Other current assets	1,291	
Other current liabilities	(1,239)	
Non-current assets	24	
Intangible assets		
Trademark/Domain name	964	Indefinite life
Technology Platform	86	1 year
Non-compete Agreement	8	2 years
Customer Base	30	4.3 years
Goodwill	887	
Deferred tax liabilities	(272)	
Total	$ 2,167	

The tangible and intangible assets valuation for the acquisition described above was based on a valuation analysis provided by an independent valuation firm, American Appraisal China Limited. The valuation analysis utilizes and considers generally accepted valuation methodologies such as the income, market and cost approach. The Company has incorporated certain assumptions which include projected cash flows and replacement costs.

The goodwill is mainly attributable to intangible assets that cannot be recognized separately as identifiable assets under US GAAP, and comprise of (a) the assembled work force and (b) the expected but unidentifiable business growth as a result of the synergy resulting from the acquisition.

The intangible assets and goodwill totaling $1,928 were fully impaired during the year ended December 31, 2011 (see notes 7 and 8).

3. ACQUISITION (Continued)

The following pro forma information summarizes the effect of the acquisition, as if the acquisition of Shanghai Ouku had occurred as of January 1, 2009. This pro forma information is presented for information purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Group consummated the acquisition on January 1, 2009, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	Years ended December 31,	
	2009 (unaudited)	2010 (unaudited)
Pro forma revenue	$ 31,773	$ 62,848
Pro forma net loss	$ (5,624)	$ (22,205)
Pro forma loss per ordinary share—basic	$ (0.16)	$ (0.61)
Pro forma loss per ordinary share—diluted	$ (0.16)	$ (0.61)

4. INVENTORIES

Inventories consisted of the following:

	As of December 31,	
	2010	2011
Merchandise available for sale	$ 5,087	$ 5,636
Less: inventories provision for slow-moving and obsolescence	(156)	(671)
Total inventories	$ 4,931	$ 4,965

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Components of other current assets which are included in the prepaid expenses and other current assets are as follows:

	As of December 31,	
	2010	2011
Receivable from employees(1)	$ 3,135	$ 90
Receivable from collection agencies(2)	1,020	3,010
Rental deposits and prepaid rents	310	432
Prepayment to suppliers	274	892
Staff advance	177	66
Value-added tax ("VAT") recoverable	—	144
Other	88	365
Total	$ 5,004	$ 4,999

(1) Receivable from employees mainly represents sales made by employees on behalf of the Company on certain third party Internet platforms which the cash received is currently with the employees' personal accounts pending transfer to the Group.

(2) Receivables from collection agencies represented cash that had been received from customers but held by the collection agencies as of December 31, 2010 and December 31, 2011. The receivables were collected by the Company subsequent to the respective period end.

6. PROPERTY AND EQUIPMENT, NET

The components of property and equipment are as follows:

	As of December 31,	
	2010	2011
Leasehold improvements	$ 429	$ 1,150
Furniture, fixtures and office equipment	752	972
Software and IT equipment	525	1,266
	1,706	3,388
Less: Accumulated depreciation	(608)	(1,486)
Property and equipment, net	$ 1,098	$ 1,902

Depreciation expense incurred for the years ended December 31, 2009, 2010 and 2011 are $176, $342 and $846, respectively.

7. ACQUIRED INTANGIBLE ASSETS, NET

Intangible assets are as follows:

	As of December 31,	
	2010	2011
Intangible assets not subject to amortization:		
Trademark/Domain Name	$ 964	$ 1,010
Intangible assets subject to amortization:		
Technology Platform	86	90
Non-compete Agreement	8	9
Customer Base	30	32
Less: Accumulated amortization		
Technology Platform	50	90
Non-compete Agreement	2	7
Customer Base	8	22
Less: Accumulated impairment loss		
Trademark/Domain Name	—	1,010
Technology Platform	—	—
Non-compete Agreement	—	2
Customer Base	—	10
Intangible assets, net	$ 1,028	$ —

The Company's intangible assets arose from the acquisition of Shanghai Ouku. Shanghai Ouku has incurred losses and failed to meet the forecast set by management. As of December 31, 2011, the Company performed an assessment of impairment for indefinite-lived intangible asset by comparing the fair value with its carrying value. The fair value of the indefinite-lived intangible asset is determined based on the relief-from-royalty-method with reference to royalty rates of comparable assets. Based on the assessment, the Group determined the excess in the carrying value of indefinite-lived intangible asset over its fair value and recognized an impairment loss of $1,010 for the year ended December 31, 2011. The Company also evaluated the recoverability of its intangible assets with definite life and recognized an impairment loss of $12 for the year ended December 31, 2011.

8. GOODWILL

The Group has only one reporting unit which has goodwill, and the changes in carrying amounts of goodwill for the years ended December 31, 2010 and 2011 was as follows:

	December 31, 2010	December 31, 2011
Gross amount:		
Beginning balance	$ —	$ 887
Foreign exchange adjustment	—	19
Ending balance	887	906
Accumulated impairment loss:		
Beginning balance	—	—
Charge for the year	—	(906)
Ending balance	—	(906)
Goodwill, net	$ 887	$ —

For the purpose of performing goodwill impairment test, management determined Shanghai Ouku is a single reporting unit, as it operates and manages www.ouku.com and other websites targeting consumers in China, and prepares its own financial information.

As of December 31, 2011, management performed an assessment of goodwill impairment and compared the fair value of Shanghai Ouku to its carrying value. The Company estimated the fair value using the discounted cash flow method under the income approach. The discounted cash flows were based on five years financial forecasts developed by management for planning purposes. Cash flows beyond the forecasted period were estimated using a terminal value calculation. Based on the assessment, the Group determined the excess in the carrying value of goodwill over the implied fair value of goodwill and recognized an impairment loss of $906 for the year ended December 31, 2011.

9. LONG-TERM DEPOSIT

Long-term deposit represents rental deposits and deposits required by the payment collection agencies to maintain an active trading account, and such amount will only be returned upon closing the account with the payment collection agencies.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2010	2011
Accrued payroll and staff welfare	$ 2,321	$ 4,009
Individual income tax payable	1,069	2,363
Business tax and VAT payable	371	472
Accrued professional fees	359	523
Accrued advertising fees	71	435
Credit card processing charges	153	255
Accrued sales return(1)	113	292
Accrued chargebacks(2)	86	85
Other accrued expenses	280	181
Deferred consideration relating to acquisition of Shanghai Ouku	189	—
Total	$ 5,012	$ 8,615

(1) Accrued sales return represents the gross profit effect of estimated sales return at the end of each of the respective years assuming products returned had no value to the Company. Movements during the respective years are as follows:

	2010	2011
Balance at January 1	$ 13	$ 113
Allowance for sales return made in the year	2,222	4,520
Utilization of accrued sales return	(2,122)	(4,341)
Balance at December 31	$ 113	$ 292

(2) Chargeback represents credit losses relating to fraudulent credit card activities which resulted in chargebacks from the payment collection agencies. For the years ended December 31, 2009, 2010 and 2011, the Group incurred chargeback of $529, $280 and $447 respectively, which was included in the general and administrative expenses.

11. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES

On October 27, 2008, the Company issued 15,000,000 Series A convertible preferred shares ("Series A preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $5,000, at an issuance price of $0.33 per Series A share. As a part of this financing transaction, Series A preferred share investors required three of the Group's founding shareholders to place all of their 24,633,333 ordinary shares under restriction. (see Note 15, Nonvested Shares for more details).

The Company has determined that there was no beneficial conversion feature attributable to the Series A preferred shares because the initial and subsequent adjusted conversion price of Series A preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series A preferred shares. Series A preferred shares are not redeemable.

11. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

On June 26, 2009, the Company issued 17,522,725 Series B convertible preference shares ("Series B preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $11,270, at an issuance price of $0.643 per Series B preferred share.

The Company has determined that there was no beneficial conversion feature attributable to the Series B preferred shares because the initial and subsequent adjusted conversion price of Series B preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series B preferred shares.

Series B preferred shares are not redeemable.

Key terms of the Series A and Series B preferred shares are summarized as follows:

Dividends

Only after full payment of such dividend or distribution on the Series C preferred shares, the holders of Series B preferred shares and Series A preferred shares shall participate on an as converted basis with respect to any dividends payable to the ordinary shares on a pro rata and on an as-converted basis.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, distributions to the shareholders of the Company shall be made in the following manners (after satisfaction of all creditors' claims and claims that may be preferred by law):

1. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is at least $300,000, the entire assets of the Company legally available for distribution shall be distributed to the holders of Series A preferred shares, Series B preferred shares, Series C preferred shares and ordinary shares on a pro rata basis, according to the relative number of ordinary shares held by each such holder (determined on an as if converted basis).

2. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is less than $300,000, holders of Series C preferred shares shall be paid an amount equal to 150% of Series C preferred issuance price plus unpaid dividends if any first. Then Series B preferred shareholders shall be paid an amount equal to Series B issuance price plus unpaid dividends if any. Then Series A preferred shareholders shall be paid an amount equal to Series A issuance price plus unpaid dividends if any. Any remaining assets shall be distributed ratably among Series C preferred shareholders, Series B preferred shareholders, Series A preferred shareholders and ordinary shareholders on an as-if converted basis.

Voting rights

Each outstanding ordinary shareholder has right to one vote. Each preferred shareholder has a number of voting rights equivalent to the number of ordinary shares into which Series A, Series B and

11. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

Series C preferred shares could have converted at the record date for determination of the shareholders entitled to vote on related matters.

Conversion

Series A preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series A issuance price by the Series A preferred shares conversion price. The Series A preferred shares conversion price shall initially be the Series A issuance price per ordinary share. Series B preferred share shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series B issuance price by the Series B conversion price. The Series B preferred shares conversion price shall initially be the Series B issuance price per ordinary share. Series C preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series C issuance price by the Series C conversion price. The conversion price shall initially be the Series C issuance price per ordinary share.

Applicable conversion price shall be adjusted for share dividends, subdivisions, combinations, or consolidations of ordinary shares, other distributions, reclassification, exchange and substitution. Applicable conversion price share shall also be adjusted in respect of the issuance of additional ordinary shares if the consideration per additional ordinary share issued or deemed to be issued by the Company is less than such applicable conversion price in effect on the date of and immediately prior to such issue.

All preferred shares shall automatically be converted into ordinary shares at the then effective applicable conversion price upon the closing of a Company qualified initial public offering ("IPO") or the written consent of holders of more than two thirds of the outstanding preferred shares (voting as a single class on an as-converted basis) including consent of holders of a majority of the outstanding Series C preferred shares.

12. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES

On September 28, 2010, the Company issued a total of 9,651,565 convertible redeemable preferred shares ("Series C shares") with par value of $0.000067 per share to third party investors for cash proceeds of $35,000, at an issuance price of $3.626 per Series C share.

The Company has determined that there was no beneficial conversion feature attributable to the Series C redeemable preferred shares because the initial and subsequent adjusted conversion price of Series C redeemable preferred shares was higher than the fair value of the Company's ordinary shares on the issue date of Series C preferred shares. The Company accreted changes in the redemption value over the period from the date of issuance to the earliest redemption date of the security.

12. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

Key terms of the Series C preferred shares do not differ from those of Series A and Series B preferred shares except redemption right which is summarized as follows:

Redemption

During a period of ten years after the fourth year anniversary of the Series C preferred shares issue date, the holders of Series C shares shall have the right to redeem the Series C preferred shares.

The redemption price of each Series C preferred shares shall equal to, subject to adjustment for combinations, consolidations, subdivisions, share splits, share dividends or the like with respect to such share, the sum of:

(i) the Series C preferred share issuance price; plus,

(ii) 8% compound interest per annum on the Series C preferred share issuance price for each Series C share accreted over the period from the date of issuance to the earliest redemption date of the security; plus,

(ii) all accrued but unpaid dividends per Series C preferred share.

Below is the movement in the carrying value of the Series C preferred shares.

