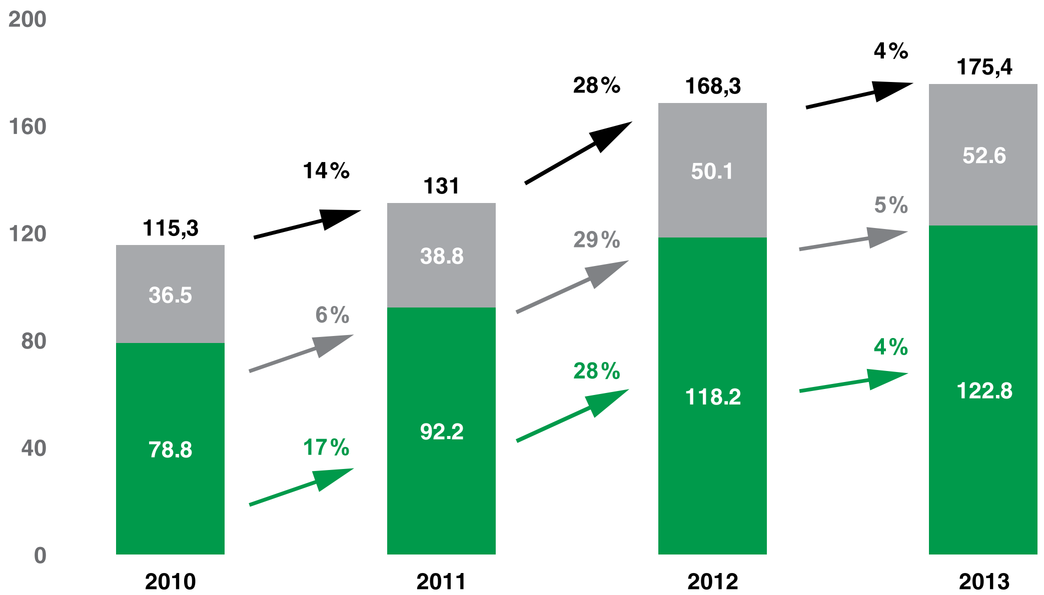
VanCamel
西域骆驼

ANNUAL REPORT 2013

SALES TREND IN EUR MILLIONS: SHOES | APPAREL



AT A GLANCE

	2013	2012
Revenue	175,426	168,313
EBIT	48,863	51,002
Groupe Net Income	31,926	38,426
Equity as of Dec 31	81,579	66,241
Liquid Funds as of Dec 31	66,200	46,578
Number of Employees as of Dec 31	208	199

In EUR ‘000, unless otherwise specified.

THE YEAR 2013 IN FIGURES

kEUR	2012	2013	Change
Revenues	168,313	175,426	4.2%
EBITDA	51,113	48,944	-4.2%
EBITDA margin	30.4%	27.9%	-
EBIT	51,002	48,863	-4.2%
EBIT margin	30.73%	27.9%	-
EBT	51,160	49,049	-4.2%
EBT margin	30.4%	28.0%	-
Net profit for the period	38,802	33,259	-14.3%
Net margin	23.1%	19.0%	-
Earnings per share (diluted/basic in EUR)	2.60*	2.22	-14.6%
Net increase in cash and cash equivalents	28,845	20,675	-28.3%
Net cash generated from operating activities	49,022	44,725	-8.8%

* Restated to the number of shares as of 31 December 2013 for comparison purposes.

kEUR	31/12/2012	31/12/2013	Change
Total assets	91,694	105,794	15.4%
Equity	66,241	81,579	23.2%
Equity ratio	72.2%	77.1%	-

Number	31/12/2012	31/12/2013
Employees	199	208
Shares	4,650,000	15,000,000

The figures for 2012 concern the Consolidated Statements of VanCamel Int'l Group (HK) Co., Limited, Hong Kong and are shown for comparison purposes.

ANNUAL REPORT 2013 OF VANCAMEL AG

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FOREWORD

Dear shareholders,

2013 was a special year in the history of VanCamel. Our successful stock market listing in Frankfurt in October brought us into the capital market spotlight and presented our brand to a broader international public for the first time. We expect this to raise awareness of the company and enhance its reputation with business partners, end-consumers and investors. We are therefore particularly pleased by the positive development not only of the VanCamel brand but also of the VanCamel share, which has almost doubled in value since the listing.

A rising share price was extremely important to us from the beginning to ensure that our first German shareholders gain a positive experience with our shares. In the medium term, the stock market listing should increase awareness of our brand and give us access to new markets. That has already been achieved to some extent: by drawing attention to our successful stock exchange listing in our stores, we have raised the profile of the VanCamel brand among affluent young members of the Chinese middle class. With consumers increasingly looking to brands as a way of differentiating themselves, that is

extremely important for our future business performance. Price and practicality were the prime considerations for Chinese consumers for many years but that is now changing. They are becoming increasing quality-conscious and place greater value on fashion trends and brand awareness. Since VanCamel meets customers' desire for greater individuality and adopted a clear brand strategy to differentiate itself from its competitors at an early stage, we are able to benefit from this trend.

That is reflected in our figures for 2013. Sales revenue increased to EUR 175.4 million, the pre-tax margin remained high at almost 28 percent and the operating cash flow was nearly EUR 35 million. The slight reduction in the earnings trend compared with the previous year is attributable to positive one-off effects in 2012 in connection with the transition to IFRS as we prepared to go public. In the medium term, we assume that the pre-tax margin will stabilise at the past level of around 24 percent.

The Chinese fashion industry is facing mounting competition from South-East Asian states such as Vietnam and Indonesia where wage costs are low. In particular, manufacturers focusing principally on exports are suffering from the appreciation of the Chinese renminbi, rising raw material and wage costs, the credit squeeze by banks and declining exports because they are not able to pass on rising costs to trading companies and the international market. By contrast, companies like VanCamel that produce for the domestic market are benefiting from the steadily rising living standards in China. Continued urbanisation and rising incomes are favourable for domestic consumption. That is reflected in rising demand from Chinese consumers for higher quality and more individual apparel labels. In particular, there is a growing market for fashion and lifestyle products for our target group: affluent young men. This trend will lead to a further breakthrough for the men's fashion labels in the future.

However, to meet this rising demand, manufacturers need to raise inventories, which could dampen sector growth in the short term. At the same time, rationalising distribution channels and increasing productivity per business unit are gaining in importance.

To increase our market position in this environment and gain new customers, marketing is becoming more and more important. In 2013 VanCamel therefore increased its marketing spend from 2.3 % to 2.5 % of revenue. The principal measures included TV ads geared to our target group and the opening of flagship stores at strategic locations. In all, our distributors opened 115 new authorised stores in 2013. That increased the number of authorised retail outlets operated by our distributors to 2,316, spread across 26 provinces in China. Assuming that China's domestic market continues to grow and that there is an ongoing rise in the number of authorised dealers, we expect sales volumes to increase steadily in the coming years.

We want our shareholders to participate in our success. Therefore we propose to pay a dividend of EUR 0.31 per share to the Annual General Meeting for 2013. This is the basis for our long-term dividend policy.

We will continue to work with determination and commitment to generate positive results for the company and its shareholders. We are convinced that through its growth strategy VanCamel can continue to position itself successfully on the market and that we can achieve the targets we have set. I thank you most sincerely for supporting us on this road and for your confidence in our work.

Quanzhou, April 2014

Yours,

Xiaming Ke,
Chairman of the
Management Board

COMPANY PROFILE

„In particular, there is a growing market for fashion and lifestyle products for our target group: affluent young men. This trend will lead to a further breakthrough for the men's fashion labels in the future. Since VanCamel meets customers' desire for greater individuality and adopted a clear brand strategy to differentiate itself from its competitors at an early stage, we are able to benefit from this trend. This proves the potential of our growth strategy.“

Xiaming Ke, CEO

AT A GLANCE

VanCamel is a fast growing Chinese men's urban lifestyle fashion label engaged in the design, marketing and distribution of own branded high-quality apparel and footwear. At the heart of the VanCamel brand image is the high fashion degree of its footwear and fashion. The products of VanCamel target well-funded male consumers aged between 25 to 40 years old, aspiring after upper middle class fashion styles. The collection features themes ranging from "business" to "private" and "recreational", and is successfully marketed in mono-labeled fashionable stores, also offering complementing accessories.

With almost 10 years of market presence, a distinctive brand strategy and a reputation for high quality footwear, VanCamel has established a strong position as a brand within the Chinese fashion market. VanCamel constantly develops new designs, trends and styles according to the brand philosophy. Creating very unique styles, VanCamel within the fast growing Chinese fashion market is considered to be a trend setter for the Chinese young males' rapidly changing fashion demands.

The success of VanCamel is due to the focus on the urban middle class, the fastest growing Chinese consumer group with an enormous and growing purchasing power. This consumer group expresses itself in its fashion, increasingly prefers domestic brands and designs and creates very fast moving trends, demanding a wide variety of models and styles. In particular, there is a growing market for fashion and lifestyle products for our target group: affluent young men. This trend will lead to a further breakthrough for the men's fashion labels in the future.

Contrary to many competitors, VanCamel builds its design and marketing strategy to fit the needs of this challenging, but highly rewarding market segment, meeting customers' desire for greater individuality and having adopted a clear brand strategy to differentiate itself from its competitors at an early stage.

The operating facilities are located in Fujian province/China, one of the largest and most important centres of the Chinese apparel industry, which includes many upstream and downstream industries. The design of its apparel is made in-house whereas the design of the footwear is outsourced based on the conceptual ideals of VanCamel.

The production of the apparel and footwear is completely outsourced to local contract manufacturers. To guarantee a high product quality, VanCamel has implemented stringent quality control measures. VanCamel's quality assurance team for example, inspects contract manufacturers' production facilities at least twice a year to ensure compliance with appropriate quality standards.

VanCamel distributes its own brand products through regional distributors, who sell the products to authorized retail outlets. These authorized retail outlets, mainly located in department stores in Chinese tier 2 and tier 3 cities, sell exclusively either VanCamel's apparels or footwear. As at 31 December 2013, VanCamel had 41 regional distributors who supplied VanCamel's products to 2,316 authorized retail outlets in 26 provinces throughout China.

ACHIEVEMENTS

2013

- VanCamel Group with VanCamel AG as its holding company is established
- Listing on the Prime Standard of the Frankfurt Stock Exchange on October 11
- Opening of 113 new authorized retail outlets

2012

- VanCamel is awarded "China's Apparel Industry Most Influential Fashion Brand"
- Fashion show together with Mercedes Benz at the China Fashion Week

2011

- The "2000st" authorized retail outlet of VanCamel is opened

2009

- VanCamel is recognized as "Fujian Province Famous Trademark

2007

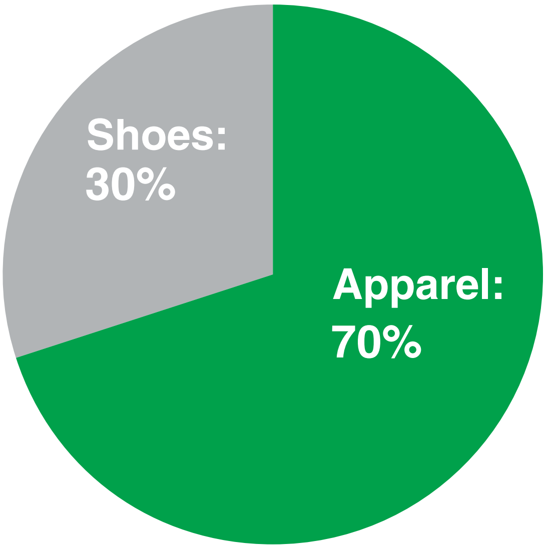
- VanCamel is recognized as "China's Most Influential Brand in Sports & Leisure"
- VanCamel is recognized as "China Top 10 Most Competitive Apparels Brand"
- VanCamel is recognized as "Asia's Top 10 Most Creative Brands"
- Distribution network increases to 41 regional distributors
- The "1000st" authorized retail outlet of VanCamel is opened

2006

- VanCamel is recognized "Product of Fujian Famous Brand"
- Promotional campaign in cooperation with the NBA

2005

- VanCamel commences its business activities
- Launch of the first collection of men's apparel under the VanCamel brand
- VanCamel opened its first concept store
- Product range extended to men's footwear
- VanCamel starts advertising on China CCTV



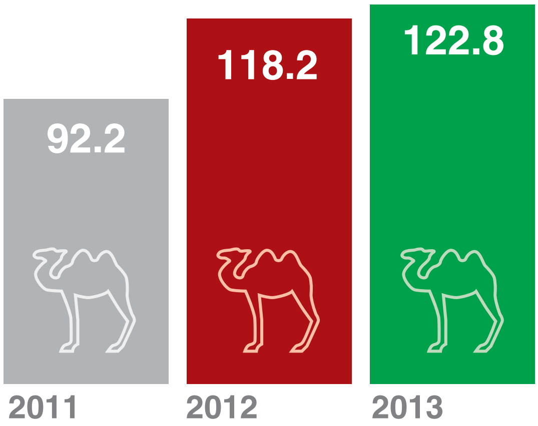
Percentage of sales in FY 2013

PRODUCTS

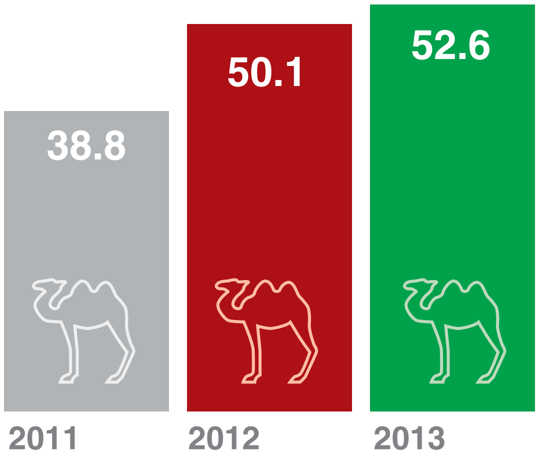
VanCamel's products are divided into mainly two categories: Apparel and shoes. In addition, VanCamel also distributes accessories such as suitcases, bags, wallets and belts.

At the heart of the VanCamel brand image is the high fashion degree of its footwear and fashion. Combining typical Chinese elements with Japanese innovations and western European trends, VanCamel creates its very own, distinctive, but ever changing VanCamel style. The products of VanCamel are remarkable for its quality which is guaranteed by a strict quality control management.

Apparel



Shoes



Sales trend in EUR millions

The men's apparel line consists of fashion for professional, private and recreational occasions.

The VanCamel "Professional" line is made for business. Items like suits, jackets, collared shirts, pants and business dress shoes are characterized by clear design and subtle fashion elements.

Modern lifestyle wear with more obvious fashion elements is offered under the Private" collection. Jackets, leisure shirts, collared T-shirts, pants, jeans, and leisure fashion shoes are made for casual use.

The VanCamel "Recreational" line addresses the outdoor segment with items such as wind-breakers, t-shirts, jeans and shorts. Bright colours and more obvious fashion elements emphasize the sporty lifestyle of the products.

The footwear line consists of mid-priced quality footwear, designed for various occasions and expressing modern urban lifestyle. Alike the men's apparel line, the footwear line consists of shoes for professional, private and recreational occasions.

TO THE SHAREHOLDERS

“The Chinese fashion market is still developing very fast and we expect the stock market listing to help us strengthen our market position in this country. The increase in sales shows that our unique design meets the needs of the growing Chinese middle class.“

Xiaming Ke, CEO

MANAGEMENT BOARD

Xiaming Ke

Chairman of the Management Board &
Chief Executive Officer (CEO)

Mr. Xiaming Ke is the Company's Chief Executive Officer and is in charge of the overall management, strategic development and business strategy of VanCamel.

Mr. Xiaming Ke has more than twenty years experience in the PRC apparel and fashion industry, starting by firstly managing a manufacturing company from 1987 to 1991 which was involved in the business of garment manufacturing.

After this initial step, he then started his own garment manufacturing company known as Fujian Shishi Xinhua Haixia Garment Factory in 1991. From 1994 to 1998, he collaborated with a well-known menswear company that exposed him to the other facets of the apparel and fashion industry. After this collaboration ended in 1998, his company was commissioned as an authorized distributor for another menswear apparel company from 1998 to 2004, which involved the creation of an apparel line and management of sales and marketing throughout the PRC. In May 2003, Mr. Ke incorporated VanCamel PRC and in January 2005 launched the VanCamel brand.

Mr. Ke is honorary vice-chairman of the committee of the Shishi Association for Science and Technology and vice-president of the Administrative Council of the Shishi City Chamber of Commerce. Acknowledging his achievements and merits to the Chinese textile industry, Mr. Ke was awarded "PRC's Top 10 Most Innovative Clothing Manufacturer" and "Outstanding PRC Brand Establisher" by PRC's Consumer Market Trends Survey Committee in 2007.

Eng Ann Soh

Chief Financial Officer (CFO)

Mr. Soh is the Company's Chief Financial Officer and is responsible for the finance department of VanCamel.

Mr. Soh is the Company's Chief Financial Officer and is responsible for the finance department of VanCamel. He graduated with a Bachelor of Accountancy degree from the Nanyang Technological University in 1996 and is a member of the Institute of Certified Accountants of Singapore.

Mr Soh has more than 15 years of financial and audit experience, starting out as audit assistant for Ernst & Young from 1996 to 1997. After that he joined Osim International Limited, a public-listed company in Singapore. Mr Soh subsequently joined EGL Eagle Global Logistics (S) Pte Ltd (now known as Ceva Logistics Pte Ltd), a Singapore group of companies, in 2001 where his last held position was director of finance.

In 2007, Mr Soh joined YCH Group Pte Ltd as a Group Financial Controller for a year before joining VanCamel as a Chief Financial Officer in 2008 for 2 years. He left VanCamel in 2010 and joined Sunny Land Group Pte Ltd, a Singapore and PRC based real estate developer group, as a Chief Financial Officer from 2010 to 2012. In June 2012, he joined back VanCamel as a Chief Financial Officer.

Weibin Zhuang

Chief Operational Officer (COO)

Mr. Zhuang is the Company's Chief Operational Officer and is responsible for the business operations of VanCamel.

Zhuang Weibin obtained his diploma in accountancy from Xiamen University, PRC, in 1999 and was accredited as an economist by the Chinese National Labour Department in 2000. In 2004, he was certified as an accountant by the PRC National Finance Department.

Mr. Zhuang has more than a decade of experience in finance, starting out as financial manager for Jiashun Foodstuffs Limited, from September 1994 to December 1996. After that, he joined the China Construction Bank from December 1996 to May 2003 as sub-branch manager. In May 2003, Mr. Zhuang joined Weles (China) Garments Manufacturing Co., Ltd., a leading professional garment manufacturer where he was in charge of financial accounting and financial planning for the company.

He then subsequently left the company in January 2005 and joined VanCamel PRC, first assuming the role as financial officer and was subsequently appointed as a director of VanCamel PRC in 2008, increasingly moving into the daily business management.

SUPERVISORY BOARD

Jianhui Wang

Chairman of the Supervisory Board

Mr. Wang graduated from Shanghai Institute of Foreign Trade in July 1985. From July 1985 till March 1989 he worked as a Senior Buyer in the Import Department of the Fujian Foreign Trade Group Holding, Ltd. From April 1989 till August 2004 Mr. Wang was a Sales Manager of the Fujian Garment Import & Export Corporation while he worked as a General Manager of Fuzhou Shanhecheng Imp & Exp Co., Ltd. from September 2004 till April 2008. Mr. Wang was an assistant of the CEO of Fuxing China Group, a company listed at the Singapore Stock Exchange, from May 2008 till January 2009. Since then he is vice General Manager of Xiaxin Investment Holding Ltd.

Mr. Wang also is a member of the Supervisory Board of Ultrasonic AG.

Ruliang Xie

Deputy Chairman of the Supervisory Board

Mr. Xie studied in the PRC at the University of Hubei and the Fujian Normal University, the latter where he obtained a PhD in Economics, as well studied in the U.S. at the Texas A&M University. From 1990 to 2005 Mr. Xie held various positions at the Agriculture Bank of China and the China Everbright Bank. From 2005 to 2006 Mr. Xie was the vice-president and director of CAC Group, a domestic A-share listed company and from 2006 to 2008 he was the president of Greater China of Capital Market Division of Singapore Zhongxin Investment Group. From 2008 to 2010 and again since 2013, Mr. Xie was the General Manager of Xiamen Jinlanhai Investment Management Co., Ltd. From 2007 to 2013, he was Senior Vice President of China Science and Merchants Venture Capital Management Co., Ltd and General Manager for Fujian Region.

Pingwen Hu

Member of the Supervisory Board

Ms. Hu graduated from Jiaxing University in 1990, where she studied accountancy, and in that same year started, working at Shanghai SMEC bearing Co. Ltd. as an accountant – Financial Manager, until 1992. From 1992 to 1995, Ms. Hu started working at Shanghai XuLunPan CPAs firm as a Certified Public Accountant. In 1995, Ms. Hu started working at Shanghai PCZ CPAs firm as Certified Public Accountant – manager until 1997. From 1997 until 2004 Ms. Hu became Partner at Roedl & Partner Shanghai Office, where she worked as a Senior Consultant. Since 2004 to date, Ms. Hu works for Ecovis-Ruide CPAs Firm as a Senior Partner, having meanwhile concluded a degree in Law from Fudan University and a degree in ITCM from Jiaotong University.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The financial year 2013 was marked by the company's initial public offering in October 2013 and the further growth of the business. With an increase in sales revenue of more than 4%, the Group remains on a dynamic growth course.

Working with the Management Board

The Management Board has promptly and regularly provided comprehensive reports to the Supervisory Board both orally and in writing on the economic and financial situation and the development of the company. In this context, the Supervisory Board and the Management Board have entered into discussion on basic questions which are of particular significance to the company, such as business policy, corporate policy and strategy, financial development and the profit situation, as well as questions pertaining to transactions.

The Chairman of the Supervisory Board has also met regularly with the Management Board outside of formal meetings to discuss and agree on other significant issues and questions.

The structure of the VanCamel corporate group with its German parent company listed on the stock exchange, an intermediate holding company in Hong Kong and an operating subsidiary in China presents particular challenges to the Management and the Supervisory Board due to geographical separation, linguistic differences and different mentalities. Active, open communication between the Management Board and the Supervisory Board has contributed to mutual understanding and trust. The constant willingness of the Management Board to stay abreast of the significant challenges faced by a company focused on the capital markets emphasizes its desire to strengthen the confidence of shareholders in VanCamel AG though good corporate governance.

The Management Board provided the Supervisory Board with extensive and timely information on an ongoing basis, both orally and in writing. For all transactions and procedures which, in order to comply with law, Articles of Association or Rules of Procedure, require the agreement of the Supervisory Board, a detailed description and justification was submitted by the Management Board to the Supervisory Board and the necessary agreement obtained.

Thus, in accordance with the advisory and monitoring functions imposed by law, the Articles of Association and the Rules of Procedure, the Supervisory Board continuously monitored the activities of the Management Board during the financial year 2013 and advised the latter on the interest of the company and its shareholders. The standards utilized for this monitoring process were, in particular, the lawfulness, propriety, financial efficiency and expediency of the management of the company and the group.

Meetings of the Supervisory Board

The Supervisory Board held 3 meetings during the 2013 financial year, which were held via telephone conference. In addition to that and to the extent necessary, the Supervisory Board adopted resolutions by written procedure. The members of the Supervisory Board participated in the meetings of the Supervisory Board either by appearing in person or via telephone conference.

As the Supervisory Board only consists of three people, not committees were formed. The Supervisory Board deals with relevant issues in full session.

Supervisory Board meetings and the resolutions adopted

13 June 2013:
By way of a meeting held via telephone conference, Mr. WANG was appointed Chairman of the Supervisory Board and Mr. XIE was appointed Deputy Chairman of the Supervisory Board. Furthermore, details on the restructuring process regarding the IPO were discussed.

14 June 2014:
By way of a written resolution, the Supervisory Board approved the contribution agreement in connection with the capital increase against contribution in kind for VanCamel AG (contribution of shares in VanCamel HK).

3 July 2013:
By way of a meeting held via telephone conference, Mr. ZHUANG Weibin and Mr. SOH Eng Ann were appointed members of the Management Board. Mr. KE was appointed Chairman of the Management Board. Furthermore, rules of procedure for both the Supervisory Board and the Management Board were resolved. Additionally, resolutions were adopted on the conclusion of service agreements between the members of the Management Board and VanCamel AG and the engagement of Warth & Klein Grant Thornton AG as auditor by the Chairman of the Supervisory Board, Mr. WANG was approved.

12 September 2013:
Approval of the 2012 annual financial statements by way of a telephone conference as well as the approval of the Report of the Supervisory Board and the draft resolution proposals for the Annual General Meeting.

Composition of the Supervisory Board

By resolution adopted by the General Shareholders' Meeting on 12 September 2013, WANG Jianhui, XIE Ruliang and HU Pingwen were appointed members of the Supervisory Board. The appointment shall be in effect until the end of the General Shareholders' Meeting that decides on the discharge from liability for the financial year ending December 31, 2017.

Annual financial statements and consolidated financial statements for 2013

The auditing company Warth & Klein Grant Thornton AG, Frankfurt am Main, was elected by the General Shareholders' Meeting of 12 September 2013 as the independent auditor for the annual financial statements and the consolidated financial statements for the financial year.