	2010	2011
Balance on January 1,	—	35,700
Issuance of Series C preferred shares	35,000	—
Accretion to redemption value of Series C preferred shares	700	2,800
Balance on December 31,	35,700	38,500

13. ORDINARY SHARES

In March 2008 upon the incorporation of the Company, 35,188,889 shares were issued to the five founding shareholders.

In October 2008, the Company's three of the five founding shareholders entered into an arrangement with the investors in conjunction with the issuance of Series A preferred shares, whereby all of their 24,633,333 ordinary shares became subject to transfer restrictions. (see Note 14, Nonvested shares for more details).

In June 2007, the Light in the Box Limited issued a convertible promissory note to an investor in an amount of $200, with annual interest rate of 10%. In October 2008, the promissory note was converted to 920,076 ordinary shares pursuant to the original terms. The Company incurred no gains or losses as a result of the conversion.

13. ORDINARY SHARES (Continued)

Share split

In June 2009, the Board of Directors and the shareholders of the Company approved the following changes to the Company's share capital.

Each of the previously issued ordinary shares, nonvested shares, share options, Series A preferred shares, Series B preferred shares, was split into 1.5 ordinary shares, nonvested shares, share options, Series A preferred share and Series B preferred shares, respectively. All shares and per share information presented in the accompanying consolidated financial statements have been revised on a retroactive basis to reflect the share split as if the new share structure had been in place throughout the periods presented.

14. SHARE OPTIONS

On October 27, 2008, the Company adopted the 2008 Share Incentive Option Plan ("2008 Plan") for the granting of share options to employees to reward them for services to the Company and to provide incentives for future services. Pursuant to the 2008 Plan, total shares that the 2008 Plan was authorized to grant was 4,444,444 shares. The majority of the options will vest over four years where 25% of the options will vest at the end of the first year, 25% will vest yearly in the second year through the fourth year. The share options expire 10 years from the date of grant.

In 2008, the Company granted 590,000 shares options under the 2008 Plan to employees at an exercise price of $0.5 per share.

In 2009, the Company granted 502,000, 433,000 and 407,000 shares options under the 2008 Plan to employees at exercise prices of $0.01, $0.5 and $0.96 per share.

In 2010, the Company granted 328,000 shares for option grants under the 2008 Plan to employees at exercise price of $0.96 per share.

In 2011, the Company granted 357,000, 8,000 and 119,000 shares for options under the 2008 Plan to employees at exercise prices of $4.25, $0.96 and $4.29 per share, respectively.

The binomial option pricing model is used to determine the fair value of the stock options granted to employees. The binomial model requires the input of highly subjective assumptions, including the expected stock price volatility, the exercise multiple at which employees are likely to exercise share options. For expected volatilities, the Company has made reference to historical volatilities of several comparable companies. The risk-free rate for periods within the contractual life of the option is based on the yield to maturity of China international government bonds with a maturity period close to the contractual term of the options.

14. SHARE OPTIONS (Continued)

The fair value of each option granted was estimated on the date of grant using binomial option pricing model with the following assumptions used for grants during the applicable periods:

	2009	2010	2011
Risk-free interest rate	4.18% - 4.50%	3.29% - 4.24%	3.86% - 4.05%
Exercise multiple	2	2	2
Expected volatility	66% - 67%	63% - 65%	58% - 61%
Expected dividend yield	0%	0%	0%
Fair value of ordinary shares	$0.38 - $1.14	$1.33 - $2.82	$4.02 - $4.03

(1) Volatility

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the contractual term of the options.

(2) Risk-free interest rate

Risk-free interest rate was estimated based on the yield to maturity of China international government bonds with a maturity period close to the contractual term of the options.

(3) Exercise multiple

Exercise multiple represents the value of the underlying share as a multiple of exercise price of the option which, if achieved, results in exercise of the option.

(4) Dividend yield

The dividend yield was estimated by the Group based on its expected dividend policy over the contractual term of the options.

(5) Exercise price

The exercise price of the options was determined by the Company's Board of Directors.

(6) Fair value of underlying ordinary shares

The estimated fair value of the ordinary shares underlying the options as of the respective grant dates was determined based on a retrospective valuation. When estimating the fair value of the ordinary shares on the grant dates, management has considered a number of factors, including the result of a third-party appraisal by American Appraisal China Limited, an independent valuation firm, and equity transactions of the Company, while taking into account standard valuation methods and the achievement of certain events. The determination of fair value of the ordinary shares was also with the assistance of American Appraisal China Limited.

14. SHARE OPTIONS (Continued)

A summary of the stock option activity under the 2008 Plan as of December 31, 2010, and changes during the year then ended is presented below:

Grant date	Options granted	Weighted average exercise price per option	Weighted average fair value per option at grant date	Weighted average intrinsic value per option at grant date
Balance, January 1, 2009	590,000			
Granted	1,342,000	$ 0.46	$ 0.41	$ 0.28
Balance, December 31, 2009	1,932,000			
Granted	328,000	$ 0.96	$ 1.12	$ 0.86
Forfeited	(305,000)			
Balance, January 1, 2011	1,955,000			
Granted	484,000	$ 4.21	$ 1.96	$ 0.06
Forfeited	(464,000)			
Balance, December 31, 2011	1,975,000	$ 1.30		
Exercisable, December 31, 2011	1,038,277	$ 0.38		

The following table summarizes information regarding the share options granted:

	As of December 31, 2011			
	Options Number	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Options				
outstanding	1,975,000	$ 1.30	8.03	$ 455,743
exercisable	1,038,277	$ 0.38	7.47	$ 239,501
expected to vest	936,723	$ 2.32	8.64	$ 216,242

The weighted average grant date fair value of options granted during the years ended December 31, 2009, 2010 and 2011 was $0.41, $1.12 and $1.96 per share, respectively.

For the years ended December 31, 2009, 2010 and 2011, the Group recorded share-based compensation expense of $193, $139 and $191 related to the options under the 2008 Plan, respectively. As of December 31, 2011, there was $837 of total unrecognized compensation cost related to the options, which is expected to be recognized over a weighted-average period of 3.43 years.

15. NONVESTED SHARES

Nonvested shares granted to founding shareholders under the restricted share agreement

In October 2008, the Company's three of the five founding shareholders who are also employees, entered into an arrangement with the investors in conjunction with the issuance of Series A preferred shares, whereby all of their 24,633,333 ordinary shares became subject to transfer restrictions. In addition, such nonvested shares are subject to repurchase by the Company upon termination of employment. The repurchase price is the par value of the ordinary shares. The founding shareholders retain the voting rights of such nonvested shares, and any additional securities or cash received as the result of ownership of such shares. This arrangement has been accounted for as a reverse stock split followed by the grant of a restricted stock award under a performance-based plan. Accordingly, the Group measured the fair value of the nonvested shares and is recognizing the amount as compensation expense over the four year deemed service period.

The founding shareholders' nonvested shares granted under the Share Plan shall vest (i) Twenty percent (20%) on the date of October 23, 2008 (the Vesting Starting Date); (ii) Twenty percent (20%) on the first anniversary of the Vesting Starting Date; (iii) After the first anniversary of the Vesting Starting Date, $^{1}/_{36}$ of the remaining shares every thirty days thereafter. Vesting will be accelerated upon a qualified IPO or change of control of the Company.

Before the founding shareholders' nonvested shares were vested and released from the repurchase rights, the holders of the nonvested shares shall entitle to all rights and privileges of those of ordinary shareholders, and shall be entitled to voting rights and dividends. Therefore, these nonvested shares are considered participating securities for the purpose of net earnings (loss) per share calculation.

Nonvested shares granted to employees under the 2008 Plan

In December 2008, the Company granted 220,000 nonvested shares to two employees. 120,000 nonvested shares became fully vested at the time of the grant, and 100,000 nonvested shares will be vested over a four year period from the date of the grant.

In March 2011, the Company granted 827,278 nonvested shares to two employees. These nonvested shares will be vested over a four year period from the date of the grant.

In October 2011, the Company granted 992,732 nonvested shares to one employee. These nonvested shares will be vested over a four year period from the date of the grant.

For the years ended December 31, 2009, 2010 and 2011, the Group recorded share-based compensation expense of $1,322, $1,322 and $1,902 related to the nonvested shares, respectively. As of December 31, 2011, there was $6,861 of unrecognized compensation cost related to nonvested shares, which are expected to be recognized over a weighted-average period of 1.47 years. This included unrecognized compensation cost of $1,117 relating to founding shareholders' nonvested shares which is expected to be recognized over a period of 0.81 years, or upon an IPO.

15. NONVESTED SHARES (Continued)

The following table summarizes information regarding the nonvested shares granted and vested:

	Number of Shares	Weighted average grant date fair value
Shares outstanding at January 1, 2009	19,806,666	
Granted	—	
Vested	(5,772,778)	
Outstanding at January 1, 2010	14,033,888	
Granted	—	
Vested	(4,951,667)	
Outstanding at January 1, 2011	9,082,221	
Granted	1,820,010	4.18
Forfeited	(413,639)	
Vested	(4,951,667)	
Outstanding at December 31, 2011	5,536,925	

16. INCOME TAXES

Cayman Islands

The Company is a tax-exempted company incorporated in the Cayman Islands and is not subject to tax on income or capital gains.

Hong Kong

Light In The Box Limited was established in Hong Kong and is subject to Hong Kong Profits Tax at 16.5% for the profit that is generated in Hong Kong.

PRC

Except Lanting Huitong, other subsidiaries and VIE of the Group domiciled in the PRC are subject to 25% statutory income tax rates in accordance with the Enterprise Income Tax Law ("EIT Law") in the periods presented. Lanting Huitong qualified as a "software enterprise" and therefore enjoyed a two-year income tax exemption starting from the first profit making year since 2010, followed by a reduced tax rate of 12.5% for the subsequent three years.

For the years ended December 31, 2009, 2010 and 2011, income tax expense (benefit) included in the consolidated statements of operations were substantially attributable to the Group's PRC subsidiary and VIEs and comprised current tax expense (benefit) of nil, $579, $(606), respectively. There was no material deferred tax expense included in income tax expense (benefit) for the years ended December 31, 2009 and 2010. There was a deferred tax benefit of $272 for the year ended December 31, 2011.

16. INCOME TAXES (Continued)

The principal components of the deferred tax assets and liabilities are as follows:

	As of December 31,	
	2010	2011
Current deferred tax assets:		
Accrued payroll	$ 113	$ 244
Accrued expenses	34	11
Less: Valuation allowance	(147)	(255)
Current deferred tax assets, net	—	—
Non-current deferred tax asset:		
Net operating loss carry forwards	4,749	8,980
Less: Valuation allowance	(4,749)	(8,980)
Non-current deferred tax asset, net	—	—
Non-current deferred tax liabilities:		
Intangible assets acquired	272	—
Net deferred tax liabilities, net	$ 272	—

The Group operates through subsidiaries and the VIE entities and the valuation allowance is considered on each individual subsidiary and VIE basis. The net operating loss carry forwards of the subsidiaries and VIE registered in the PRC will expire on various dates through 2016. The Group has recognized a valuation allowance against tax loss carry forwards as the Group believes that it is more likely than not that its deferred tax assets will not be realized as it does not expect to generate sufficient taxable income in the near future.

16. INCOME TAXES (Continued)

Reconciliation between the expense (benefit) of income taxes computed by applying the PRC tax rate to income (loss) before income taxes and the actual provision for income taxes is as follows:

	For the years ended December 31,		
	2009	2010	2011
(Loss) income before provision of income tax	$ (4,821)	$ (21,344)	$ (25,409)
Statutory tax rate in the PRC	25%	25%	25%
Income tax at statutory tax rate	(1,205)	(5,336)	(6,352)
Non-deductible expenses	36	275	672
Effect of income tax holiday and preferential tax rates	—	36	(828)
Write-off/(refund) of prepaid income tax*	—	579	(606)
Effect of income tax rate differences in jurisdictions other than the PRC	501	2,147	1,897
Changes in valuation allowances	668	2,878	4,339
Income tax expense (benefit)	$ —	$ 579	$ (878)

* During the year of 2010, Lanting Huitong paid income tax of $579 at the request of the PRC tax authority. The Group did not expect to recover such prepaid income tax and recorded the amount as income tax expenses in 2010. In September 2011, the PRC tax authority assessed the tax payment and decided to refund the amount prepaid. The Group recorded such amount as tax refund in 2011.