The present management report and the annual financial statements of VanCamel AG as of 31 December 2013 prepared in accordance with the HGB (Handelsgesetzbuch, German Commercial Code), the consolidated financial statements as of 31 December 2013 prepared in accordance with the IFRS/IAS, and the combined consolidated management report, including the accounting records, have been audited by the independent auditor and an unqualified audit opinion has been issued with respect to them. In accordance with the relevant legal provisions, the group's risk management system was a focal point of the audit as well the internal control system, the cash situation, the revenue and accounts receivable existence as well as any potential related party transactions.

The Supervisory Board obtained information on the progress of the audit from the independent auditor on a regular basis and noted the latter's audit reports with approval. The annual financial statements, the consolidated financial statements and the combined management report summary of VanCamel AG and VanCamel Group and the audit reports of Warth & Klein Grant Thornton AG were made available to all members of the Supervisory Board and were thoroughly assessed at the accounts review meeting of the Supervisory Board on 24 April 2014 in the presence of the independent auditor. The independent auditor submitted a report on the main findings of his audit. In particular he gave details on the company's and the Group's assets, financial condition and results of operations and was prepared to provide any additional information on request.

The Supervisory Board itself also carefully reviewed the annual financial statements, the consolidated financial statements and the combined management report summary of VanCamel Group and VanCamel AG for the financial year 2013, and determined that there were no objections to the final results of this audit. The audit reports submitted by the independent auditor were noted with approval by the Supervisory Board. With the resolution of 25 April 2014, the annual financial report submitted by the Management Board was approved. The Supervisory Board also approved the consolidated financial statement. The Supervisory Board approved the management report summary for VanCamel AG and the group, and in particular the assessment of the further development of the company. After careful consideration, the Supervisory Board adopted the proposal made by the Management Board concerning the appropriation of net income as it became convinced that, with due regard to the legitimate interests of the shareholders, the provision for the company is preserved.

Corporate Governance

In addition, the Supervisory Board focused on corporate governance issues and considered the recommendations and suggestions of the German Corporate Governance Code. The Management Board and the Supervisory Board adopted a joint declaration of conformity in accordance with Section 161 of the AktG. This declaration of compliance is available for inspection in the Corporate Governance Report and also on the company's website. The recommendations set forth in the German Corporate Governance Code have been implemented with the exception of the points listed in the declaration of conformity. The Supervisory Board is not aware of any conflicts of interest on the part of the Supervisory Board.

For additional information, please refer to the Management Board's and the Supervisory Board's joint Corporate Governance Report.

Cologne, 25 April 2014

For the Supervisory Board:

WANG Jianhui
Chairman of the Supervisory Board

VANCAMEL STOCK

Key share data	
ISIN	DE000A1RFMM9
WKN	A1RFMM
Stock exchange symbol	VC8
No. of shares	15,000,000 (31 December 2013)
Share capital	EUR 15,000,000 (31 December 2013)
Stock exchange	Frankfurt Stock Exchange (XETRA@, Frankfurt, Germany)
Segment	Regulated market, Prime Standard
Other exchanges	Xetra, Tradegate, Frankfurt, Stuttgart, Berlin
Indices	CDAX, Prime All Share, Classic All Share
Designated sponsor	BankM
Research coverage	BankM

Share price performance

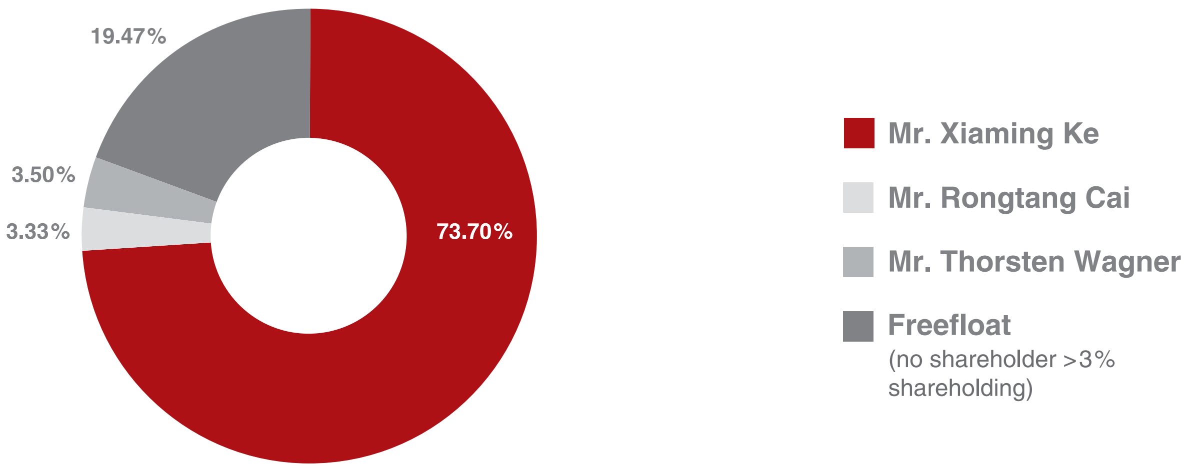
VanCamel shares	2013
High for the year (XETRA® closing price)	3.74
Low for the year (XETRA® closing price)	2.70
Year-end price (XETRA® trading)	3.38
Market capitalisation at year end in EUR million	50.7

Year-end closing prices	2013	2012	Change
VanCamel shares (XETRA®)	3.38	n. a.	n. a.
DAX	9,552.16	7,612.39	+25.5 %
Prime All Share	3,654.30	2,852.87	+28.1 %
Classic All Share	5,537.46	3,982.35	+39.1 %

Shareholder structure

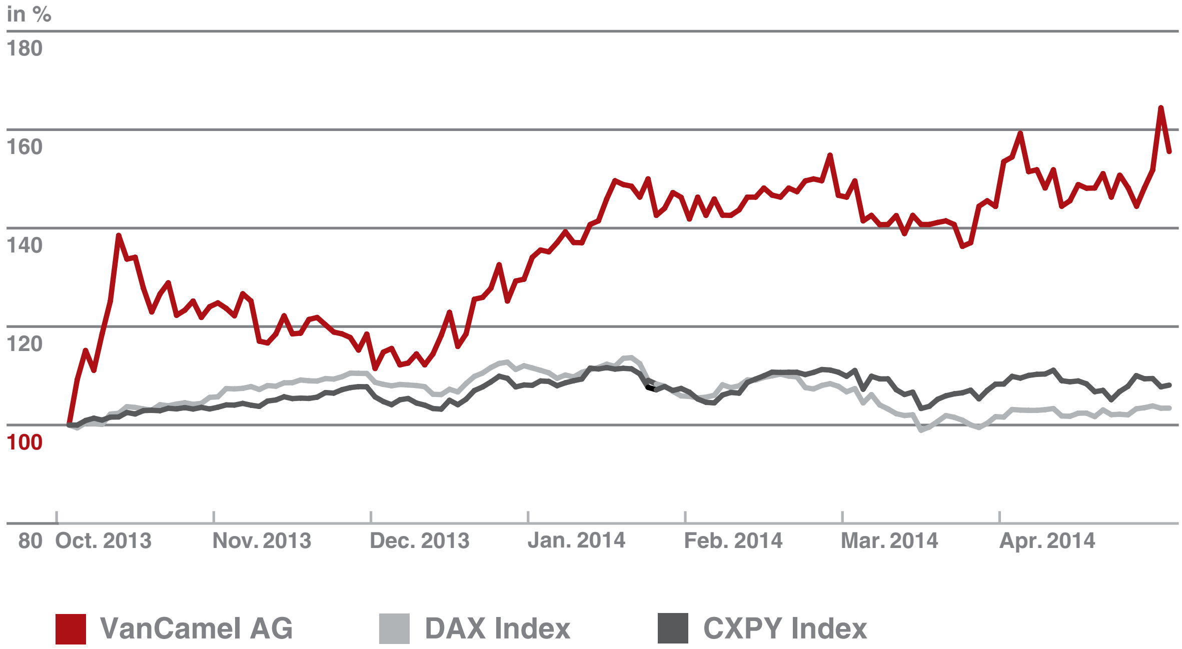
Major shareholders with a shareholding of >3% as of 31 March 2013

Shareholder	No. of shares	Shareholding
Mr. Xiaming Ke	11,055,000	73.70%
Mr. Rongtang Cai	525,000	3.50%
Mr. Thorsten Wagner	500,000	3.33%
Free float (no shareholder holds more than 3 % of the share capital)	2,920,000	19.47%
Total	15,000,000	100.00%



Diagrams: Shareholding as of 31 March 2014

Performance chart VanCamel Stock



Stock market listing, share price performance, investor relations

VanCamel AG celebrated the successful listing of its shares in the Prime Standard on the Frankfurt Stock Exchange on 11 October 2013. In view of its high strategic significance for the company, the listing took the form of a "safe IPO" involving a private placement but no public offering. The free float was around 19.5 % when the share was admitted to trading. The initial quote for the share was EUR 2.10, putting the company's market capitalisation at around EUR 31.5 billion. The company's shares have been traded consistently in XETRA®, Deutsche Börse AG's electronic trading system, since the listing. As designated sponsor, BankM assures the liquidity of the share by ensuring that there are always bid/offer prices. Since it is listed in the Prime Standard on the Frankfurt Stock Exchange, VanCamel AG meets the highest transparency requirements for listed companies in Germany. In compliance with these requirements, all major information is published in English and German and made available on the company's website at www.vancamel.de, where investors can find a wide variety of information on the company, its business model and the share. All mandatory disclosures are accessible on the Investor Relations pages.

Initially, VanCamel expects the stock exchange listing to raise awareness of the company and enhance its reputation with business partners, end-consumers and investors. In the medium term, it aims to raise the profile of its brand and gain access to new markets. High operating cash flows and a comfortable liquidity position ensure that VanCamel is in a position to achieve its growth targets independently of its stock market listing. However, as the investment horizon brightens, VanCamel sees the capital market as an additional source of funding for strategic objectives such as extending its distribution network and enhancing brand value.

VanCamel's shares posted a very positive performance between their admission to trading and the end of the reporting period. On the first trading day, the share price rose from EUR 2.10 to EUR 2.70 and continued to climb to EUR 3.74 on 21 October. It then stabilised in a range between EUR 3.00 and EUR 3.50, and closed the year at EUR 3.38 in XETRA® trading. Shares in VanCamel therefore achieved a performance of 61.0 % based on the listing price. Average daily trading in the share in 2013 was around EUR 15 thousand. Xetra® was the most active trading platform, accounting for around 74 % of trading volume, followed by the stock exchange floor in Frankfurt (around 23 %). Regional stock exchanges accounted for the remainder.

The Management Board of VanCamel AG attaches great importance to open communication with present and prospective investors and a transparent information policy. The primary task of Investor Relations is therefore to provide extensive information for all market participants in order to strengthen trust in the company and its shares and achieve a further reduction in capital costs to the benefit of all stakeholders. In view of this, the Management Board gave a presentation to investors at the German Equity Forum in Frankfurt am Main, Germany, in mid-November 2013 and held a large number of one-on-one meetings with both present and potential investors. It also plans to attend this year's German Equity Forum in Frankfurt am Main in November. Visits to institutional investors are also planned. Further, VanCamel offers interested investors opportunities to visit its site and production facilities and talk to the management in China. In May 2014 it will be holding a reverse roadshow of this type, giving European investors an opportunity to gain a better insight into the company and local conditions through a tour of the site and company presentation.

To ensure that investors share appropriately in the company's successful performance, VanCamel has regularly paid dividends in the past and intends to continue this policy in the future – depending on its operating performance, financial condition, financing requirements, the statutory, tax and regulatory environment and other factors. The management board of VanCamel AG, with the consent of its supervisory board, decided to present to the Annual General Meeting ("AGM") a proposal for a dividend payment of EUR 0.31 per share. This proposal is a result of a dividend payment of the operational units in China with an amount of RMB 48 million (EUR 5.6 million) or an equivalent of roughly 17 % of the consolidated net profit of the group of EUR 33.3 million for financial year 2013. The dividend is due for payment immediately after the AGM in August 2014.

CORPORATE GOVERNANCE REPORT

To comply with Paragraph 3.10 of the German Corporate Governance Code, the Management Board and the Supervisory Board are required to report on corporate governance in the company once a year in the annual report. The corporate governance report of VanCamel AG also includes the declaration on corporate management required by Sec. 289a of the German Commercial Code (HGB). The declaration on corporate management pursuant to Sec. 289a of the German Commercial Code comprises the declaration of conformity pursuant to Sec. 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices as well as a description of the operating principles of the Management Board and the Supervisory Board.

The corporate governance report is also readily available on the internet at www.vancamel.de under Investor Relations / Corporate Governance.

Information pursuant to Sec. 289 para. 2 No. 1 HGB (Declaration of Conformity 2014)

Pursuant to Sec. 161 AktG, the Management Board and the Supervisory Board of an exchange-listed stock corporation are required to annually declare to what extent the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been complied and are being complied with or which of the Code's recommendations have not been or are not being applied. The Management Board and the Supervisory Board of VanCamel AG declared that the current recommendations of the "Government Commission on the German Corporate Governance Code" in its version dated 13 May 2013 have been complied with since the initial public offering and will be complied with in the future.