The Group did not identify significant unrecognized tax benefits for the years ended December 31, 2010 and 2011. The Group did not incur any interest related to unrecognized tax benefits, did not recognized any penalties as income tax expenses and also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2011.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese Income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the New EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties occurs within the PRC. On April 22, 2009, the State Administration of Taxation (the "SAT") issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. In addition, on August 3, 2011, the SAT issued a bulletin to made clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. The Group does not believe that the legal entities organized outside of the

16. INCOME TAXES (Continued)

PRC within the Group should be treated as residents for EIT law purposes. However, if the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%.

If any entity within the Group that is outside the PRC were to be a non-resident for PRC tax purposes dividends paid to it out of profits earned after January 1, 2008 would be subject to a withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with the PRC. As of December 31, 2010 and December 31, 2011, the Company's subsidiaries located in the PRC recorded aggregate accumulated deficits. Accordingly, no deferred tax liability has been accrued for the Chinese dividend withholding taxes. In the future, aggregate undistributed earnings of the Company's subsidiaries located in the PRC, if any, that are taxable upon distribution to the Company, will be considered to be indefinitely reinvested, because the Group does not have plan to pay cash dividends on its ordinary shares in the foreseeable future and intends to retain most of its available funds and any future earnings for use in the operation and expansion of its business.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding $15 (RMB100,000) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. In accordance with relevant PRC tax administration laws, tax years from 2006 to 2011 of the Group's PRC subsidiaries, the VIE and VIE's subsidiary remain subject to tax audits as of December 31, 2011, at the tax authority's discretion.

17. LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per ordinary share for the following years:

Numerator:	2009	2010	2011
Net loss attributable to LightInTheBox Holding Co., Ltd.	$ (4,821)	$ (21,923)	$ (24,531)
Accretion of Series C convertible redeemable preferred shares	—	(700)	(2,800)
Net loss attributable to ordinary shareholders of LightInTheBox Holding Co., Ltd.	(4,821)	(22,623)	(27,331)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per ordinary share—basic	(2,328)	(15,468)	(22,288)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per nonvested share—basic	(2,493)	(7,155)	(5,043)
Net loss per ordinary share—basic	$ (0.13)	$ (0.62)	(0.76)
Net loss per nonvested share—basic	$ (0.13)	$ (0.62)	(0.76)
Net Loss per ordinary share—diluted	$ (0.13)	$ (0.62)	(0.76)
Shares (denominator):			
Weighted average number of shares used in calculating net loss per ordinary share—basic	17,492,764	24,770,913	29,445,595
Weighted average number of shares used in calculating net loss per nonvested share—basic	18,736,205	11,458,056	6,663,370
Weighted average number of shares used in calculating net loss per ordinary share—diluted	36,228,969	36,228,969	36,108,965

As a result of the Group's net loss for each of the three years in the period ended December 31, 2011, share equivalents issued under the Company's 2008 Plan, 15,000,000 Series A preferred shares and 17,522,725 Series B preferred shares and 9,651,565 Series C preferred shares were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

18. EMPLOYEE RETIREMENT BENEFIT

Full time employees in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to make contributions based on certain percentages of the employees' basic salaries. Other than the contribution, there is no further obligation under these plans. The total contribution for such employee benefits was $443, $1,316 and $2,897 for the years ended December 31, 2009, 2010 and 2011, respectively.

19. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the group is required to provide for certain statutory reserves, namely general reserve, enterprise expansion reserve, and staff welfare and bonus reserve, all of which are appropriated from net profit as reported in their PRC statutory accounts. The Group's subsidiaries are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Group's subsidiaries. There are no appropriations to these reserves by the Group's PRC (mainland) subsidiaries for the years ended December 31, 2009, 2010 and 2011.

As a result of these PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries and VIE. As of December 31, 2010 and December 31, 2011, the amounts of capital represented the amount of net assets of the relevant subsidiaries and VIE in the Group not available for distribution amounted to $3,293 and $3,293, respectively. As a result of the above restrictions, parent-only financials are presented on financial statement schedule I.

20. SEGMENT REPORTING

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group. The Group has one operating segment.

Component of the Group's net revenue are presented in the following table:

	For the years ended December 31,		
	2009	2010	2011
Apparel	$ 8,203	$ 19,719	$ 46,888
Electronic and communication devices	11,343	26,031	36,844
Home and garden	245	4,077	13,509
Small accessories and gadgets	12	1,521	11,770
Others	6,248	7,346	7,219
Total net revenues	$ 26,051	$ 58,694	$ 116,230

20. SEGMENT REPORTING (Continued)

The following table summarizes the Group's total net revenues generated in different geographic locations and as a percentage of total net revenues.

	For the years ended December 31,					
	2009		2010		2011	
	Revenues	%	Revenues	%	Revenues	%
North America	$ 11,694	44.9%	$ 20,509	35.0%	$ 32,721	28.2%
Europe	11,650	44.7%	29,892	50.9%	57,853	49.8%
Other countries	2,707	10.4%	8,293	14.1%	25,656	22.0%
Total net revenues	$ 26,051		$ 58,694		$ 116,230	

North America's net revenues include revenues from United States of $10,859, $18,577 and $29,117 during the years ended December 31, 2009, 2010 and 2011, respectively. Europe's net revenues include revenues from France of $4,776, $11,792 and $22,448 during the years ended December 31, 2009, 2010 and 2011, respectively; and revenues from United Kingdom of $3,527, $4,723 and $6,541 during the years ended December 31, 2009, 2010 and 2011, respectively.

As of December 31, 2010 and December 31, 2011, substantially all of long-lived assets of the Group are located in the PRC.

21. FAIR VALUE MEASUREMENTS

The Group had no financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and December 31, 2011.

The Group measured the fair value of the purchased intangible assets using the "relief from royalty method", "multiple period excess earnings method" and "with & without method" under the income approach. These purchased intangible assets are considered Level 3 assets because the Group used unobservable inputs, such as forecasted financial performance of the related business and discount rates, to determine the fair value of these assets. (see note 7)

Goodwill, other intangible assets and long-lived assets are measured at fair value on a nonrecurring basis and they are recorded at fair value only when impairment is recognized.

22. RELATED PARTY TRANSACTIONS

The Company entered into indemnification agreements with certain directors. These agreements require us to indemnify such individuals, to the fullest extent permitted by law, for certain liabilities to which they may become subject as a result of their affiliation with the Company.

23. COMMITMENTS AND CONTINGENCIES

(1) Commitments

Lease commitment

The Group has operating lease agreements for warehouses and offices. Rent expenses under operating leases for the year ended December 31, 2009, 2010 and 2011 were $404, $742 and $1,716, respectively.

Future minimum lease payments under non-cancellable operating lease agreements as of December 31, 2011 are as follows:

Years Ending	US$
2012	1,546
2013	563
2014	203
2015	44
	2,356

(2) Contingencies

The Company's PRC subsidiary, VIE and VIE's subsidiary, have not fully paid the contributions for employee benefit plans as required by applicable PRC regulations. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements, prior failure to make payments may be in violation of applicable PRC labor-related laws and the Group may be subject to fines up to maximum of $6,659 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of December 31, 2011, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Company's PRC subsidiary, VIE and VIE's subsidiary, did not withhold appropriate amount of individual income tax as required by applicable PRC tax laws. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements, failure to withhold individual taxes may subject the Group to fines up to maximum of $7,220 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of December 31, 2011, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

24. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date of December 31, 2011 through May 21, 2012, which is the date the audited consolidated financial statements were available to be issued.

On March 23, 2012, the Company issued convertible notes of $8 million with a term of 18 months to certain holders of Series C redeemable convertible preferred shares. The total principal amount of $8 million was received in March 2012. The convertible notes bear interest at 12% per annum, uncompounded and computed on the basis of the actual number of days elapsed.

The convertible notes will be automatically converted into the same class of equity securities upon the completion of a qualified financing event, including a qualified IPO if such qualified financing event occurs within the 18 months term. The conversion price shall be equal to the per share issuance price of the equity securities issued for the qualified financing event; provided that in the event the total pre-money valuation of the Company prior to such financing event, without taking into account of notes issued under the convertible note purchase agreement or the equity securities issued, is greater than $350 million, the conversion price shall be equal to $350 million divided by the total number of outstanding equity shares of the Company prior to such financing event which shall include any shares issued or reserved for issuance under any benefit plan of the Company. The conversion price shall be multiplied by 95% as the applicable conversion discount if the qualified financing event takes place after three months but on or before six months from the convertible note issuance date, by 90% as the applicable conversion discount if the qualified financing event takes place after six months but on or before 12 months from the convertible note issuance date and by 85% as the applicable conversion discount if the qualified financing event takes place after 12 months from the convertible note issuance date. All interest accrued under the convertible notes is to be paid in cash after a qualified financing event or at maturity.

In case there is no qualified financing event occurring during the 18 months term, the convertible notes will be automatically converted into Series C redeemable convertible preferred shares upon maturity. The maturity conversion price shall be equal to $255 million divided by the total number of outstanding equity shares of the Company on the maturity date which shall include any shares issued or reserved for issuance under any benefit plan of the Company, but excluding the maturity conversion shares.

The convertible notes will be recorded as a current liability on the balance sheet. A beneficial conversion feature of $1.6 million was resulted as the maturity conversion price was lower than the fair value of the ordinary shares on the issuance date and was recognized as additional paid-in capital with a corresponding entry in debt discount. The debt discount will be amortized into interest expense over the term of the convertible notes using effective interest method.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

BALANCE SHEETS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	As of December 31	
	2010	2011
ASSETS:		
Current assets		
Cash	$ 18,304	$ 2,739
Investments in subsidiaries and affiliates	6,629	(301)
TOTAL ASSETS	$ 24,933	$ 2,438
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $35,000)	35,700	38,500
LIGHTINTHEBOX HOLDING CO., LTD. SHAREHOLDERS'EQUITY:		
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $5,000)	5,000	5,000
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding as of December 31, 2010 and December 31, 2011, respectively; liquidation value of $11,270)	11,270	11,270
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 27,246,744 and 32,198,411 shares issued and outstanding as of December 31, 2010 and December 31, 2011, respectively)	2	2
Additional paid-in capital	3,575	5,668
Accumulated deficit	(30,649)	(57,980)
Accumulated other comprehensive income	35	(22)
TOTAL SHAREHOLDERS' DEFICIT	(10,767)	(36,062)
TOTAL LIABILITIES, SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' DEFICIT	$ 24,933	$ 2,438

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Operating expenses:			
General and administrative	$ 1,515	$ 1,461	$ 2,093
Loss from operations	(1,515)	(1,461)	(2,093)
Equity in losses of subsidiaries and variable interest entities	(3,306)	(20,462)	(22,438)
Net loss	$ (4,821)	$ (21,923)	$ (24,531)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Net loss	$ (4,821)	$ (21,923)	$ (24,531)
Other comprehensive loss:			
Foreign currency translation adjustment	(1)	36	(57)
Comprehensive loss	$ (4,822)	$ (21,887)	$ (24,588)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2009	15,000,000	$ 5,000	—	—	16,522,299	$ 1	$ 599	$ —	$ (3,205)	$ 2,395
Issuance of Series B convertible preferred shares	—	—	17,522,725	11,270	—	—	—	—	—	11,270
Vesting of nonvested shares	—	—	—	—	5,772,778	—	—	—	—	
Share-based compensation	—	—	—	—	—	—	1,515	—	—	1,515
Net loss	—	—	—	—	—	—	—	—	(4,821)	(4,821)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(1)	—	(1)
Balance at December 31, 2009	15,000,000	5,000	17,522,725	11,270	22,295,077	1	2,114	(1)	(8,026)	10,358
Vesting of nonvested shares	—	—	—	—	4,951,667	1	—	—	—	1
Share-based compensation	—	—	—	—	—	—	1,461	—	—	1,461
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Net loss	—	—	—	—	—	—	—	—	(21,923)	(21,923)
Foreign currency translation adjustment	—	—	—	—	—	—	—	36	—	36
Balance at December 31, 2010	15,000,000	5,000	17,522,725	11,270	27,246,744	2	3,575	35	(30,649)	(10,767)
Vesting of nonvested shares	—	—	—	—	4,951,667	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	2,093	—	—	2,093
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(2,800)	(2,800)
Net loss	—	—	—	—	—	—	—	—	(24,531)	(24,531)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(57)	—	(57)
Balance at December 31, 2011	15,000,000	$ 5,000	17,522,725	$ 11,270	32,198,411	$ 2	$ 5,668	$ (22)	$ (57,980)	$ (36,062)