Deviations from the Code's recommendations:

- Paragraph 3.8 Sec. 3 of the Code recommends agreeing a specified deductible in any D&O (directors' and officers' liability insurance) policy to be taken out for Supervisory Board members. In the company's opinion, the attitude of members of the Supervisory Board towards responsible acting and compliance with German law will not be supported by the agreement of such specified deductible. In addition to that, a deductible would reduce the attractiveness of Supervisory Board membership and, with regard to competition, thus reduce the company's chances of recruiting qualified candidates for the Supervisory Board. In this regard, the Code's recommendation has not been and is not to be followed.

- Paragraph 4.1.5 of the Code recommends taking diversity into consideration when filling management positions and, in particular, to aim for an appropriate consideration of women. VanCamel AG respects the aspect of diversity. However, its focus is on the professional qualification of the candidates (men and women).

- According to Paragraph 4.2.2, the full Supervisory Board determines the total compensation of the individual Management Board members and shall resolve and regularly review the Management Board compensation system. Pursuant to Paragraph 4.2.3 of the Code, monetary compensation elements shall comprise fixed and variable components that are related to demanding and relevant comparison parameters. The Supervisory Board must make sure that variable compensation elements are in general based on a multi-year assessment. Both positive and negative developments should be taken into account when determining variable compensation components. All compensation elements must be appropriate, both individually and in total, and in particular must not encourage taking unreasonable risks. A retrospective modification of performance targets shall be ruled out. VanCamel AG deviates from this recommendation as the members of the Management Board are not entitled to remuneration for their service as members of the Management Board. The members of the Management Board only receive remuneration for their services as directors and / or officers of the company's subsidiaries. Furthermore, they do not receive any variable monetary compensation.

- VanCamel AG deviates from the recommendations set forth in Paragraph 5.1.2 of the Code. Decisions on suitable candidates for appointment as members of the Management Board are taken on a purely objective basis and focus on the professional qualification of the candidates in accordance with the German legislation on diversity. The Supervisory Board sees no reason for rigid age limits and will take all personnel decisions individually and based on appropriate considerations.

- Due to the company's size, the Supervisory Board of VanCamel AG only consists of three members and does not form any committees. Since it is a legal requirement that any decision-taking committee must also have at least three members, the establishment of committees is neither necessary nor expedient. Thus, the company deviates from the recommendations set forth in Paragraph 5.3 of the Code.

- Pursuant to Paragraph 5.1.2 para. 2 of the Code, the Supervisory Board shall set specific objectives with regard to its composition that take into account the company-specific situation, the international scope of the company's business, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to Paragraph 5.4.2 of the Code, a set age limit for members of the Supervisory Board as well as diversity. Those specific objectives shall in particular provide for an appropriate representation of women. Pursuant to Paragraph 5.4.1 para. 3 of the Code, proposals issued by the members of the Supervisory Board to the responsible corporate electoral bodies shall take those objectives into account and the objective target shall be reported on in the Corporate Governance Report. In the interest of the company, the Supervisory Board will in each individual case solely base its nomination proposals to the Shareholders' Meeting on the skills, abilities and professional expertise but not on gender or rigid age limits. Therefore, fixed targets to be attained at a fixed point in time are not provided for. In this regard, the company deviates from Paragraph 5.4.1 para. 2 and 3 of the Code.

- Pursuant to Paragraph 5.4.5 of the Code, members of the Supervisory Board shall autonomously undertake training and educational measures required for their individual tasks and shall in this regard be appropriately supported by the company. Due to the fact that the requirements of the term "angemessen" (appropriate) are not clear, the company declares its deviation from this recommendation for reasons of caution.

- The consolidated financial statements will not be made publicly available within 90 days from the end of the financial year and the interim reports will probably not be made publicly available within 45 days from the end of the reporting period, thus being in deviation from Paragraph 7.1.2 of the Code. In view of the requirement to include foreign companies into the consolidated financial statements and the interim report, the company cannot guarantee being able to meet the deadlines recommended by the Code. The consolidated financial statements will, however, be made available within four months from the end of the financial year and the interim reports will be made available within the statutory deadlines.

The Declaration of Conformity of VanCamel AG is available on the company's website at www.vancamel.de under Investor Relations / Corporate Governance.

How the Management Board and the Supervisory Board work

The dual management system of VanCamel AG, comprising a Management Board and a Supervisory Board, both of which have separate competencies, is a basic principle of the German Stock Corporation Act. Within the context of responsible corporate management, the Management Board and the Supervisory Board work together closely and trustfully in management and oversight tasks for the benefit of the company.

The way in which the Management Board and the Supervisory Board of VanCamel AG operate is based on the applicable laws, the articles of association of VanCamel AG, the decisions taken by the Annual General Meeting of VanCamel AG, the rules of procedure for the Supervisory Board, the rules of procedure for the Management Board and the many recommendations set out in the German Corporate Governance Code.

In conformance with the German Stock Corporation Act, the Supervisory Board appoints the members of the Management Board. The Supervisory Board advises and oversees the Management Board in the management of the company and decides pursuant to sec. 7 of the articles of incorporation on the number of members of the Management Board (according to the articles of incorporation, the Management Board comprises one or more members). The Supervisory Board can appoint one member of the Management Board as chairperson of the Management Board. Sections 4 and 5 of the articles of association governing the level and allocation of the capital stock stipulate that, inter alia, the authorization to undertake and the execution of capital transactions is dependent on the approval of the Supervisory Board. Restricted exclusion of subscription rights in certain circumstances also requires the approval of the Supervisory Board. The representation rules set out in Sec. 9 of the articles of association provide that, notwithstanding the joint representation arrangements, the Supervisory Board can authorize any member of the Management Board to represent the company alone and can waive the constraints imposed by sec. 181 of the German Civil Code (BGB). Mr. KE Xiaming has been authorized to represent the company alone. Mr. KE Xiaming has also been exempted from the restrictions set out in Sec. 181 sentence 1 2nd alt. of the German Civil Code (BGB). Sec. 112 AktG remains unaffected.

According to Sec. 11 para. 1 of the articles of association, the Supervisory Board consists of three members. All members of the Supervisory Board are elected by the Annual General Meeting. In accordance with Sec. 8 of the articles of association, the Supervisory Board provided rules of procedure for the Management Board. Under the rules of procedure, the Management Board is required to work together constructively and trustfully with the company’s other governance bodies for the good of the company. The members of the Management Board are jointly responsible for the overall management of the company. The members of the Management Board work together in a cooperative way and constantly keep each other informed of important activities and events in their areas of responsibility. Each member is required to seek a resolution of the entire Management Board on issues relating to other areas of responsibility regarding which he/she has serious reservations, where such reservation cannot be eliminated by discussion with the responsible Management Board member. The Management Board takes decisions on all matters requiring a resolution by law, the articles of incorporation or the rules of procedure. In addition, there are rules on representation, a description of the tasks of the Chairman of the Management Board, the mode of convening meetings of the Management Board, how meetings are to be conducted, the permitted methods of adopting resolutions, the required majorities and the documentation of meetings and resolutions. The rules of procedure also contain a list of the business mattes requiring the approval of the Supervisory Board.

The Management Board is responsible for managing the company, for its strategic focus, its budget planning and for determining and overseeing the company’s operating segments. It is also responsible for ensuring that the company has an appropriate risk management and control system. Systematic risk management as part of a value-driven corporate management is to ensure timely identification, analysis and evaluation of risks and optimization of risk positions.

The Supervisory Board has adopted rules of procedure for its own work. These rules stress the duty of the Supervisory Board to work constructively with the other governance bodies in the performance of its duties, for the good of the company. They also contain details of electing the chairperson and the deputy chairperson, the method of convening meetings, how these meetings are to be conducted, the permitted methods of adopting resolutions and the documentation of meetings and resolutions. The Supervisory Boards decides whether the members of the Management Board should attend meetings of the Supervisory Boards. Regularly, the entire Management Board or one member of the Management Board attends meetings of the Supervisory Board. Furthermore, the rules stipulate that in case of appointment or dismissal of members of the Management Board, the Supervisory shall, together with the Management Board, take care of long-term succession planning.

The Management Board and the Supervisory Board maintain constant exchange of information and ideas. The Management Board and the Supervisory board are jointly responsible for ensuring that the Supervisory Board receives sufficient information. The Management Board provides the Supervisory board with full and timely information on the development of the company, its current state, current risks and the development of those risks. It provides written and oral reports on individual items on the agenda and on draft resolutions and answers questions asked by the members of the Supervisory Board. The strategy worked out by the Management Board is discussed and coordinated with the Supervisory Board. Progress in implementing strategic planning and possible deviations from the plans are reported to the Supervisory Board. Major decisions by the Management Board have to be approved by the Supervisory Board. The Management Board also informs the Supervisory Board of the management of risks and opportunities in the group.

The Supervisory Board oversees the work of the Management Board and is directly involved in decisions of fundamental importance to the company. On a regular basis, the Supervisory Board receives written reports on the Group's financial position, assets and results of operations. A detailed explanation of any discrepancy between the planned and the actual business development is to be given to the Supervisory Board. Further, the Chairman of the Supervisory Board is informed directly and on a regular basis of the current situation, important business events and significant upcoming decisions.

The work of the Supervisory Board is outlined every year in the Report of the Supervisory Board, which is commented on by the Chairman of the Supervisory Board at the Annual General Meeting.

The company's three member Supervisory Board has not established any committees as this is not deemed necessary of expedient; all relevant issues are handled by the full Supervisory Board. This applies in particular to the examination of the quarterly and annual financial statements and personnel issues relating to the members of the Management Board.

There is a D&O insurance policy for the members of the Management Board and the Supervisory Board. A deductible has been agreed with the members of the Management Board.

Information on important corporate management practices

Ensuring a sustained rise in the value of the company is the guiding principle for the members of the Management Board and the Supervisory Board of VanCamel AG. Securing the confidence of investors and other stakeholders in effective and transparent management is a matter of prime significance. The aim of VanCamel AG's investor relations activities is to achieve the level of transparency expected by the capital markets and to give shareholders a true and fair view on the company. In keeping with the principle of fair disclosure, all shareholders and major target groups are treated equally in terms of the provision of information. The underlying rule is providing the company's owners with timely and reliable information on major events at their company. Transparency also constitutes an opportunity to gain new investors from Germany and other countries. The Management Board and the Supervisory Board therefore constantly strive to optimise communication to ensure a sustained and appropriate valuation of the company's stock.

The company's website at www.vancamel.de additionally provides further information on the group, its business model and its products.

Information on risk management

A responsible approach to corporate risk is part of good corporate governance. VanCamel AG is in the course of establishing a systematic risk management system which shall also operate as VanCamel AG's early risk detection system. The Management Board regularly notifies the Supervisory Board of existing risks, their development and the preventive actions taken.

Further details on risk management can be found in the opportunity and risk report included in VanCamel's combined management report for 2013. The combined management report also contains the reports on the accounting-related internal control and risk management system required by the German Accounting Law Modernization Act (BilMoG). Monitoring the observance of compliance directives is to be defined as an important element of risk management in the VanCamel Group. That is to include providing continuous information for employees on fundamental legal principles and the corresponding requirements for internal and external communication. All relevant persons working for the company who have legitimate access to insider information are entered in a register of insiders and are informed of their obligations under insider law.

Remuneration

For the 2013 fiscal year, the members of the Management Board of VanCamel AG did neither receive fixed nor variable remuneration from VanCamel AG for their work as Management Board members. All remuneration received by Management Board members were paid by affiliated companies for their work at these companies. Contrary to the recommendations in the German Corporate Governance Code, to simplify matters, no variable remuneration was paid. As of December 31, 2013, there were no warrants and no valid warrant program so that no member of the Supervisory Board or the Management Board currently holds warrants or conversion rights on shares of VanCamel AG.

Further details of the remuneration system for members of the governance bodies can be found in section [3.] of the management report (Remuneration systems).

The Supervisory Board of VanCamel AG receives fixed remuneration that will be voted on by the Annual General Meeting that ratifies the actions of the Management Board and Supervisory Board for the 2013 fiscal year. The company's articles of incorporation state that the Annual General Meeting may decide on the level of such remuneration. Moreover, no variable remuneration has currently been agreed for the Supervisory Board. However, articles of incorporation do not rule out this type of remuneration, so it could be decided on by the Annual General Meeting.

Securities held by members of the Management Board and Supervisory Board / Directors' Dealings

As Chairman of the Management Board and founder of the company, Mr. KE Xiaming holds around 73.3% of the company's shares (11.055.000 shares). Mr. ZHUANG Weibin, member of the Management Board, holds 2.5% of the company's shares (375.000 shares). Mr. SOH Eng Ann, member of the Management Board, holds 0.8% of the company's shares (120.000 shares) The members of the Supervisory Board do not hold any shares in the company. The company does not hold any treasury stock.