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

Additional Information—Financial Statement Schedule I

Condensed Financial Information of Parent Company

STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Years ended December 31,		
	2009	2010	2011
Cash flows from operating activities:			
Net loss	$ (4,821)	$ (21,923)	$ (24,531)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	1,515	1,461	2,093
Equity in losses of subsidiary and variable interest entity	3,306	20,462	22,438
Net cash used in operating activities	—	—	—
Cash flows from investing activities			
Investment in subsidiaries and the VIE	(11,271)	(18,196)	(15,565)
Cash flows from financing activities			
Proceeds from Series B convertible preferred shares financing	11,270	—	—
Proceeds from Series C convertible redeemable preferred shares financing	—	35,000	—
Net cash provided by financing activities	11,270	35,000	—
Net decrease in cash	(1)	16,804	(15,565)
Cash at beginning of year	1,501	1,500	18,304
Cash at end of year	$ 1,500	$ 18,304	$ 2,739

The accompanying notes are an integral part of these financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

ADDITIONAL INFORMATION—FINANCIAL STATEMENT SCHEDULE I

CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

NOTES TO FINANCIAL STATEMENTS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

1. BASIS FOR PREPARATION

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the Parent Company used the equity method to account for investments in its subsidiaries and VIEs.

The condensed financial information is provided since the restricted net assets of the Group's subsidiaries, VIEs and VIEs' subsidiary were over the 25% of the consolidated net assets of the Group as of December 31, 2011.

2. INVESTMENTS IN SUBSIDIARIES AND VIES

In its consolidated financial statements, the Parent Company consolidates the results of operations and assets and liabilities of its subsidiaries, VIEs and VIE's subsidiary, and inter-company balances and transactions were eliminated upon consolidation. For the purpose of the Parent Company's stand-alone financial statements, its investments in subsidiaries, VIEs and VIE's subsidiary are reported using the equity method of accounting as a single line item and the Parent Company's share of income (loss) from its subsidiaries, VIEs and VIE's subsidiary are reported as the single line item of equity in losses of subsidiaries and variable interest entity. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the Parent Company has continued to reflect its share, based on its proportionate interest, of the losses of a subsidiary or VIE regardless of the carrying value of the investment even though the Parent Company is not obligated to provide continuing support or fund losses.

The Parent Company carried the investments (deficit) in subsidiaries and VIEs at $6,629 and $(301) at December 31, 2010 and 2011, respectively. The Parent Company's share of equity in losses in subsidiaries and the VIEs recognized in years ended December 31, 2009, 2010 and 2011 was $3,306, $20,462 and $22,438, respectively.

LIGHTINTHEBOX HOLDING CO., LTD.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	As of December 31, 2011	As of March 31, 2012	As of March 31, 2012 Pro forma (Note 2)
ASSETS:			
Current assets			
Cash	$ 6,786	$ 16,952	$ 16,952
Restricted cash	849	1,004	1,004
Accounts receivable	72	318	318
Inventories	4,965	5,096	5,096
Prepaid expenses and other current assets	4,999	6,389	6,389
Total current assets	17,671	29,759	29,759
Property and equipment, net	1,902	1,685	1,685
Long-term deposit	67	55	55
TOTAL ASSETS	$ 19,640	$ 31,499	$ 31,499
LIABILITIES:			
Current Liabilities:			
Accounts payable (including accounts payable of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $202 and $184 as of December 31, 2011 and March 31, 2012, respectively)	$ 5,130	$ 6,952	$ 6,952
Advance from customers (including advance from customers of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $125 and $51 as of December 31, 2011 and March 31, 2012, respectively)	3,457	7,047	7.047
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of $1,516 and $3,010 as of December 31, 2011 and March 31, 2012, respectively)	8,615	9,235	9,235
Convertible notes, net of discount due to beneficial conversion feature (including convertible notes of the consolidated VIEs without recourse to LightInTheBox Holding Co., Ltd. of nil and nil as of December 31, 2011 and March 31, 2012, respectively)	—	6,428	6,428
TOTAL LIABILITIES	17,202	29,662	29,662
Commitments and contingencies (Note 21)			
Series C convertible redeemable preferred shares ($0.000067 par value; 9,651,565 shares authorized, issued and outstanding as of December 31, 2011 and March 31, 2012, respectively; liquidation value of $35,000)	38,500	39,200	—
EQUITY:			
LightInTheBox Holding Co., Ltd. Shareholders' equity			
Series A convertible preferred shares ($0.000067 par value; 15,000,000 shares authorized, issued and outstanding as of December 31, 2011 and March 31, 2012, respectively; liquidation value of $5,000)	5,000	5,000	—
Series B convertible preferred shares ($0.000067 par value; 17,522,725 shares authorized, issued and outstanding as of December 31, 2011 and March 31, 2012, respectively; liquidation value of $11,270)	11,270	11,270	—
Ordinary shares ($0.000067 par value; 707,825,710 shares authorized; 32,198,411 and 33,533,487 shares issued and outstanding as of December 31, 2011 and March 31, 2012, respectively)	2	2	2
Additional paid-in capital	5,668	8,049	63,519
Accumulated deficit	(57,980)	(61,659)	(61,659)
Accumulated other comprehensive loss	(22)	(25)	(25)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY	(36,062)	(37,363)	1,837
TOTAL LIABILITIES, SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' (DEFICIT) EQUITY	$ 19,640	$ 31,499	$ 31,499

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Three-month Period Ended March 31,	
	2011	2012
Net revenues	$ 27,932	$ 36,887
Cost of goods sold	19,964	22,095
Gross profit	7,968	14,792
Operating expenses:		
Fulfillment	1,603	2,038
Selling and marketing	9,986	10,786
General and administrative	3,324	4,900
Total operating expenses	14,913	17,724
Loss from operations	(6,945)	(2,932)
Interest income (expense)	1	(47)
Loss before income taxes	(6,944)	(2,979)
Income taxes expenses	—	—
Net loss	(6,944)	(2,979)
Accretion for Series C convertible redeemable preferred shares	700	700
Net loss attributable to ordinary shareholders	$ (7,644)	$ (3,679)
Net loss per ordinary share—basic	$ (0.21)	$ (0.10)
Net loss per ordinary share—diluted	$ (0.21)	$ (0.10)
Share-based compensation expense included in		
Fulfillment	$ 3	$ 3
Selling and marketing	14	33
General and administrative	348	726
Total	$ 365	$ 762

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Three-month Period Ended March 31,	
	2011	2012
Net loss	$ (6,944)	$ (2,979)
Other comprehensive loss:		
Foreign currency translation adjustment	(4)	(3)
Comprehensive loss	$ (6,948)	$ (2,982)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(U.S. dollars in thousands, except share data and per share data, or otherwise noted)

	Series A Convertible Preferred Shares		Series B Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2011	15,000,000	$ 5,000	17,522,725	$ 11,270	27,246,744	$ 2	$ 3,575	$ 35	$ (30,649)	$ (10,767)
Vesting of nonvested shares	—	—	—	—	1,231,667	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	365	—	—	365
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Net loss	—	—	—	—	—	—	—	—	(6,944)	(6,944)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(4)	—	(4)
Balance at March 31, 2011	15,000,000	$ 5,000	17,522,725	$ 11,270	28,478,411	$ 2	$ 3,940	$ 31	$ (38,293)	$ (18,050)
Balance at January 1, 2012	15,000,000	$ 5,000	17,522,725	$ 11,270	32,198,411	$ 2	$ 5,668	$ (22)	$ (57,980)	$ (36,062)
Vesting of nonvested shares	—	—	—	—	1,335,076	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	762	—	—	762
Accretion for series C convertible redeemable preferred shares	—	—	—	—	—	—	—	—	(700)	(700)
Beneficial conversion feature of convertible notes	—	—	—	—	—	—	1,619	—	—	1,619
Net loss	—	—	—	—	—	—	—	—	(2,979)	(2,979)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(3)	—	(3)
Balance at March 31, 2012	15,000,000	$ 5,000	17,522,725	$ 11,270	33,533,487	$ 2	$ 8,049	$ (25)	$ (61,659)	$ (37,363)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

LIGHTINTHEBOX HOLDING CO., LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands, or otherwise noted)

	Three-month Period Ended March 31,	
	2011	2012
Net loss	$ (6,944)	$ (2,979)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	139	256
Share-based compensation	365	762
Inventories provision	10	145
Amortization of debt discount	—	26
Changes in operating assets and liabilities:		
Accounts receivable	7	(246)
Inventories	49	(276)
Prepaid expenses and other current assets	257	(1,390)
Accounts payable	(168)	1,823
Advance from customers	2,344	3,590
Accrued expense and other current liabilities	725	991
Long-term deposit	20	12
Net cash (used in) provided by operating activities	(3,196)	2,714
Cash flows from investing activities		
Purchase of property and equipment	(332)	(32)
Increase in restricted cash	(281)	(155)
Net cash used in investing activities	(613)	(187)
Cash flows from financing activities		
Payment of professional fees related to initial public offering	—	(362)
Proceeds from issuance of convertible notes	—	8,000
Net cash provided by financing activities	—	7,638
Net (decrease) increase in cash	(3,809)	10,165
Effect of exchange rate changes on cash	4	1
Cash at beginning of period	23,439	6,786
Cash at end of period	$ 19,634	$ 16,952

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. BASIS OF PREPARATION

The accompanying unaudited condensed consolidated financial statements include the financial information of LightInTheBox Holding Co., Ltd. (the "Company"), its consolidated subsidiaries, consolidated variable interest entities ("VIEs") and VIEs' subsidiary (collectively, the "Group"). All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the three-month periods ended March 31, 2011 and 2012 are not necessarily indicative of the results for the full years. Management believes that the disclosures are adequate to make the information presented not misleading.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the financial statements, accounting policies and financial notes thereto included in the Company's audited consolidated financial statements for each of the three years in the period ended December 31, 2011. In the opinion of the management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments, which are necessary for a fair representation of financial results for the interim periods presented.

The financial information as of December 31, 2011 presented in the unaudited condensed financial statements is derived from the audited consolidated financial statements for the year ended December 31, 2011.

The accompanying unaudited condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of the Company's consolidated financial statements for each of the three years in the period ended December 31, 2011.

The Group experienced a net loss of $2,979 for the three-month period ended March 31, 2012. Its total liabilities and mezzanine equity exceeded its total assets by $37,363 as of March 31, 2012. For the year of 2012, management expects the Group to continue incurring operating losses and to experience negative cash flows from operating activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern. However, management believes that the Group has the ability to fulfill its financial obligations as they fall due for at least the next 12 months and will continue as a going concern based on the following:

1) The Company's current assets exceeded its current liabilities by $97 as of March 31, 2012 and the Company's series C convertible redeemable preferred shareholders do not have the right to redeem the shares before September 28, 2014, the fourth anniversary of the issuance date.

2) The Company has obtained a letter of intent from one existing preferred shareholder under which the preferred shareholder expressed the intent to provide continuous financial support as needed; and

3) The Company is adopting various cost-saving strategies.

As a result, the accompanying consolidated financial statements have been prepared assuming the Group will continue as a going concern. The accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities as that might be necessary if the Group is unable to continue as a going concern.

1. BASIS OF PREPARATION (Continued)

The VIE arrangements

PRC regulations currently limit direct foreign ownership of business entities providing value-added telecommunications services, advertising services and Internet services in the PRC where certain licenses are required for the provision of such services. To comply with these PRC regulations, the Company currently conducts certain aspects of its business in the PRC through Shenzhen Lanting Huitong Technologies Co., Ltd. ("Lanting Huitong"), a VIE.