In accordance with Sec. 15a of the German Securities Trading Act (WpHG), the members of the Management Board and the Supervisory Board have a legal obligation to disclose the purchase and sale of securities in VanCamel AG, insofar as the value of the transactions undertaken by the member and related parties reaches or exceeds EUR 5,000 in a calendar year. In the 2013 fiscal year, no transactions in shares in VanCamel AG subject to sec. 15a WpHG were undertaken by members of the Management Board and Supervisory Board of VanCamel AG subject to these disclosure requirements.

All transactions are disclosed on the company's website at www.vancamel.de Investor Relations/Corporate Governance/Directors' Dealings as soon as they are undertaken. Shareholdings by members of governance bodies were as follows on December 31, 2013:

KE Xiaming	11.055.000 shares
ZHUANG Weibin	375,000 shares
SOH Eng Ann	120,000 shares

No member of the Supervisory Board or Management Board currently holds warrants or conversion rights to shares of VanCamel AG.

Cologne, 24 April 2014

The Supervisory Board	The Management Board
WANG Jianhui	KE Xiaming
XIE Ruliang	ZHUNANG Weibin
HU Pingwen	SOH Eng Ann

COMBINED MANAGEMENT REPORT OF THE VANCAMEL GROUP AND VANCAMEL AG

for the financial year 2013

PRELIMINARY REMARKS

The following comments refer to the consolidated business performance of the companies in the VanCamel Group for the period from 1 January to 31 December 2013. The Group's holding company, VanCamel AG, was established on 24 September 2012 and went public with a stock market listing on Frankfurt Stock Exchange on 11 October 2013.

As the holding company, VanCamel AG's earnings, asset and financial situation is dependent on the business of its PRC-based operating subsidiary. Comparison with the previous year's performance should take into account that the Group's structure was different in the first nine months of 2012. All figures for this period refer to the Van Camel Int'l Group (HK) Co. Limited (VanCamel Hong Kong Group) and are presented for comparison. The business combination is outlined in more detail in the notes to the consolidated financial statements. The consolidated financial statements as of 31 December 2013 have been prepared in conformance with the International Financial Reporting Standards (IFRS) and interpretations, as applicable for use in the European Union. The consolidated financial statements are based on

a number of assumptions that are outlined in detail in the notes to the consolidated financial statements (accounting policies and valuation methods). The combined management report of the VanCamel Group and VanCamel AG has been prepared in accordance with the statutory requirements and should be read in conjunction with the consolidated financial statements for the Group and the financial statements for VanCamel AG. Figures presented in the Group's management report may be subject to rounding differences. Data in the tables are given in thousands of euros (EUR ’000), except where otherwise indicated. The VanCamel Group has only one operating segment. Therefore no separate segment information is recorded.

In addition, the combined management report contains forward-looking statements, i.e. statements based on specific assumptions and the current plans, estimates and forecasts derived from those assumptions. Forward-looking statements are only valid at the time at which they are made. The Management Board of VanCamel AG has no obligation to revise and/or publish a revision of the forward-looking statements underlying this document in the event of new information. Forward-looking statements are always exposed to risks and uncertainties. The Management Board of VanCamel AG hereby points out that a large number of factors could lead to substantial differences in attainment of these objectives. The principal factors are outlined in detail in the section headed "Risk report".

1. THE VANCAMEL GROUP

1.1 Group structure

VanCamel AG has its registered office in Cologne, Germany. Together with its direct and indirect subsidiaries it forms the VanCamel Group (subsequently referred to as "VanCamel" or "the Group"). The operational business of VanCamel is exclusively carried out by VanCamel PRC which has the business address No. 409, Shiquan Road, Shishi City, Fujian Province, PRC. This is the location of all operating units for the group from administration through research and development to marketing and distribution. More than 200 people work at the site in Shishi City. Since manufacturing of all products is fully outsourced, the Group does not have any production facilities.

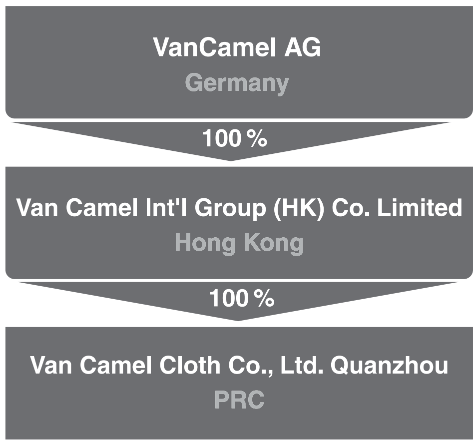
VanCamel AG is the sole owner of the following company

- Van Camel Int'l Group (HK) Co., Limited, Hong Kong

Van Camel Int'l Group (HK) Co., Limited ("Van Camel HK") is a limited liability company established on 30 November 2001 under Hong Kong law. It owns 100% of the shares in:

- VanCamel Cloth Co., Ltd, Quanzhou, PR China

VanCamel Cloth Co., Ltd., Quanzhou ("VanCamel PRC") is a limited liability company founded on 28 May 2003 as Jintuo Dress Co., Ltd. Quanzhou under PRC law.



1.1 Business activities and major developments in 2013

VanCamel is a fast-growing Chinese men's urban lifestyle fashion label engaged in the design, marketing and distribution of its own brand of apparel and footwear. The men's apparel line, which consists of fashion for professional, private and recreational occasions, realized sales of EUR 122.8 million in 2013 (2012: EUR 118.2 million), resulting in a gross profit of EUR 41.4 million. This corresponds to a gross profit margin of 33.7%. The footwear line consists of mid-priced quality footwear, including leather dress shoes designed for business attire. In fiscal 2013, sales of shoes amounted to EUR 52.6 million (2012: EUR 50.1 million), resulting in a gross profit of EUR 17.5 million. This corresponds to a gross profit margin of 33.3%.

VanCamel's apparel is designed in-house, whereas the design of the footwear is outsourced but is based on VanCamel's conceptual ideas. The production of the apparel and footwear is completely outsourced to local contract manufacturers.

VanCamel's products target high-earning male consumers aged between 25 to 40, primarily in tier 2 and tier 3 cities in the PRC, who aspire to upper middle-class fashion styles.

VanCamel distributes its own-label products through regional distributors, who sell the products to authorized retail outlets. These authorized retail outlets are operated by regional distributors or by authorized retailers and are usually either located in busy shopping streets or in shopping malls and sell exclusively either VanCamel's apparel or footwear. As of 31 December 2013 VanCamel had 41 regional distributors, who supplied VanCamel's products to more than 2,200 authorized retail outlets in 26 provinces throughout the PRC.

VanCamel's operating facilities are located in Shishi City, Fujian Province, PRC. The design and development division is one of VanCamel's key divisions, and is headed by experienced designers. The sales and marketing division organizes and coordinates two semi-annual trade fairs for the autumn/winter and spring/summer collections. These are the main avenues for regional distributors to place orders. Orders placed through these trade fairs constitute for the most of VanCamel's annual turnover in each financial year.

Major developments in 2013

Successful start on the Prime Standard of Frankfurt Stock Exchange
On 11 October 2013, VanCamel AG was traded for the first time on the Prime Standard at Frankfurt Stock Exchange. Due to the high strategic importance for the company, the stock market listing was executed as a 'Safe IPO' as part of a private placement without a public offering. At the start of trading, the free float was around 19.5%. The initial listed price of the shares was EUR 2.10, corresponding to a market capitalization of EUR 31.5 million.

The listing is – in the first place – a strategic step to increase awareness of the company and its reputation among business partners, consumers and investors. In the mid-term, the company expects that the listing will enhance its brand image and open up new market opportunities. While high operating cash flows and a comfortable liquidity position ensure the company's long-term growth targets independently of market sentiment, VanCamel considers the capital market as an additional financing option for strategic goals like the expansion of the sales network and a further increase in brand value once market sentiment brightens up again.

Shares in VanCamel AG are traded with the International Securities Identification Number (ISIN) DE000A1RFMM9, the Securities Identification Number (WKN) A1RFMM and the ticker symbol VC8 on the Prime Standard of the Frankfurt Stock Exchange.

Dividend policy
VanCamel PRC has in the past paid dividends. It also intends to pay dividends on a regular basis in the future, but this will depend on the results of its operations, its financial situation, its need for cash, the legal, tax and regulatory environment and other factors. VanCamel has already committed itself to proposing a dividend of at least 15% of consolidated net income from fiscal 2013 at the General Meeting for fiscal year 2013 to be held in 2014. This dividend is to be understood as the basis for the company's long-term dividend policy.

New rebate policy
Before the transition to IFRS, VanCamel made shop fittings available to its distributors free of charge, capitalized the associated costs and depreciated the shop fittings over three years. Because of problems with the evidence and the evaluation all shop fittings have been recognised retrospectively in profit and loss in the year of investment. Since 2012 the shop fittings are no longer provided by VanCamel. To continue to support distributors in the ongoing modernization of their stores, VanCamel has introduced sales rebates. The rebate will be 7.5% from 2014 with preceding stepwise increases. The rebate was 1.2% in 2012 and increased to 4.5% in 2013. Sales revenue decreases by the same amount as the increase, but the impact on operating income is lower because depreciation is no longer recognized for shop fittings. This effect should be borne in mind when comparing revenues and earnings between different years.

1.2 Strategy and Vision

VanCamel pursues the following strategies:

Further strengthening the brand
In cooperation with the distributors VanCamel intends to establish VanCamel flagship stores in various cities in the PRC, especially in cities with high-profile and well-known shopping zones. Through these flagship stores, VanCamel expects to gain even higher brand visibility among its customers. VanCamel also plans to intensify its advertisements through printed media, billboard advertisements and the internet in order to promote brand awareness of VanCamel. For example, it intends to advertise its products in high-traffic websites other than its official website to increase awareness of its brand and attract the middle class in the 25 to 40 year-old age bracket, which is more fashion/lifestyle-oriented. Planned investments are outlined in more detail in the "outlook" section.

Increasing store density
VanCamel's primary goal was to establish a national brand with PRC-wide reach. As this has been successfully achieved, the company now aims to greatly increase the density of its stores. Currently, many cities only offer one or two VanCamel stores and there are many very active shopping streets and malls even in tier 3 cities with still several million inhabitants. Now that the VanCamel brand has been introduced nationally, VanCamel believes that increasing store density, often with existing distributors, should be a realistic goal for the company's development in the coming years. Planned investments are outlined in more detail in the "outlook" section.

Improving product design and development capabilities
VanCamel continues to invest in its international design and development team, including establishing a new facility to improve exchange and cooperation, and in increasing interaction with renowned international designers. The company also intends to send its design and development team on field trips to mature Asian design markets such as Japan and Korea. Currently, VanCamel is exploring the possibility of entering into an official collaboration with fashion and design schools and universities in order to ensure constant access to new talents and new ideas in the fashion industry. Planned investments are outlined in more detail in the "outlook" section.

1.2 Group control and central control parameters

The VanCamel Group has a clearly defined leadership and corporate structure. Key issues are decided by the Management Board of the holding and administration entity (VanCamel AG). The key decision makers operate out of the Group's operational headquarters in Shishi City from where the Group's operating business is controlled.

VanCamel uses various performance indicators to monitor the development of the Group in line with corporate strategy. As a growth-oriented company, it regards profitable revenue growth as particularly important. All activities to raise revenue are measured against their potential to achieve a long-term increase in earnings before taxes (EBT) and the EBT margin.

1.3 Non-financial performance indicators

Quality assurance

The Management Board is of the opinion that efficient quality management is a key factor for VanCamel's growth and success. Consequently, VanCamel places great importance on quality management and is concerned to maintain its reputation as a manufacturer of high-quality products. VanCamel has implemented stringent quality control measures at different stages in the production process. These seek to ensure that the quality of VanCamel's products meet the expectations of its customers as well as legal requirements. For example, raw materials used to produce product samples have to be approved by the government. The samples are therefore first submitted to VanCamel for checking. They are inspected by VanCamel's quality assurance team. A second quality control step is performed after mass production but before shipment to regional distributors. At this stage, random samples are examined before final quality control at government level.

To ensure the production of quality products, VanCamel sends production specifications to its contract manufacturers. At the same time, the company assigns in-house staff to inspect the goods delivered by manufacturers, based on criteria outlined in VanCamel's quality control handbook. Goods are returned to the original manufacturer if any defects are found after delivery to VanCamel's warehouses. In addition, VanCamel's quality assurance team inspects contract manufacturers' production facilities at least twice a year to ensure compliance with appropriate quality standards.

As of 31 December 2013, there were 17 employees (2012: 17 employees) in the quality control team. They are responsible for product quality.

Talent management

To continue to set fashion trends and create and successfully market new products, styles and designs that match its brand philosophy, VanCamel needs well-trained employees who are able to take the brand philosophy on board and drive it forward.