Lanting Huitong was established by the shareholders of the Company in June 2008 in the People's Republic of China ("PRC"). Through the contractual arrangements (as described below) among Lanting Jishi Trade (Shenzhen) Co., Ltd. ("Lanting Jishi"), Lanting Huitong and the respective shareholders of Lanting Huitong, Lanting Huitong became the Group's VIE.

In order to obtain the benefit granted to domestic enterprises that are held by Chinese nationals who have previously studied overseas, the Chief Executive Officer ("CEO") and Lanting Huitong established Beijing Lanting Gaochuang Technologies Co., Ltd. ("Lanting Gaochuang") in December 2011, each holding 51% and 49% of Lanting Gaochuang, respectively, in the China Beijing Wangjing Overseas Students Pioneer Park, or the Wangjing Pioneer Park. Through a series of contractual arrangements among Lanting Jishi, Lanting Gaochuang and the respective shareholders of Lanting Gaochuang, Lanting Gaochuang became the Group's VIE.

Agreements that provide Lanting Jishi effective control over Lanting Huitong and Lanting Gaochuang (collectively, the "VIEs')

Powers of Attorney: Each registered shareholder of the VIEs, has executed a power of attorney appointing Lanting Jishi or its designee to be his or her attorney, and irrevocably authorizing them to vote on his or her behalf on all of the matters concerning the VIEs, that may require shareholders' approval. The powers of attorney will be valid as long as the registered shareholders remain as shareholders of the VIEs.

Equity disposal agreement: The agreements granted Lanting Jishi or its designated party exclusive options to purchase, when and to the extent permitted under PRC law, all or part of the equity interests in the VIEs. The exercise price for the options to purchase all or part of the equity interests will be the minimum amount of consideration permissible under the then applicable PRC law. The agreement will be valid until Lanting Jishi or its designated party purchases all the shares from shareholders of the VIEs. The equity disposal agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Spousal consent letters: Pursuant to spousal consent letters, the spouse of each of the shareholders of Lanting Huitong acknowledged that certain equity interests of Lanting Huitong held by and registered in the name of his/her spouse will be disposed of pursuant to the equity disposal and share pledge agreements. These spouses understand that such equity interests are held by their respective spouse on behalf of Lanting Jishi, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interests constitute

1. BASIS OF PREPARATION (Continued)

communal property of marriage. The spousal consent letters will be valid until the liquidation of Lanting Huitong, unless terminated earlier at Lanting Jishi's sole discretion.

Loan agreement: Under the loan agreement entered into in December 2011 between Lanting Jishi and the CEO, Lanting Jishi extended a loan in the amount of RMB255,000 ($40,515) to the CEO to be contributed as 51% of the registered capital of Lanting Gaochuang. Under this agreement, the CEO agrees that without prior written consent from Lanting Jishi, Lanting Gaochuang may not enter into any transaction that could materially affect its assets, liabilities, interests or operations, and there will be no earnings distribution in any form by Lanting Gaochuang before such loan has been repaid. This loan can only be repaid by transferring all of the CEO's equity interest in Lanting Gaochuang to Lanting Jishi or a third party designated by Lanting Jishi, and submitting all proceeds from such transaction to Lanting Jishi. The loan agreement has a term of ten years and will be extended automatically, unless indicated otherwise by Lanting Jishi in writing three months prior to the contract expiration date.

Agreements that transfer economic benefits to Lanting Jishi

Business operation agreement: The registered shareholders of the VIEs and the VIEs agreed that the VIEs may not enter into any transaction that could materially affect the assets, liabilities, interests or operations of the VIEs, without prior written consent from Lanting Jishi or other party designated by Lanting Jishi. In addition, directors, supervisors, chairman, general managers, financial controllers or other senior managers of the VIEs must be Lanting Jishi's nominees. Lanting Jishi is entitled to any dividend declared by the VIEs. The business operation agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Exclusive technical support and consulting service agreement: Lanting Jishi agreed to provide the VIEs with technology support and consulting services. The VIEs agreed to pay a service fee equal to substantially all of the net income of the VIEs. The exclusive technical support and consulting service agreement will be valid until the liquidation of the VIEs, unless terminated earlier at Lanting Jishi's sole discretion.

Share pledge agreement: The registered shareholders of the VIEs pledged all of their respective equity interests in favor of Lanting Jishi to secure the obligations of the VIEs and shareholders' obligations of the VIEs under the various agreements of the VIEs, including the business operation agreements, the exclusive technical support and consulting service agreement described above. If the VIEs or any of the respective registered shareholders of the VIEs breaches any of their respective contractual obligations under these agreements, Lanting Jishi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The registered shareholders of the VIEs agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interests in the VIEs, without Lanting Jishi's prior written consent. Unless terminated at Lanting Jishi's sole discretion, each share pledge agreement will be valid till the completion of all the contractual obligations of the VIEs or any of the shareholders of the VIEs under the business

1. BASIS OF PREPARATION (Continued)

operation agreements, the technical support and consulting service agreements and equity disposal agreements.

Since the Company, through Lanting Jishi, its subsidiary, has (1) the power to direct the activities of Lanting Huitong and Lanting Gaochuang that most significantly affect their economic performance and (2) the right to receive the benefits from them, the Company consolidated Lanting Gaochuang and Lanting Huitong as VIEs.

The following consolidated financial information of the Group's VIEs and VIE's subsidiaries was included in the accompanying unaudited condensed consolidated financial statements as of and for the three-month period ended:

	As of December 31, 2011	As of March 31, 2012
Total assets	$ 4,762	$ 4,609
Total liabilities	$ 4,705	$ 4,058

	Three-month Period Ended March 31,	
	2011	2012
Net revenues	$ 1,702	$ 867
Net loss	$ (428)	$ (11)

	Three-month Period Ended March 31,	
	2011	2012
Net cash provided by operating activities	$ 231	$ 51
Net cash used in investing activities	$ (119)	$ (4)

There are no consolidated VIEs' assets that are collateral for the VIEs' obligations and can only be used to settle the VIEs' obligations.

2. PRO FORMA INFORMATION

The pro forma balance sheet information as of March 31, 2012 assumes the vesting of 2,873,888 founders' nonvested shares into ordinary shares and the automatic conversion of all of the outstanding Series A convertible preferred shares, Series B convertible preferred shares and Series C convertible redeemable preferred shares into ordinary shares at the conversion ratio of one for one, as if the vesting and conversion had occurred as of March 31, 2012.

2. PRO FORMA INFORMATION (Continued)

Pro forma net income (loss) per share for the three-month period ended March 31, 2012 is not presented because the effect of the conversion of preferred shares using a conversion ratio of one for one and the vesting of the founders' nonvested shares would have resulted in an anti-dilutive effect on net income (loss) per share applicable to ordinary shareholders.

3. ACCOUNTING PRONOUNCEMENTS

Newly adopted accounting pronouncements

In May 2011, the FASB issued an authoritative pronouncement on fair value measurement. The guidance is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair value measurement principles in US GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments, mainly including:

- Highest-and-best-use and valuation-premise concepts for nonfinancial assets—the guidance indicates that the highest-and-best-use and valuation-premise concepts only apply to measuring the fair value of nonfinancial assets.

- Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk—the guidance permits an exception to fair value measurement principles for financial assets and financial liabilities (and derivatives) with offsetting positions in market risks or counterparty credit risk when several criteria are met. When the criteria are met, an entity can measure the fair value of the net risk position.

- Premiums or discounts in fair value measure—the guidance provides that premiums or discounts that reflect size as a characteristic of the reporting entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (for example, a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement.

- Fair value of an instrument classified in a reporting entity's shareholders' equity—the guidance prescribes a model for measuring the fair value of an instrument classified in shareholders' equity; this model is consistent with the guidance on measuring the fair value of liabilities.

- Disclosures about fair value measurements—the guidance expands disclosure requirements, particularly for Level 3 inputs. Required disclosures include:

    - For fair value measurements categorized in Level 3 of the fair value hierarchy: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation process in place (e.g., how the entity decides its valuation policies and procedures, as well as changes in its analyses of fair value measurements, from period to period), and (3) a narrative description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs.

3. ACCOUNTING PRONOUNCEMENTS (Continued)

- The level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed.

The guidance is to be applied prospectively and effective for interim and annual periods beginning after December 15, 2011, for public entities. Early application by public entities is not permitted. The adoption of this guidance did not have a significant effect on the Company's consolidated financial statements.

In June 2011, the FASB issued an authoritative pronouncement to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The guidance should be applied retrospectively. For public entities, the amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. In December 2011, the FASB issued an authoritative pronouncement related to deferral of the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This guidance allows the FASB to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. While the FASB is considering the operational concerns about the presentation requirements for reclassification adjustments and the needs of financial statement users for additional information about reclassification adjustments, entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before the pronouncement issued in June 2011. The Group adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on the Company's consolidated financial statements.

In September 2011, the FASB issued an authoritative pronouncement related to testing goodwill for impairment. The guidance is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. The pronouncement permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for

3. ACCOUNTING PRONOUNCEMENTS (Continued)

nonpublic entities, have not yet been made available for issuance. The adoption of this guidance did not have a significant effect on the Company's consolidated financial statements.

Recent accounting pronouncements not yet adopted

In December 2011, the Financial Accounting Standards Board issued an authoritative pronouncement related to Disclosures about Offsetting Assets and Liabilities. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Group does not expect the adoption of this guidance to have a significant impact on its consolidated financial statements.

4. INVENTORIES

Inventories consisted of the following:

	As of December 31, 2011	As of March 31, 2012
Merchandise available for sale	$ 5,636	$ 5,912
Less: inventories provision for slow-moving and obsolescence	(671)	(816)
Total inventories	$ 4,965	$ 5,096

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Components of prepaid expenses and other current assets are as follows:

	As of December 31, 2011	As of March 31, 2012
Prepayment to suppliers	$ 892	$ 958
Professional fees prepaid	—	289
Receivable from employees(1)	328	353
Receivable from collection agencies(2)	2,772	3,892
Rental deposits and prepaid rents	432	401
Staff advance	66	76
Value-added tax ("VAT") recoverable	144	90
Other	365	330
Total	$ 4,999	$ 6,389

(1) Receivable from employees mainly represents sales made by employees on behalf of the Company on certain third party Internet platforms which the cash received is currently with the employees' personal accounts pending for transfer to the Group.

(2) Receivables from collection agencies represented cash that had been received from customers but held by the collection agencies as of December 31, 2011 and March 31, 2012. The receivables were collected by the Company subsequent to the respective period end.

6. PROPERTY AND EQUIPMENT, NET

The components of property and equipment are as follows:

	As of December 31, 2011	As of March 31, 2012
Leasehold improvements	$ 1,150	$ 1,156
Furniture, fixtures and office equipment	972	971
Software and IT equipment	1,266	1,295
	3,388	3,422
Less: Accumulated depreciation	(1,486)	(1,737)
Property and equipment, net	$ 1,902	$ 1,685

Depreciation expense incurred for the three-month periods ended March 31, 2011 and 2012 were $117 and $256, respectively.

7. LONG-TERM DEPOSIT

Long-term deposit represents rental deposit and deposit required by the payment collection agencies to maintain an active trading account, and such amount will only be returned upon closing the account with the payment collection agencies.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31, 2011	As of March 31, 2012
Accrued payroll and staff welfare	$ 4,009	$ 4,258
Individual income tax payable	2,363	2,731
Business tax and VAT payable	472	538
Accrued professional fees	523	450
Accrued advertising fees	435	386
Credit card processing charges	255	225
Accrued sales return(1)	292	292
Accrued chargebacks(2)	85	85
Other accrued expenses	181	270
Total	$ 8,615	$ 9,235

(1) Accrued sales return represents the gross profit effect of estimated sales return at the end of each of the respective periods assuming products returned had no value to the Company. Movements during the respective periods are as follows:

	2011	2012
Balance at January 1	$ 113	$ 292
Allowance for sales return made in the period	1,188	1,206
Utilization of accrued sales return	(1,248)	(1,206)
Balance at March 31	$ 53	$ 292

(2) Chargeback represents credit losses relating to fraudulent credit card activities which resulted in chargebacks from the payment collection agencies. For the three-month periods ended March 31, 2011 and 2012, the Group incurred chargeback of $91 and $113 respectively, which was included in the general and administrative expenses.

9. CONVERTIBLE NOTES

On March 23, 2012, the Company issued convertible notes of $8 million with a term of 18 months to certain holders of Series C redeemable convertible preferred shares. The total principal amount of $8 million was received in March 2012. The convertible notes bear interest at 12% per annum, or 15%

9. CONVERTIBLE NOTES (Continued)

per annum upon an event of default, uncompounded and computed on the basis of the actual number of days elapsed.

The convertible notes will be automatically converted into the same class of equity securities upon the completion of a qualified financing event, including a qualified initial public offering if such qualified financing event occurs within the 18 months term. The conversion price shall be equal to the per share issuance price of the equity securities issued for the qualified financing event; provided that in the event the total pre-money valuation of the Company prior to such financing event, without taking into account the convertible notes or the equity securities issued, is greater than $350 million, the conversion price shall be equal to $350 million divided by the total number of outstanding equity shares of the Company prior to such financing event which shall include any shares issued or reserved for issuance under any benefit plan of the Company. The conversion price shall be multiplied by 95% as the applicable conversion discount if the qualified financing event takes place after three months but on or before six months from the convertible note issuance date, by 90% as the applicable conversion discount if the qualified financing event takes place after six months but on or before 12 months from the convertible note issuance date and by 85% as the applicable conversion discount if the qualified financing event takes place after 12 months from the convertible note issuance date. All interest accrued under the convertible notes is to be paid in cash after a qualified financing event or at maturity.

In case there is no qualified financing event occurring during the 18 months term, the convertible notes will be automatically converted into Series C redeemable convertible preferred shares upon maturity. The maturity conversion price shall be equal to $255 million divided by the total number of outstanding equity shares of the Company on the maturity date which shall include any shares issued or reserved for issuance under any benefit plan of the Company, but excluding the maturity conversion shares.

A beneficial conversion feature ("BCF") of $1,619 was resulted as the maturity conversion price was lower than the fair value of the ordinary shares on March 23, 2012, which was recognized as additional paid-in capital with a corresponding entry in debt discount. The debt discount will be amortized into interest expense over the term of the convertible notes using effective interest method. During the three-month period ended March 31, 2012, the amortized discount of $26 was recorded as part of interest expense. The embedded feature of interest rate reset upon an event of default in the convertible notes is a derivative but not subject to bifurcation as it is clearly and closely related to the economic risks and characteristics of the convertible notes.

In the case of a qualified financing event occurring before maturity, the BCF will be reassessed and any unamortized balance of the debt discount will be recognized as interest expenses in the statement of operations. In addition, all interest accrued under the convertible notes will become due and payable in cash.

9. CONVERTIBLE NOTES (Continued)

The carrying amount of the convertible notes was as follows:

	As of March 31, 2012
Principal	$ 8,000
Debt discount	(1,619)
Accumulated amortization of debt discount	26
Accrued interest	21
Carrying amount	$ 6,428

Interest expense recognized related to the convertible notes was as follows:

	Three-month Period Ended March 31, 2012
Interest at coupon rate	$ 21
Amortization of debt discount	26
Total interest expense recognized	$ 47

10. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES

On October 27, 2008, the Company issued 15,000,000 Series A convertible preferred shares ("Series A preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $5,000, at an issuance price of $0.33 per Series A preferred share. As a part of this financing transaction, Series A preferred shares investors required three of the Group's founding shareholders to place all of their 24,633,333 ordinary shares under restriction. (see Note 13, Nonvested Shares for more details).

The Company has determined that there was no beneficial conversion feature attributable to the Series A preferred shares because the initial and subsequent adjusted conversion price of Series A preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series A preferred shares. Series A preferred shares are not redeemable.

On June 26, 2009, the Company issued 17,522,725 Series B convertible preference shares ("Series B preferred shares") with par value of $0.000067 per share to third party investors for cash proceeds of $11,270, at an issuance price of $0.643 per Series B preferred share.

The Company has determined that there was no beneficial conversion feature attributable to the Series B preferred shares because the initial and subsequent adjusted conversion price of Series B preferred shares was higher than the fair value of the Company's ordinary shares on issue date of Series B preferred shares. Series B preferred shares are not redeemable.

10. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

Key terms of the Series A and Series B preferred shares are summarized as follows:

Dividends

Only after full payment of dividend or distribution on the Series C preferred shares, the holders of Series B preferred shares and Series A preferred shares shall participate on an as-converted basis with respect to any dividends payable to the ordinary shares on a pro rata and on an as-converted basis.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, distributions to the shareholders of the Company shall be made in the following manners (after satisfaction of all creditors' claims and claims that may be preferred by law):

1. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is at least $300,000, the entire assets of the Company legally available for distribution shall be distributed to the holders of Series A preferred shares, Series B preferred shares, Series C preferred shares and ordinary shares on a pro rata basis, according to the relative number of ordinary shares held by each such holder (determined on an as-if converted basis).

2. If the valuation of the Company immediately prior to such liquidation, dissolution or winding up is less than $300,000, holders of Series C preferred shares shall be paid an amount equal to 150% of Series C issuance price plus unpaid dividends if any first. Then Series B preferred shareholders shall be paid an amount equal to Series B issuance price plus unpaid dividends if any. Then Series A preferred shareholders shall be paid an amount equal to Series A issuance price plus unpaid dividends if any. Any remaining assets shall be distributed ratably among Series C preferred shareholders, Series B preferred shareholders, Series A preferred shareholders and ordinary shareholders on an as-if converted basis.

Voting rights

Each outstanding ordinary shareholder has right to one vote. Each preferred shareholder has a number of voting rights equivalent to the number of ordinary shares into which Series A, Series B and Series C preferred shares could have converted at the record date for determination of the shareholders entitled to vote on related matters.

Conversion

Series A preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series A issuance price by the Series A preferred shares conversion price. The Series A preferred shares conversion price shall initially be the Series A issuance price per ordinary share. Series B preferred shares shall be convertible at the option of the holder any time into ordinary shares as determined by dividing the Series B issuance price by the Series B conversion price. The Series B preferred shares conversion price shall initially be the Series B issuance price per ordinary share. Series C preferred shares shall be convertible at the option of the holder any

10. SERIES A AND SERIES B CONVERTIBLE PREFERRED SHARES (Continued)

time into ordinary shares as determined by dividing the Series C issuance price by the Series C conversion price. The conversion price shall initially be the Series C issuance price per ordinary share.

Applicable conversion price shall be adjusted for share dividends, subdivisions, combinations, or consolidations of ordinary shares, other distributions, reclassification, exchange and substitution. Applicable conversion price share shall also be adjusted in respect of the issuance of additional ordinary shares if the consideration per additional ordinary share issued or deemed to be issued by the Company is less than such applicable conversion price in effect on the date of and immediately prior to such issue.

All preferred shares shall automatically be converted into ordinary shares at the then effective applicable conversion price upon the closing of a Company qualified initial public offering ("IPO") or the written consent of holders of more than two thirds of the outstanding preferred shares (voting as a single class on an as-converted basis) including consent of holders of a majority of the outstanding Series C preferred shares.

11. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES

On September 28, 2010, the Company issued a total of 9,651,565 convertible redeemable preferred shares ("Series C shares") with par value of $0.000067 per share to third party investors for cash proceeds of $35,000, at an issuance price of $3.626 per Series C share.

The Company has determined that there was no beneficial conversion feature attributable to the Series C shares because the initial and subsequent adjusted conversion price of Series C shares was higher than the fair value of the Company's ordinary shares on the issue date of Series C shares. The Company accreted changes in the redemption value over the period from the date of issuance to the earliest redemption date of the security.

Key terms of the Series C shares do not differ from those of Series A and Series B preferred shares except redemption right which is summarized as follows:

Redemption

During a period of ten years after the fourth year anniversary of the Series C shares issue date, the holders of Series C shares shall have the right to redeem the Series C shares.

The redemption price of each Series C shares shall equal to, subject to adjustment for combinations, consolidations, subdivisions, share splits, share dividends or the like with respect to such share, the sum of:

(i) the Series C shares issuance price; plus,

(ii) 8% compound interest per annum on the Series C shares issuance price for each Series C shares accreted over the period from the date of issuance to the earliest redemption date of the security; plus,

(iii) all accrued but unpaid dividends per Series C shares.

11. SERIES C CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)

Below is the movement in the carrying value of the Series C shares.

	2011	2012
Balance on January 1,	35,700	38,500
Accretion to redemption value of Series C shares	700	700
Balance on March 31,	36,400	39,200

12. SHARE OPTIONS

On October 27, 2008, the Company adopted the 2008 Share Incentive Option Plan ("2008 Plan") for the granting of share options to employees to reward them for services to the Company and to provide incentives for future services. Pursuant to the 2008 Plan, total shares that the 2008 Plan was authorized to grant was 4,444,444 shares. The majority of the options will vest over four years where 25% of the options will vest at the end of the first year, 25% will vest yearly in the second year through the fourth year. The share options expire 10 years from the date of grant.

In 2008, the Company granted 590,000 share options under the 2008 Plan to employees at an exercise price of $0.5 per share.

In 2009, the Company granted 502,000, 433,000 and 407,000 share options under the 2008 Plan to employees at exercise prices of $0.01, $0.5 and $0.96 per share, respectively.

In 2010, the Company granted 328,000 shares options under the 2008 Plan to employees at an exercise price of $0.96 per share.

In 2011, the Company granted 357,000, 8,000 and 119,000 share options under the 2008 Plan to employees at exercise prices of $4.25, $0.96 and $4.29 per share, respectively.

There were no options granted during the three-month periods ended March 31, 2011 and 2012.

A summary of the stock option activity under the 2008 Plan as of March 31, 2012, and changes during the three-month period then ended is presented below:

Grant date	Options granted	Weighted average exercise price per option
Balance, January 1, 2012	1,975,000	$ 1.30
Forfeited	(69,250)	$ 2.74
Balance, March 31, 2012	1,905,750	$ 1.25

12. SHARE OPTIONS (Continued)

The following table summarizes information regarding the share options as of March 31, 2012.

	As of March 31, 2012			
	Option Number	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Options				
outstanding	1,905,750	$ 1.25	7.74	$ 424,808
exercisable	1,104,777	$ 0.41	7.24	$ 254,948
expected to vest	800,973	$ 2.41	8.43	$ 169,860

For the three-month periods ended March 31, 2011 and 2012, the Group recorded share-based compensation expense of $34 and $60 related to the options under the 2008 Plan, respectively. As of March 31, 2012, there was $698 of total unrecognized compensation cost related to the options, which is expected to be recognized over a weighted-average period of 3.19 years.

13. NONVESTED SHARES

Nonvested shares granted to founding shareholders under the restricted share agreement

In October 2008, the Company's three of the five founding shareholders who are also employees, entered into an arrangement with the investors in conjunction with the issuance of Series A preferred shares, whereby all of their 24,633,333 ordinary shares became subject to transfer restrictions. In addition, such nonvested shares are subject to repurchase by the Company upon termination of employment. The repurchase price is the par value of the ordinary shares. The founding shareholders retain the voting rights of such nonvested shares, and any additional securities or cash received as the result of ownership of such shares. This arrangement has been accounted for as a reverse stock split followed by the grant of a restricted stock award under a performance-based plan. Accordingly, the Group measured the fair value of the nonvested shares and is recognizing the amount as compensation expense over the four-year deemed service period.

The founding shareholders' nonvested shares granted under the share plan shall vest (i) twenty percent (20%) on the date of October 23, 2008 (the Vesting Starting Date); (ii) twenty percent (20%) on the first anniversary of the Vesting Starting Date; (iii) after the first anniversary of the Vesting Starting Date, $^{1}/_{36}$ of the remaining shares every thirty days thereafter. Vesting will be accelerated upon a qualified IPO or change of control of the Company.