Therefore, the company does not use employees from staffing agencies and places great value on ongoing training of its employees. Most training is performed in-house. All new employees are put through a special onboarding programme to give them the necessary skills, product knowledge and workflows. In addition, regular on-the-job training is conducted to deepen practical skills. Moreover, the HR department organizes workshops and other training measures as required, for example, to help staff learn specific selling and communication techniques. Outstanding employees are given an opportunity to visit regional retail partners for further training. In addition to in-house training, the company encourages employees to attend external seminars and workshops. VanCamel's in-house designers regularly visit the main sector trade fairs and fashion shows to ensure that they are aware of the latest market and fashion trends and of new products.

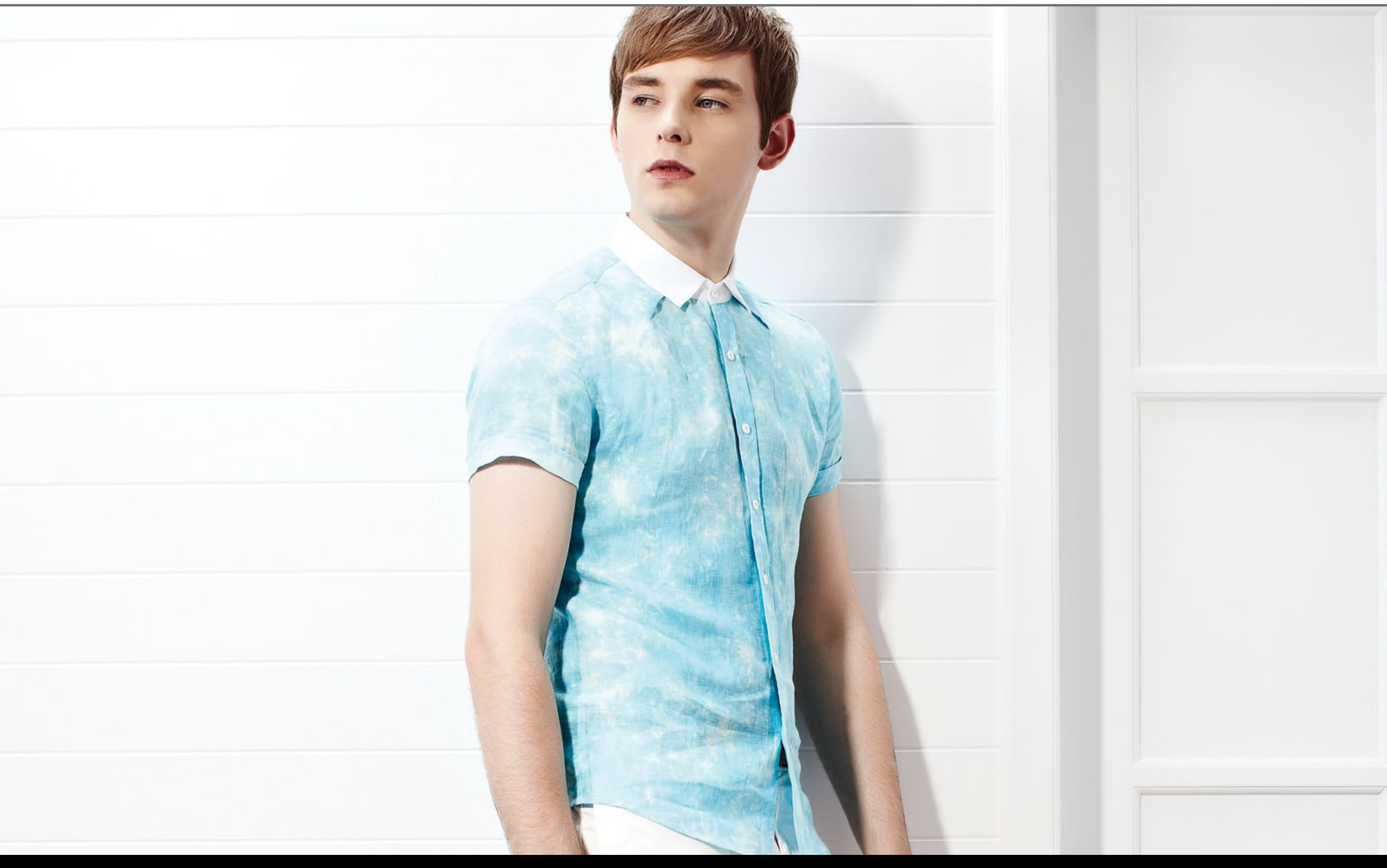
As a result of the training and development measures outlined above, VanCamel is regularly able to attract qualified new employees. In the reporting period the headcount therefore increased from 199 as of 31 December 2012 to 208 as of 31 December 2013. The employee split between the areas of the company is as follows:

	31 December 2013	31 December 2012
General Manager's Office	15	11
Administration	27	27
Marketing	16	16
Finance	18	17
Sales	26	27
Strategy	12	8
Production	30	29
Development	46	46
Logistics	18	18
Total	208	199

Innovation
VanCamel is convinced that a constant stream of innovative designs is one of the keys to its success. As of 31 December 2013, the in-house design team in the Development division comprised 46 employees. That was more than 20% of the total workforce and highlights the special importance of R&D for the company. Each of the 15 designers in the core team has knowledge and experience gained in at least eight years of working in the sector. The department is headed by Chief Designer Rongtang Cai, who has a track record of more than 20 years successful work in the fashion industry.

To ensure that its R&D is always aligned to the latest international sector trends, VanCamel's staff regularly attends the most important fashion shows in Milan, Tokyo and Seoul. VanCamel's constantly changing individual yet coherent style is therefore characterized by a synthesis of typical Chinese elements with Japanese innovations and Western European trends. VanCamel also sends its designers to enrichment courses and studies to upgrade their fashion skills. VanCamel also uses a variety of sector services and websites and feeds the available information into an in-house design database that is constantly being extended and updated. The design team also intensively analyses sales data on its products to gain an insight into trends and preferences for use in the development of new collections.

In addition to its in-house design team, VanCamel uses experienced specialists from leading worldwide design centres who provide advice on product development. In all, the company is well-positioned to ensure timely identification of market developments and successfully anticipate changes in customers' requirements. The company has received a variety of design awards in the past and is a trend-setter for the rapidly changing fashion-consciousness of China's younger generation.



2. ECONOMIC REVIEW

2.1 General economic development

The VanCamel brand targets the men's leisurewear market in the PRC. This is a sub-segment of the overall Chinese apparel market, which comprises ladies' wear, menswear, footwear and accessories. VanCamel is convinced that the driving forces behind the development of the Chinese apparel market as a whole are the country's economic growth, rising disposable incomes in China, progressive urbanisation and changing consumer spending patterns resulting from the rising number of affluent urban consumers in the PRC. This trend is supported by the 12th Five-Year Plan adopted by the Chinese government in March 2011 which prioritises the promotion of domestic consumption, extending the service sector, shifting manufacturing towards higher quality products and improving energy efficiency and environmental protection in order to drive forward the restructuring of the Chinese economy.

The moderate economic growth in China continued in 2013. Fears that of a hard landing for the Chinese economy as declining global demand made its mark in the first half of the year 2013 were subsequently dispelled. Instead, there was a clear rebound in the second half of the year 2013: while GDP only grew by around 6% at the start of the year, according to the National Bureau of Statistics it increased to around 9% in the second half.[1] In its latest update published in January, the International Monetary Fund (IMF) therefore estimated a growth in FY 2013 of 7.7%.[2] That would be exactly the same as in the previous year.

Although industrial output also increased, the rise seen in the second half of the year was principally due to the higher pace of investment driven partly by a state investment programme adopted in the summer. However, since this is only a temporary effect, the experts at the IMF expect growth rates to slip back slightly in the following years to 7.5% in 2014 and 7.3% in 2015.[2] Leading economic indicators are also pointing to slightly slower growth. For example, the HSBC purchasing managers' index for manufacturing industry, which mainly comprises private-sector SMEs, has dropped back below the 50 point threshold that indicates growth in the manufacturing sector. In October 2013 it rose to 50.9 points, the highest level for seven months, but in March it was back down at 48.0 points.[3]

The latest data make it clear that investment still has a considerable influence on growth momentum in China. To ensure sustained growth, the economy needs to be placed on a broader basis. Above all, domestic demand needs to be shifted further towards consumer spending to reduce dependence on state investment. The government is endeavouring to drive forward structural reforms to achieve this. The clearest sign is that in November 2013 the Central Committee of the Communist Party adopted reform plans that include liberalising the financial sector, exchange rates and interest on bank deposits, and stepping up the role of private enterprise. The reform plans are slowly starting to be reflected in market expectations. According to the National Bureau of Statistics, at year end consumer confidence was back above 100 points. In December 2013 the index stood at 102.3 points (December 2012: 103.7 points).[4]

Companies like VanCamel that produce exclusively for the Chinese market are benefiting from the increasing significance of domestic consumption. Nominal retail sales increased 13.1% year-on-year in 2013 (2012: 14.3%[5]) to a new all-time high.[4] That works to the benefit of the textile industry. In the apparel and textile sector, retail sales increased 11.6% year-on-year in 2013 (2012: 17.7% [5])[4] Overall, according to official data from the National Bureau of Statistics, value-added in the textile industry rose in 2013 to 8.7% (2012: 12.2%[5]).[4]

1 Institut für Weltwirtschaft: "Weltkonjunktur im Winter", December 2013
2 International Monetary Fund: "World Economic Outlook Update", January 2014
3 HSBC Purchasing Managers' Index: "HSBC China Manufacturing PMI", April 2014
4 National Bureau of Statistics of China, February 2014
5 National Bureau of Statistics of China, February 2013

2.2 Market and market environment

2.2.1 Retail sales of consumer goods in the PRC

VanCamel's products are targeted at the Chinese consumer goods market, which has experienced as sharp upswing in recent years. According to the National Bureau of Statistics, between 2007 and 2013 retail sales of consumer goods (see table) increased from RMB 9.3 trillion (approx. EUR 1.1 trillion) to RMB 23.8 trillion (approx. EUR 2.9 trillion). That represents an annual growth rate of nearly 17%.[4] As outlined in the report on opportunities, the sector is benefiting from the economic growth of the PRC, the increase in disposable incomes in the country, progressive urbanisation and the changing spending habits of the rising number of affluent urban consumers. In 2012, urban households accounted for almost nearly 87% of total spending on consumer goods in China, while rural households only accounted for a small proportion of the total.[4] The positive trend in the sector is supported by the Chinese government's 12th Five Year Plan, which was adopted in March 2011. This aims to drive forward the restructuring on the Chinese economy by encouraging domestic consumption, expanding the service sector, shifting processing towards higher quality products and improving energy efficiency and environmental protection. That is also reflected in the expectations set out in the company's outlook for the future.

	2007	2008	2009	2010	2011	2012	2013
Retail sales of consumer goods (in RMB trillion)	9.3	11.5	13.3	15.7	18.4	21.0	23.8
Annual growth rate	18.2%	22.7%	15.5%	18.3%	17.1%	14.3%	13.1%

(Source: National Bureau of Statistics of China, February 2014)

2.2.2 Chinese menswear market

VanCamel's products target the menswear sector in the PRC. This is an important sub-segment of the overall Chinese apparel market, which comprises ladies' wear, menswear, shoes and accessories. In recent years China has become one of the world's largest markets for menswear. With an average growth rate of 16.6% between 2007 and 2012 the Chinese menswear market grew far faster than the apparel industry as a whole, achieving a total market size of RMB 549.7 billion (approx. EUR 67.8 billion). Menswear therefore accounts for around 39% of the total apparel industry.[6]

The increased presence of international fashion labels has contributed to this. In major centres, in particular, competition is therefore increasing steadily. As a result, more companies are shifting their focus to tier 2 and 3 locations. To set themselves apart from the competition, some store operators have started to develop their own brands in a bid to increase profit margins and raise customer loyalty. At the same time, apparel manufacturers are endeavouring to diversify their portfolios: introducing new product groups and realizing multi-brand strategies are commonplace.

6 Market Research Report by Marketing Research Inc., April 2013

	2007	2008	2009	2010	2011	2012
Menswear market in the PRC (in RMB billion)	255.2	296.4	336.9	400.8	477.6	549.7
Annual growth rate		16.1 %	13.7 %	19.0 %	19.2 %	15.1 %

(Source: Market Research Report by Marketing Research Inc., April 2013)

The strong growth is closely linked to the increasing significance that men in particular attach to clothing in the wake of the general economic trend. The most important consumer group is men in the 25-45 age bracket, which accounts for 30% of the total population. This target group has strong spending habits and preferences, and individuality and design are becoming increasingly important. According to reliable studies, 42% of male customers prefer casual clothing, 41% want business attire and 17% have a preference for sportswear.[7]

The casual wear segment has grown particularly fast in China in recent years. In 2012 market volume was already RMB 236.5 billion.[8] The average annual growth rate of 17.7% since 2007 was above the overall trend in the menswear market. This trend has prompted many manufacturers to enter this market. While the market share of large companies is increasing steadily, many smaller producers are benefiting from the use of innovative distribution channels, which enable them to continue to dominate the mass market.