Before the founding shareholders' nonvested shares were vested and released from the repurchase rights, the holders of the nonvested shares shall entitle to all rights and privileges of those of ordinary shareholders, and shall be entitled to voting rights and dividends. Therefore, these nonvested shares are considered participating securities for the purpose of net earnings (loss) per share calculation.

13. NONVESTED SHARES (Continued)

Nonvested shares granted to employees under the 2008 Plan

In December 2008, the Company granted 220,000 nonvested shares to two employees. 120,000 nonvested shares became fully vested at the time of the grant, and 100,000 nonvested shares will be vested over a four year period from the date of the grant.

In March 2011, the Company granted 827,278 nonvested shares to two employees. These nonvested shares will be vested over a four-year period from the date of the grant.

In October 2011, the Company granted 992,732 nonvested shares to one employee. These nonvested shares will be vested over a four-year period from the date of the grant.

The following table summarizes information regarding the nonvested shares granted and vested for the three-month period ended March 31, 2012:

	Number of Shares	Weighted average grant date fair value
Shares outstanding at January 1, 2012	5,536,925	$ 1.37
Vested	1,335,076	$ 0.68
Outstanding at March 31, 2012	4,201,849	$ 1.59

For the three-month periods ended March 31, 2011 and 2012, the Group recorded share-based compensation expense of $331 and $702 related to the nonvested shares, respectively. As of March 31, 2012, there was $5,786 of unrecognized compensation cost related to nonvested shares, which is expected to be recognized over a weighted-average period of 1.38 years. This included unrecognized compensation cost of $788 relating to founding shareholders' nonvested shares which is expected to be recognized over a period of 0.56 years, or upon an IPO.

14. INCOME TAXES

Cayman Islands

The Company is a tax-exempted company incorporated in the Cayman Islands and is not subject to tax on income or capital gains.

Hong Kong

Light In The Box Limited was established in Hong Kong and is subject to Hong Kong Profits Tax at 16.5% for the profit that is generated in Hong Kong.

PRC

Except Lanting Huitong, other entities of the Group domiciled in the PRC are subject to 25% statutory income tax rates in accordance with the Enterprise Income Tax Law ("EIT Law") in the periods presented. Lanting Huitong qualified as a "software enterprise" and therefore enjoyed a

14. INCOME TAXES (Continued)

two-year income tax exemption starting from the first profit making year since 2010, followed by a reduced tax rate of 12.5% for the subsequent three years.

The principal components of the deferred tax assets and liabilities are as follows:

	As of December 31, 2011	As of March 31, 2012
Current deferred tax assets:		
Accrued payroll	$ 244	$ 352
Accrued expenses	11	10
Less: Valuation allowance	(255)	(362)
Current deferred tax assets, net	—	—
Non-current deferred tax asset:		
Net operating loss carry forwards	8,980	9,340
Less: Valuation allowance	(8,980)	(9,340)
Non-current deferred tax asset, net	$ —	$ —

The Group operates through its subsidiaries and VIE entities and the valuation allowance is considered on each individual subsidiary and VIE basis. The net operating loss carry forwards of the subsidiaries and VIE registered in the PRC will expire on various dates through 2016. Considering its history of accumulated losses, the Group established full valuation allowances on deferred tax assets as of March 31, 2011 and 2012.

The Group did not identify significant unrecognized tax benefits for the three-month periods ended March 31, 2011 and 2012. The Group did not incur any interest related to unrecognized tax benefits, did not recognized any penalties as income tax expenses and also does not anticipate any significant change in unrecognized tax benefits within 12 months from March 31, 2012.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese Income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the New EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties occurs within the PRC. On April 22, 2009, the State Administration of Taxation (the "SAT") issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. In addition, on August 3, 2011, the SAT issued a bulletin to made clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. The Group does not believe that the legal entities organized outside of the

14. INCOME TAXES (Continued)

PRC within the Group should be treated as residents for EIT law purposes. However, if the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%.

If any entity within the Group that is outside the PRC were to be a non-resident for PRC tax purposes dividends paid to it out of profits earned after January 1, 2008 would be subject to a withholding tax at a rate of 10%, subject to reduction by an applicable tax treaty with the PRC. As of March 31, 2011 and March 31, 2012, the Company's subsidiaries located in the PRC recorded aggregate accumulated deficits. Accordingly, no deferred tax liability has been accrued for the Chinese dividend withholding taxes. In the future, aggregate undistributed earnings of the Company's subsidiaries located in the PRC, if any, that are taxable upon distribution to the Company, will be considered to be indefinitely reinvested, because the Group does not have plan to pay cash dividends on its ordinary shares in the foreseeable future and intends to retain most of its available funds and any future earnings for use in the operation and expansion of its business.

In accordance with relevant PRC tax administration laws, tax years from 2006 to 2011 of the Group's PRC subsidiaries, the VIE and VIE's subsidiary remain subject to tax audits as of March 31, 2012, at the tax authority's discretion.

15. LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per ordinary share for the three-month periods ended March 31, 2011 and 2012.

	Three-month Period Ended March 31,	
Numerator:	**2011**	**2012**
Net loss attributable to LightInTheBox Holding Co., Ltd.	$ (6,944)	$ (2,979)
Accretion of Series C convertible redeemable preferred shares	(700)	(700)
Net loss attributable to ordinary shareholders of LightInTheBox Holding Co., Ltd.	(7,644)	(3,679)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per ordinary share—basic	(5,448)	(3,125)
Net loss attributable to shareholders of LightInTheBox Holding Co., Ltd. allocated for computing net loss per nonvested share—basic	(2,196)	(554)
Net loss per ordinary share—basic	$ (0.21)	$ (0.10)
Net loss per nonvested share—basic	$ (0.21)	$ (0.10)
Net Loss per ordinary share—diluted	$ (0.21)	$ (0.10)
Shares (denominator):		
Weighted average number of shares used in calculating net loss per ordinary share—basic	25,733,724	30,672,764
Weighted average number of shares used in calculating net loss per nonvested share—basic	10,375,244	5,436,204
Weighted average number of shares used in calculating net loss per ordinary share—diluted	36,108,968	36,108,968

As a result of the Group's net loss for each of the three-month periods ended March 31, 2011 and 2012, share equivalents issued under the Company's 2008 Plan, 15,000,000 Series A preferred shares and 17,522,725 Series B preferred shares, 9,651,565 Series C shares and the convertible notes computed using as-if converted method were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

16. EMPLOYEE RETIREMENT BENEFIT

Full time employees in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to make contributions based on certain percentages of the employees' basic salaries. Other than the contribution, there is no further obligation under these plans. The total contribution for such employee benefits was $463 and $736 for the three-month periods ended March 31, 2011 and 2012, respectively.

17. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the group is required to provide for certain statutory reserves, namely general reserve, enterprise expansion reserve, and staff welfare and bonus reserve, all of which are appropriated from net profit as reported in their PRC statutory accounts. The Group's subsidiaries are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Group's subsidiaries. There are no appropriations to these reserves by the Group's PRC (mainland) subsidiaries for the three-month periods ended March 31, 2011 and 2012, respectively.

As a result of these PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries and VIE. As of December 31, 2011 and March 31, 2012, the amounts of capital represented the amount of net assets of the relevant subsidiaries and VIE in the Group not available for distribution amounted to $3,293.

18. SEGMENT REPORTING

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group. The Group has one operating segment.

Component of the Group's net revenues are presented in the following table:

	Three-month Period Ended March 31,	
	2011	2012
Apparel	$ 9,827	$ 15,796
Electronics and communication devices	10,535	8,427
Home and garden	3,106	4,452
Small accessories and gadgets	2,602	6,051
Others	1,862	2,161
Total net revenues	$ 27,932	$ 36,887

18. SEGMENT REPORTING (Continued)

The following table summarizes the Group's total net revenues generated in different geographic locations and as a percentage of total net revenues.

	Three-month Period Ended March 31,			
	2011		2012	
	Revenues	%	Revenues	%
North America	$ 8,724	31.2	$ 10,348	28.1
Europe	12,589	45.1	18,889	51.2
Other countries	6,619	23.7	7,650	20.7
Total net revenues	$ 27,932		$ 36,887	

North America's net revenues include revenues from United States of $7,761 and $9,226 during the three-month periods ended March 31, 2011 and 2012, respectively. Europe's net revenues include revenues from France of $5,098 and $6,988 during the three-month periods ended March 31, 2011 and 2012, respectively; and revenues from United Kingdom of $1,369 and $2,524 during the three-month periods ended March 31, 2011 and 2012, respectively.

As of December 31, 2011 and March 31, 2012, substantially all of long-lived assets of the Group are located in the PRC.

19. FAIR VALUE MEASUREMENTS

The Group had no financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011 and March 31, 2012.

The fair value of convertible notes is not readily available. The carrying amounts of convertible notes are measured at amortized cost adopting the effective interest method.

20. RELATED PARTY TRANSACTIONS

The Company entered into indemnification agreements with certain directors. These agreements require us to indemnify such individuals, to the fullest extent permitted by law, for certain liabilities to which they may become subject as a result of their affiliation with the Company.

The Company provided advance payment of $51 to the CEO for travelling and other expenses in the ordinary course of business. Such amount was included in staff advance under prepaid expenses and other current assets as of March 31, 2012.

21. COMMITMENTS AND CONTINGENCIES

(1) Commitments

Lease commitment

The Group has operating lease agreements for warehouses and offices. Rent expenses under operating leases for the three-month periods ended March 31, 2011 and 2012 were $334 and $510 respectively.

21. COMMITMENTS AND CONTINGENCIES (Continued)

Future minimum lease payments under non-cancellable operating lease agreements as of March 31, 2012 are as follows:

Period/Years Ending	
Nine-month period ending December 31, 2012	$ 1,127
2013	600
2014	148
2015	41
2016	—
	$ 1,916

(2) Contingencies

The Company's PRC subsidiary, VIEs and VIE's subsidiary, have not fully paid the contributions for employee benefit plans as required by applicable PRC regulations. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements, prior failure to make payments may be in violation of applicable PRC labor-related laws and the Group may be subject to fines up to maximum of $8,300 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of May 21, 2012, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Company's PRC subsidiary, VIEs and VIE's subsidiary, did not withhold appropriate amount of individual income tax as required by applicable PRC tax laws. While the Company believes it has made adequate provision of such outstanding amounts in the audited consolidated financial statements, failure to withhold individual taxes may subject the Group to fines up to maximum of $7,914 if it fails to rectify any such breaches within the period prescribed by the relevant authorities. As of [May 21], 2012, there had been no actions initiated by the relevant authorities. The Group is unable to reasonably estimate the actual amount of fines and penalty that may rise if the authorities were to become aware of the non-compliance and were to take action.

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

22. SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date of March 31, 2012 through May 21, 2012, which is the date the unaudited condensed consolidated financial statements were available to be issued, and noted no significant subsequent events.

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Photos From LightInTheBox Customers

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Until , 2012 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. ***Indemnification of Directors and Officers***

Cayman Islands law does not limit the extent to which a company's articles of association may provide indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to the public interest, such as providing indemnification against civil fraud or the consequences of committing a crime. The registrant's articles of association provide that each officer or director of the registrant shall be indemnified out of the assets of the registrant against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favor, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part, or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the registrant.