	2007	2008	2009	2010	2011	2012
Market for casual menswear in the PRC (in RMB billion)	105.0	122.9	140.8	169.1	203.4	236.5
Annual growth rate		17.1 %	14.6 %	20.3 %	19.2 %	16.3 %

(Source: Market Research Report by Marketing Research Inc., April 2013)

While price and utility used to be the most important criteria for menswear purchases in China, fashion aspects are now moving into the spotlight. Fashion labels that meet customers' interest in greater individuality are benefiting from this. That is reflected in the growth of this specific market segment. Between 2007 and 2012 the Chinese market for men's fashions grew by an average of 19.6% a year. With a total market value of RMB 95.3 billion (approx. EUR 11.8 billion) in 2012, the fashion sector now accounts for more than 40% of the total market for men's casual wear.

	2007	2008	2009	2010	2011	2012	2013e
Market size of casual menswear fashions in the PRC (in RMB billion)	39.0	45.0	53.0	63.8	78.3	95.3	106.0
Annual growth rate		15.3 %	17.9 %	20.3 %	22.8 %	21.7 %	11.3 %

(Source: Market Research Report by Marketing Research Inc., April 2013)

Chinese fashion labels are expected to raise their influence on the men's casual wear market still further in the period to 2020.[8] It is difficult to imagine demand declining again once consumers have become accustomed to the benefits of high-quality individual products. Despite lower overall economic growth, an average annual growth rate of 19.5% is therefore forecast for this segment in the coming years. That would raise the value of this market to RMB 216.3 billion (approx. EUR 26.5 billion) and increase the market share of men's casual wear.[8] However, in order to meet this rise in demand, manufacturers will have to raise inventories, which could dampen sector growth in the short term.

In view of the market size and consumer purchasing power, fashion labels could grow rapidly in China. That said, in order to survive manufacturers need to increase capacity and improve their market recognition. At the

7 http://info.cloth.hc360.com/2011/03/071244464416-3.shtml
8 Market Research Report by Marketing Research Inc., April 2013

same time, rationalising distribution channels and raising productivity per business unit are becoming more important. To increase the company's market position in this environment and gain new customers, marketing is becoming more and more important. In particular, sponsoring events, digital marketing and building flagship stores help raise market awareness. That gives companies like VanCamel scope to play a leading role in the men's fashion industry in the future.

VanCamel has its own fashionable casual wear, businesswear and sportswear lines, so it covers all segments of the menswear market. Within each of these segments it markets both apparel and footwear.

2.2.2.1 Apparel

The Chinese apparel industry grew by an average of 13.3% p.a. between 2007 and 2012.[9] Given the decline in export demand resulting from the global economic crisis, growth rates have declined slightly in recent years. Average market growth of around 6.9% p.a. is forecast up to 2018.[9] The domestic market is becoming increasingly important and is also benefiting from the rise in disposable incomes, continuing urbanisation and the availability of diversified distribution channels. Manufacturers are increasingly focusing on quality, design and brand value rather than price. OEM suppliers who previously produced entirely for established labels are increasingly turning their attention to ODM producers. Companies are offsetting the necessary investment in marketing and product development by shifting production from expensive coastal areas to less expensive inland regions. In addition, productivity can be increased by new machinery and software applications.

The sector is highly competitive and comprises a large number of small and mid-sized enterprises (SMEs). The market share of the four largest manufacturers is just 4.2%.[9] Local manufacturers are also facing competition from South-East Asian countries like Vietnam and Indonesia, where wage costs are lower.

2.2.2.2 Shoes

The Chinese footwear industry comprises more than 6,000 companies,[10] making the country the world's largest shoe producer. Within the last five years, the sector has posted an annual growth rate of 11.8%, well above growth in the economy as a whole.[10] Domestic demand, which grew by 16.2% in the same period, is increasingly becoming the main growth driver.[10] The background is the same as for the apparel sector: rising disposable income and ongoing urbanisation. Quality and design are becoming key competitive factors in this environment.

The market is expected to grow by around 6.9% p.a. up to 2018.[10] Sector concentration is slightly higher than in the apparel industry: the four biggest companies account for 6.8% of the market.[10]

9 IBISWorld, "Apparel Manufacturing in China", Market Research Report 2013
10 IBISWorld, "Footwear Manufacturing in China", Market Research Report 2013

2.3 Earnings, asset and financial position of the VanCamel Group

2.3.1 Overall position

Compared with the prior-year period, the VanCamel Group grew sales revenue by 4.2% to EUR 175.4 million in FY 2013 (2012: EUR 168.3 million). Both product lines contributed to the increase in revenue. Revenue from apparel rose 3.9% in FY 2013 to EUR 122.8 million (2012: EUR 118.2 million) and revenue from shoes rose 5.0% to EUR 52.6 million (2012: EUR 50.1 million).

The gross profit was EUR 58.9 million in FY 2013 (2012: EUR 59.5 million), and the gross profit margin was 33.6% (2012: 35.4%). Earnings before taxes (EBT) totalled EUR 49,0 million (2012: EUR 51.2 million). The pre-tax margin was therefore 27.9% (2012: 30.4%). Taking into account tax expense of EUR 15.8 million (2012: EUR 12.4 million), after-tax income was EUR 33.3 million in 2013 (2012: EUR 38.8 million) and earnings per share were EUR 2.22 (2012: EUR 2.60). The drop in profit was attributable to the stepwise increase in rebates for distributors introduced when accounting was switched to IFRS (see section 1.2).

The net cash inflow from operating activities was EUR 34.6 million in the reporting period 2013 (2012: EUR 41.4 million). The cash outflow for financing activities of EUR 13.9 million (2012: outflow of EUR 12.5 million) mainly comprised a dividend payment of EUR 16.6 million (2012: EUR 11.7 million). The net rise in cash and cash equivalents in the reporting period was EUR 20.7 million (2012: EUR 28.8 million). Cash and cash equivalents therefore increased to EUR 66.2 million as of 31 December 2013 (31 December 2012: EUR 46.6 million).

VanCamel has neither current nor non-current liabilities to banks. The carrying amount of equity was EUR 81.6 million as of 31 December 2013 (31 December 2012: EUR 66.2 million). The equity ratio therefore improved to 77.1% in the reporting period (31 December 2012: 72.2%).

In view of the declining overall momentum in China and somewhat slower growth in the Chinese textile industry, the Management Board believes that VanCamel's performance was good in the reporting period

2.3.2 Earnings

Revenue

In FY 2013 the Van Camel Group increased sales revenues by 4.2% year-on-year to EUR 175.4 million (2012: EUR 168.3 million). Since the VanCamel Group generates all revenues in the Chinese currency (renminbi) but reports its results in euros, the exchange rate of the renminbi versus the euro in the reporting period is particularly important for the level of sales revenues and other financial indicators. In 2013, the RMB depreciated by an average of around -0.5% against the euro, and growth was therefore higher on an RMB basis. The revenue sales growth is in line with sector growth and was mainly due to the increase in market awareness resulting from the stock marketing listing, and rising marketing expenses.

The revenue split in the reporting period was as follows:

Product line	Year-on-year growth %	2013 EUR million	2012 EUR million
Apparel	3.9	122.8	118.2
Shoes	5.0	52.6	50.1
Total	4.2	175.4	168.3

Both product lines registered growth in revenues. Revenue from apparel rose 3.9% in the reporting period to EUR 122.8 million (2012: EUR 118.2 million) and revenue from shoes rose 5.0% to EUR 52.6 million (2012: EUR 50.1 million). The revenue split between the two product lines was therefore basically stable and remains around 70% apparel and 30% shoes.

Orders

It should be noted that the company receives the majority of new orders following its two half-yearly trade shows, held in April and September. Seasonal fluctuations are also registered due to the fact that the autumn/winter collection achieves higher volumes and higher average prices than the spring/summer collection. As a result, revenues are normally higher in the first six months than in the second half of the year.

Finance Income

This item comprises income from bank interest. In the reporting period finance income was EUR 0.2 million, as in the previous year (2012: EUR 0.2 million).

Gross profit

The company's gross profit was EUR 58.9 million in 2013 (2012: EUR 59.5 million), giving a gross profit margin of 33.6% (2012: 35.4%). The slight decline in the gross profit margin was principally caused by the introduction of rebates for distributors (see section 1.2 of this management report for further details). This changeover meant that revenue did not rise as fast as the cost of sales (EUR 116.5 million compared with EUR 108.8 million in 2012), which held back the gross profit margin.

The gross profit in the two product lines was as follows:

Product line	2013 EUR million	Margin %	2012 EUR million	Margin %
Apparel	41.4	33.7	41.8	35.4
Shoes	17.5	33.3	17.7	35.3
Total	58.9	33.6	59.5	35.4

Looking at the product lines, it is clear that there was a slight drop in the gross profit from the sale of both apparel and shoes in the reporting period. While apparel generated a gross profit of EUR 41.4 million (2012: EUR 41.8 million), the gross profit from the sale of shoes was EUR 17.5 million (2012: EUR 17.7 million).

The gross profit margins of the two products mirrored the change in gross profit. In the apparel product line that meant a slight decline from 35.4% to 33.7% while in the shoes product line the gross profit margin dropped from 35.3% to 33.3%. This is a result of the sales rebate increasing from 1.2% in FY 2012 to 4.5% in FY 2013. Nevertheless, the gross profit margins were still high.

Expenses

On the cost side, the increase in revenue in the reporting period was accompanied by a rise in marketing and distribution costs from EUR 6.5 million in 2012 to EUR 7.6 million in 2013. In view of the increasing significance of brand awareness for business success in the sector, the company increased marketing and selling expenses from 3.9% of revenue in 2012 to 4.3% in 2013. Analogously to the rise in revenue, administrative expenses rose from EUR 2.1 million to EUR 2.5 million in the reporting period.

To continue to set fashion trends in the future and create and successfully market new products, styles and designs aligned to the brand philosophy, VanCamel is dependent on well-trained employees that take its brand philosophy on board and drive it forward. The company's headcount therefore increased from 199 as of 31 December 2012 to 208 as of 31 December 2013. As a As a consequence, salaries and related costs rose to EUR 1.7 million (2012: EUR 1.5 million) and the salaries and related costs ratio was 1.0% in 2013 (2012: 0.9%).

Research and development

VanCamel is convinced that constantly developing innovative designs is one of its key success factors. The Development division had 46 employees as of 31 December 2013. That was more than 20% of the total workforce, highlighting the enormous importance of R&D for the company. In addition to its in-house design team, VanCamel uses experienced specialists from leading global design centres to advise it on product development. Overall, R&D spending totalled EUR 0.5 million in 2013, which was just slightly more than in the previous year (2012: EUR 0.5 million). All expenses were recognized in profit and loss in the reporting period.

Financial result

In 2013 financial income was almost unchanged year-on-year at EUR 0.2 million (2012: EUR 0.2 million). Since VanCamel had neither current nor non-current liabilities to banks in the reporting period, it did not have any interest expense. As a result it reported a positive financial result of EUR 0.2 million (2012: EUR 0.2 million).

Tax expense

The Chinese subsidiaries of VanCamel AG have been liable for corporation tax at a rate of 25.0% since 1 January 2012. The intermediate holding company in Hong Kong, VanCamel Int'l Group (KG) Co., Limited, was not liable for taxation in 2012 as it did not have any taxable income. The taxable income of VanCamel AG in 2013 was almost fully offset against tax loss carryforwards. In the consolidated financial statements, this led to a corresponding reduction in deferred tax assets.

VanCamel's income taxes amounted to EUR 15.8 million for 2013 (2012: EUR 12.4 million).

Earnings

EBITDA was EUR 48.8 million in 2013, compared with EUR 51.0 million in 2012. The operating result (EBIT) was EUR 48.8 million in the reporting period (2012: EUR 51.0 million). As in the prior-year period, VanCamel did not have any interest expense, while interest income amounted to EUR 0.2 million (2012: EUR 0.2 million). The financial result was slightly positive, so EBT was EUR 49.0 million (2012: EUR 51.2 million). Tax expense rose from EUR 12.4 million in 2012 to EUR 15.8 million in 2013. Overall, the 2013 result was EUR 33.3 million (2012: 38.8 million), giving earnings per share of EUR 2.22 (2012: EUR 2.60).

Since currency translation resulted in a negative effect of minus EUR 1.3 million (2012: minus EUR 0.4 million), comprehensive income was EUR 31.9 million (2012: EUR 38.4 million).