Under the form of indemnification agreements filed as Exhibit 10.2 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of underwriting agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. ***Recent Sales of Unregistered Securities***

During the past three years, we have issued and sold the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Sale or Issuance	Number of Securities	Consideration (U.S. dollars)	Securities Registration Exemptions
Ceyuan Ventures II, L.P.	April 8, 2008	9,625,000 Series A convertible preferred shares	$ 4,812,500.00	Regulation S under the Securities Act
Ceyuan Ventures Advisors Fund II, LLC.	April 8, 2008	375,000 Series A convertible preferred shares	$ 187,500.00	Regulation S under the Securities Act
Ceyuan Ventures II, L.P.	June 26, 2009	3,151,454 Series B convertible preferred shares	$ 2,026,904.50	Regulation S under the Securities Act

Purchaser	Date of Sale or Issuance	Number of Securities	Consideration (U.S. dollars)	Securities Registration Exemptions
Ceyuan Ventures Advisors Fund II, LLC	June 26, 2009	121,424 Series B convertible preferred shares	$ 78,095.50	Regulation S under the Securities Act
GSR Ventures III, L.P.	June 26, 2009	14,249,847 Series B convertible preferred shares	$ 9,165,000.00	Regulation S under the Securities Act
Ceyuan Ventures II, L.P.	September 28, 2010	2,323,862 Series C convertible redeemable preferred shares	$ 8,427,148.00	Regulation S under the Securities Act
Ceyuan Ventures Advisors Fund II, LLC	September 28, 2010	89,537 Series C convertible redeemable preferred shares	$ 324,693.00	Regulation S under the Securities Act
GSR Ventures III, L.P.	September 28, 2010	1,844,414 Series C convertible redeemable preferred shares	$ 6,688,501.00	Regulation S under the Securities Act
Banean Holdings Ltd	September 28, 2010	37,641 Series C convertible redeemable preferred shares	$ 136,500.00	Regulation S under the Securities Act
Trustbridge Partners III, L.P.	September 28, 2010	5,356,111 Series C convertible redeemable preferred shares	$19,423,158.00	Regulation S under the Securities Act
Ceyuan Ventures II, L.P.	March 23, 2012	Convertible note	$ 4,333,050.00	Regulation S under the Securities Act
Ceyuan Ventures Advisors Fund II, LLC	March 23, 2012	Convertible note	$ 166,950.00	Regulation S under the Securities Act
GSR Ventures III, L.P.	March 23, 2012	Convertible note	$ 3,430,000.00	Regulation S under the Securities Act
Banean Holdings Ltd	March 23, 2012	Convertible note	$ 70,000.00	Regulation S under the Securities Act
Directors, officers, advisors and employees	Various dates	Options to purchase 2,744,000 ordinary shares and 2,040,010 restricted ordinary shares	Services to our company	Rule 701 under the Securities Act

Item 8. ***Exhibits and Financial Statement Schedules***

(a) ***Exhibits***

See Exhibit Index beginning on page II-8 of this Registration Statement.

(b) ***Financial Statement Schedules.***

All supplement schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements or notes thereto.

Item 9. ***Undertakings***

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each posteffective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability under the Securities Act of 1933, that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are

offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, People's Republic of China, on , 2012.

LIGHTINTHEBOX HOLDING CO., LTD.

By: ______________________________

Name: Quji (Alan) GUO
Title: Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint and , and each of them singly, as his true and lawful attorneys-in-fact and agents, each with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
Quji (Alan) GUO	Chairman and Chief Executive Officer (principal executive officer)	, 2012
Xin (Kevin) WEN	Director	, 2012
Liang ZHANG	Director	, 2012
Jun LIU	Director	, 2012

Signature	**Capacity**	**Date**
Jin-Choon (Richard) LIM	Director	, 2012
Bo FENG	Director	, 2012
Ye YUAN	Director	, 2012
Shujun LI	Director	, 2012
Zheng (Richard) XUE	Chief Financial Officer (principal financial and accounting officer)	, 2012

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of LightInTheBox Holding Co., Ltd. has signed this registration statement or amendment thereto in on , 2012.

By: ______________________________
Name:
Title:

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1**	Third Amended and Restated Memorandum of Association of the Registrant, as currently in effect
3.2*	Form of Fourth Amended and Restated Memorandum of Association of the Registrant
4.1	Form of Ordinary Share Certificate
4.2*	Form of Deposit Agreement between the Registrant and The Bank of New York Mellon, as depositary, and Owners and Holders of the American Depositary Shares issued therein
4.3*	Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 4.2)
4.4**	Series A Preferred Share Purchase Agreement, dated as of April 8, 2008, among the Registrant, Light In The Box Limited, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC and certain other persons named therein
4.5**	Amendment to Series A Preferred Share Purchase Agreement, dated as of September 1, 2008, among the Registrant, Light In The Box Limited, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC and certain other persons named therein
4.6**	Series B Preferred Share Purchase Agreement, dated as of June 26, 2009, among the Registrant, Light In The Box Limited, Lanting Jishi Trade (Shenzhen) Co. Ltd., Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P. and certain other persons named therein
4.7**	Series C Preferred Share Purchase Agreement, dated as of September 28, 2010, among the Registrant, Light In The Box Limited, Lanting Jishi Trade (Shenzhen) Co. Ltd., Shenzhen Lanting Huitong Technologies Co., Ltd., Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III, L.P. and certain other persons named therein
4.8**	Convertible Note Purchase Agreement, dated as of March 22, 2012, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P. and Banean Holdings Ltd
4.9**	Second Amended and Restated Shareholders Agreement, dated as of September 28, 2010, among the Registrant, Light In The Box Limited, Lanting Jishi Trade (Shenzhen) Co. Ltd., Shenzhen Lanting Huitong Technologies Co., Ltd., Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III, L.P. and certain other persons named therein
4.10**	Second Amended and Restated Restricted Share Agreement, dated as of September 28, 2010, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III L.P. and certain other persons named therein
4.11**	Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of September 28, 2010, among the Registrant, Ceyuan Ventures II, L.P., Ceyuan Ventures Advisors Fund II, LLC, GSR Ventures III, L.P., Banean Holdings Ltd, Trustbridge Partners III L.P. and certain other persons named therein
5.1	Opinion of Maples and Calder regarding the issue of ordinary shares being registered
8.1**	Opinion of Simpson Thacher & Bartlett LLP regarding certain U.S. federal tax matters

Exhibit No.	Description of Exhibit
8.2	Opinion of Maples and Calder regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.3**	Opinion of TransAsia Lawyers regarding certain PRC tax matters
10.1**	Amended and Reinstated 2008 Share Incentive Plan of the Registrant
10.2**	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.3**	Form of Employment Agreement between the Registrant and its executive officers
10.4**	Exclusive Technical and Consulting Service Agreement between Lanting Jishi and Lanting Huitong
10.5**	Business Operation Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.6**	Equity Disposal Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.7**	Share Pledge Agreement among Lanting Jishi, Lanting Huitong and Lanting Huitong's shareholders
10.8**	Powers of Attorney issued by each of Lanting Huitong's shareholders
10.9**	Spousal Consent Letters issued by spouse of each of Lanting Huitong's married shareholders
10.10**	Exclusive Technical and Consulting Service Agreement between Lanting Jishi and Lanting Gaochuang
10.11**	Business Operation Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.12**	Equity Disposal Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.13**	Share Pledge Agreement among Lanting Jishi, Lanting Gaochuang and Lanting Gaochuang's shareholders
10.14**	Loan Agreement between Mr. Quji (Alan) GUO and Lanting Jishi
10.15**	Powers of Attorney issued by each of Lanting Gaochuang's shareholders
12.1**	Calculation of growth in revenue attributed to repeat customers from 2008 to March 31, 2012
21.1**	Subsidiaries of Registrant
23.1	Consent of Deloitte Touche Tohmatsu CPA Ltd.
23.2**	Consent of Maples and Calder (included in Exhibit 5.1)
23.3**	Consent of TransAsia Lawyers (included in Exhibit 99.2)
23.4**	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 8.1)
23.5**	Consent of iResearch Consulting Group
24.1*	Powers of Attorney (included on the signature page in Part II of this Registration Statement)
99.1**	Code of Business Conduct and Ethics of the Registrant
99.2**	Opinion of TransAsia Lawyers regarding certain PRC Legal Matters

* To be filed by amendment.

** Previously filed.

Exhibit 5.1

Our ref DLK\665661\4654772v5
Direct tel +852 2971 3006
Email derrick.kan@maplesandcalder.com

Subject to review and amendment

LightInTheBox Holding Co., Ltd.
25F Tower A, Ocean International Center
No.56 East Fourth Ring Road
Chaoyang District
Beijing 100025
People's Republic of China

[•] 2012

Dear Sirs

LightInTheBox Holding Co., Ltd.

We have acted as Cayman Islands legal advisers to LightInTheBox Holding Co., Ltd. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), originally filed with the Securities and Exchange Commission (the "**Commission**") under the U.S. Securities Act of 1933, as amended, on [•] 2012, relating to the offering (the "**Offering**") by the Company of [•] American Depositary Shares (the "**ADSs**") each representing [•] Ordinary Shares of par value US$0.000067 each in the Company (the "**New Shares**"), and the sale by certain shareholders of the Company (the "**Selling Shareholders**") of [•] ADSs, each representing [•] Ordinary Shares of par value of US$0.000067 each in the Company (the "**Sale Shares**"), assuming full exercise of the underwriters' over-allotment option.

We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

1 Documents Reviewed

For the purposes of this opinion letter, we have reviewed only originals, copies or final drafts of the following documents:

1.1 The certificate of incorporation of the Company dated 28 March 2008.

1.2 The third amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 28 September 2010 (the " **Pre-IPO M&A**").

1.3 The fourth amended and restated memorandum and articles of association of the Company as conditionally adopted by a special resolution passed on [•] 2012 and effective immediately upon the completion of the Company's initial public offering of its ADSs representing Ordinary Shares (the "**IPO M&A**").

1.4 The written resolutions of the board of directors of the Company dated [•] 2012 (the "**Directors' Resolutions**");

1.5 The written resolutions of the shareholders of the Company dated [•] 2012 (the "**Shareholders' Resolutions**").

1.6 A certificate from a Director of the Company addressed to this firm dated [•] 2012 (the "**Director's Certificate**").

1.7 A certificate of good standing dated 22 March 2012, issued by the Registrar of Companies in the Cayman Islands (the "**Certificate of Good Standing**").

1.8 The Registration Statement.

2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

2.1 Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

2.2 The genuineness of all signatures and seals.

2.3 There is nothing under any law (other than the law of the Cayman Islands) which would or might affect the opinions set out below.

3 Opinion

Based upon, and subject to, the foregoing assumptions, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing and in good standing under the laws of the Cayman Islands.

3.2 Immediately upon the completion of the Company's initial public offering of its ADSs representing its Ordinary Shares, the authorised share capital of the Company will be US$[•] divided into [•] Ordinary Shares of a nominal or par value of US$0.000067 each.

3.3 The allotment and issuance of the New Shares has been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement and entered in the register of members (shareholders), the New Shares will be legally issued, fully paid and non-assessable. All preferred shares in the Company will automatically convert into Ordinary Shares immediately prior to the closing of the Offering in accordance with the Pre-IPO M&A. The Sale Shares, when allotted and issued pursuant to such automatic conversion and entered in the register of members, will be legally issued, fully paid and non-assessable.

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and such statements constitute our opinion.

4 Qualifications

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion letter or otherwise with respect to the commercial terms of the transactions the subject of this opinion letter.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to our name under the headings "Enforcement of Civil Liabilities", "Description of Share Capital", "Taxation" and "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

Maples and Calder
Encl

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated April 11, 2012 (May 21, 2012 as to Note 24 and the effects of the retrospective application of the authoritative guidance regarding the presentation of comprehensive income discussed in Note 2), relating to the consolidated financial statements of LightInTheBox Co. Ltd. and its subsidiaries, variable interest entities and variable interest entities' subsidiaries (collectively the "Group") as of December 31, 2010 and 2011, and for each of the three years in the period ended December 31, 2011, and the financial statement schedule of LightInTheBox Holding Co. Ltd. (which report expresses an unqualified opinion and includes explanatory paragraphs regarding going concern uncertainty and retrospective application of the authoritative guidance regarding the presentation of comprehensive income, which was adopted by the Group on January 1, 2012) appearing in the Prospectus, which is part of the Registration Statement.

We also consent to the reference to us under the headings "Summary Consolidated Financial Data", "Selected Consolidated Financial Data" and "Experts" in such Prospectus.

Deloitte Touche Tohmatsu CPA Ltd.

Deloitte Touche Tohmatsu CPA Ltd.
Beijing, the People's Republic of China
August 3, 2012