2.3.3 Asset position

Equity

Equity increased from EUR 66.2 million as of 31 December 2012 to EUR 81.6 million as of 31 December 2013, mainly because of the positive net result in the reporting period, retained earnings increased by EUR 10.1 million to EUR 64.4 million (31 December 2012: EUR 54.3 million). The share capital of the Company was increased by way of contribution in kind to EUR 15.0 million. This effect was partially offset by the analogous application of the principles to the reverse acquisition with EUR 10.3 million (negative capital reserve). The legal reserve in China increased from EUR 6.2 million to EUR 7.7 million in the reporting period while the foreign currency translation reserve decreased from EUR 5.8 million to EUR 4.5 million. The equity ratio therefore improved from 72.2% to 77.1% in the reporting period.

Non-current assets

Non-current assets decreased from EUR 1.3 million as of 31 December 2012 to EUR 0.6 million in the reporting period. This was principally due to a considerable drop in deferred tax assets from EUR 1.1 million to EUR 0.5 million. There was also a slight decline in intangible assets from EUR 0.2 million to EUR 0.1 million. Property, plant and equipment was almost unchanged at EUR 27 thousand as of 31 December 2013 (31 December 2012: EUR 31 thousand).

Current assets

In FY 2013 current assets increased from EUR 90.4 million to EUR 105.2 million, principally due to a cash flow-related rise in cash and cash equivalents from EUR 46.6 million as of 31 December 2012 to EUR 66.2 million as of 31 December 2013. Due to a rise in sales revenues, trade receivables increased from EUR 30.7 million to EUR 33.4 million in the reporting period. Inventories, which only account for a small proportion of current assets, declined further from EUR 0.6 million to EUR 0.4 million due to more delivery of the inventory to our distributors before the year end cut-off date.

Current liabilities

Current liabilities decreased from EUR 25.5 million to EUR 24.2 million in 2013. This was primarily attributable to the fact that as of 31 December 2013, unlike 31 December 2012, there were no outstanding dividend payments (31 December 2012: EUR 4.9 million). Moreover, trade payables reduced from EUR 5.9 million to EUR 4.3 million as a result of earlier deliveries of goods and settlement of the payables before the year end cut-off date. However the decrease is partially offset by the increase in outstanding withholding tax from EUR 5.2 million to EUR 7.5 million and outstanding income tax increased from EUR 4.5 million to EUR 6.9 million.

2.3.4 Financial position

Capital structure

The company's capital was increased by EUR 15.4 million to EUR 81.6 million in 2013. This increase is mainly due to the net income of EUR 33.3 million in 2013. The shareholders' meeting will decide on the appropriation of the net income. Overall, the equity ratio improved from 72.2% as of 31 December 2012 to 77.1% as of 31 December 2013. VanCamel does not have either current or non-current liabilities to banks, so it is not affected by the credit squeeze in the Chinese banking sector. Moreover, its cash flow remains strong, resulting in an increase in cash and cash equivalents. The company's capital and financing structure is therefore extremely sound and gives VanCamel the necessary entrepreneurial headroom for further expansion. As of 31 December 2013, there was no deterioration in the balance sheet ratios compared with the previous year.

Capital expenditures

VanCamel invested EUR 1 thousand in non-current assets in 2013 (2012: EUR 10 thousand). VanCamel continues to adopt the asset light business model.

Liquidity

VanCamel finances its business operations entirely out of equity and the operating cash flow. These funds are mainly used to finance working capital. In addition, the company finances product development and brand building.

The net cash inflow from operating activities remained high at EUR 34.6 million in 2013 (2012: EUR 41.4 million). After extrapolation for tax payments, the cash inflow from operating activities was EUR 44.9 million in 2013 (2012: EUR 49.2 million). The year-on-year decline was due to a slight reduction in net income, partly due to an increase in rebates, and higher tax payments (EUR 10.3 million versus EUR 7.8 million in 2012). By contrast, the rise in trade receivables was limited and inventories were reduced.

The net cash outflow for investing activities declined from EUR 10 thousand to EUR 1 thousand in the reporting period.

The net cash outflow for financing activities was EUR 13.9 million in 2013 (2012: outflow EUR 12.5 million). It principally comprised a dividend payment of EUR 16.6 million (2012: EUR 11.7 million).

The net rise in cash and cash equivalents in the reporting period was EUR 20.7 million (2012: EUR 28.8 million). Cash and cash equivalents therefore increased to EUR 66.2 million as of December 31, 2013 (December 31, 2012: EUR 46.6 million).

2.4 Earnings, asset and financial position of VanCamel AG

2.4.1 Overall information

The following information refers to the separate financial statements of VanCamel AG prepared on the basis of German GAAP (HGB). Since VanCamel AG was established on 24 September 2012, the comparative figures for 2012 refer to the shortened fiscal year from 24 September to 31 December 2012.

2.4.2 Earnings

VanCamel AG is a holding and administration entity and provides general support for the entire VanCamel Group.

In 2013, VanCamel AG itself generated revenues of kEUR 60 arising from the service contracts with the subsidiary.

EUR thousand	1 January 2013 – 31 December 2013	24 September 2012 – 31 December 2012
Revenue	60	0
Dividend income	0	0
Administrative expenses	-213	-15
Investment income	5,130	0
Result from ordinary activities	4,977	-15
Income tax	-32	0
Net profit/(loss)	4,945	-15
Loss carried forward from previous year	-15	0
Transfer to legal reserve	-246	0
Accumulated profit/loss	4,684	-15

2.4.3 Assets, equity, liabilities and financial position

EUR thousand	31 December 2013	31 December 2012
Non-current assets		
Financial assets	14,950	-
Long-term assets	14,950	-
Current assets		
Amount due from subsidiaries	5,191	-
Other assets	30	-
Cash and bank balances	54	61
Prepaid expenses	59	-
Short-term assets	5,334	61
Total assets	20,284	61
Current liabilities and provisions		
Tax provisions	32	-
Other provisions	167	13
Trade payables	143	2
Amount due to Shareholders	11	11
Total liabilities	353	26
Net assets	19,931	35
Capital and reserves attributable to equity holders of the company		
Share capital	15,000	50
Statutory reserve	247	-
Retained earnings	4,684	-15
Total equity	19,931	35

The shareholder's meeting held on 18 June 2013 resolved an increase in the company's share capital from EUR 50,000 by EUR 14.950.000 to EUR 15,000,000 against the issuance of 14,950,000 no-par value ordinary bearer shares each with a notional value of EUR 1.00. This capital increase was executed through a contribution in kind where all shares in VanCamel Int'l Group (HK) Co. Limited, Hong Kong, were contributed to VanCamel AG. The share capital increase became effective on 3 July 2013 when it was registered in the commercial register of the local court in Cologne.

2.4.4 Liquidity

Cash and cash equivalents amounted to kEUR 54 million as of 31 December 2013 (31 December 2012: kEUR 61).

3. REMUNERATION SYSTEMS

3.1 Remuneration of the Management Board

In accordance with the provisions of the German Stock Corporation Act, the Supervisory Board of VanCamel AG is responsible for setting the remuneration of the Management Board. The Supervisory Board has concluded service contracts with members of the Management Board. These do not contain agreements on fixed remuneration as all Management Board members receive separate fixed remuneration for their work at subsidiaries of Van Camel AG. The remuneration of the Management Board comprises:

1. Fixed remuneration
2. Fringe benefits and other forms of remuneration

These elements are broken down as follows:

1. The fixed remuneration comprises a fixed annual salary paid in equal instalments. It is defined in service agreements with the subsidiaries. Mr. Ke and Mr. Zhuang are paid by the Chinese subsidiaries for their work at these companies while Mr. Soh is paid by VanCamel HK.
2. The fringe benefits and other forms of remuneration comprise transfer allowances (rental costs, flight costs) and non-monetary benefits.

Criteria for assessing the appropriateness of the Management Board's remuneration comprise, in particular, the duties of each member, his or her personal performance, the overall performance of the Management Board and the economic situation, success and future prospects of the company, taking into account the business context and remuneration paid by peers.

In 2013 the members of the Management Board of VanCamel AG did not receive either fixed or variable remuneration for their work on the Management Board. The total remuneration of the present members of the Management Board in 2013 based on their work for subsidiaries was kEUR 391 (2012: kEUR 296).

An individual breakdown can be found in the notes to the consolidated financial statements.

3.2 Remuneration of the Supervisory Board

In accordance with company's articles of association, the shareholders' meeting decides on the level of remuneration paid to the Supervisory Board. For his work as Chairman of the Supervisory Board, Mr. Wang received remuneration of EUR 15 thousand in 2013, while his deputy, Mr. Xie, received EUR 12 thousand and Ms. Hu received EUR 10 thousand. If a member only holds a seat on the Supervisory Board for part of a year, remuneration is paid on a pro rata basis. In addition to the fixed remuneration, the members of the Supervisory Board are reimbursed any costs and expenses incurred in the performance of their duties. No variable remuneration is currently agreed for the Supervisory Board. However, the articles of association do not exclude variable remuneration, so it could be decided on by the shareholders' meeting.

The members of the Supervisory Board are included in a Directors' and Officers' (D&O) insurance policy covering their work for the company.

4. DECLARATION OF CONFORMITY ON CORPORATE MANAGEMENT PURSUANT TO SEC. 289A HGB

The declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB) comprises the declaration of conformity pursuant to sec. 161 of the German Stock Corporation Act (AktG), relevant information on corporate management practices, and descriptions of how the Management Board and Supervisory Board work, and of the composition and method of working of their committees.

This is contained in the corporate governance report included in the annual report for 2013. The corporate governance report is also available in the internet at www.vancamel.de, Investor Relations / Corporate Governance.

5. OTHER INFORMATION (ACCORDING TO § 315 SEC. 4 HGB)

Composition of the share capital

The share capital of VanCamel AG was EUR 15,000,000.00 as of 31 December 2013 and was divided into 15,000,000 no-par bearer shares with a theoretical pro rata share of the share capital of EUR 1.00 per share. All shares have the same dividend and voting rights, with the exception of treasury stock, which does not confer any rights on the company. The rights and obligations of shareholders are specified in the provisions of the German Stock Corporation Act (AktG), especially in sec. 12, sec. 53a ff, sec. 118 ff and sec. 186.

The company was established with registered share capital of EUR 50,000 divided into 50,000 no-par value ordinary bearer shares. On 18 June 2013 the share capital was increased by a shareholders' resolution through contributions in kind: Mr. Xiaming Ke and the other shareholders at the time contributed or arranged for the contribution of all shares in VanCamel HK, i.e. 50,000,000 shares at HKD 1.00 (approx. EUR 0.098) each, against the issuance of 14,950,000 no-par value ordinary bearer shares each with a notional value of EUR 1.00. The share capital increase became effective on 3 July 2013 when it was registered in the commercial register of the local court in Cologne.

Restrictions on voting rights and the transfer of shares

Restrictions on the voting rights of shares could result from statutory provisions (sec. 71b and sec. 136 AktG). The Management Board is not aware of any other restrictions on the exercise of voting rights or the transfer of shares.

Shareholdings exceeding 10% of the voting rights

Under the provisions of German securities trading legislation, every investor whose proportion of the voting rights in the company reaches, exceeds or falls below certain thresholds as a result of the purchase or sale of shares or in any other way must notify the company and the Federal Financial Supervisory Authority (Bafin) thereof. The lowest threshold for such disclosures is 3%.

Mr. Xiaming Ke has notified the company that he holds a direct stake in the company's capital that exceeds 50% of the voting rights.

Shares with special rights according rights of control

There are no shares in the company with special rights according rights of control.

Methods of controlling voting rights where employees hold shares in the company and do not directly exercise their right of control

VanCamel AG currently does not have any employee stock programmes.

Statutory provisions and regulations in the articles of association on the appointment and dismissal of members of the Management Board and changes to the articles of association

The appointment and dismissal of members of the Management Board is governed by sec. 84 and sec. 85 of the German Stock Corporation Act (AktG). Pursuant to the statutory provisions (sec. 179 paragraph 1 AktG) any amendment to the articles of association requires a resolution of the General Shareholders' Meeting. Further rules on amendments are contained in sec. 113 and sec. 119 AktG. Under sec. 10 paragraph 2 of the company's articles of association, the Supervisory Board may make amendments to the articles of association, providing these are merely editorial.

In addition, according to sec. 5 of the articles of association, the Supervisory Board is authorized to amend the articles of association after utilization of the authorized capital or the lapse of the period for the utilization of the authorized capital.

Authorization of the Management Board to issue or buy back shares

Under sec. 5 paragraph 1 of the articles of association, as of 31 December 2013 the Management Board was authorized, until 17 June 2018, to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 7,500,000.00 by issuing new shares for cash or contributions in kind in one or more tranches. Further details are given in sec. 5 paragraphs 1 to 3 of the company's articles of association, which can be downloaded from the company's website at Investor Relations/Corporate Governance.

By resolution of the Extraordinary General Meeting on 12 September 2013, the management board is authorized to acquire own shares up to 10% of the share capital. The authorization will expire on the date on which the treasury stock exceeds the limit of 10% or on 11 September 2018.

The acquisition of own shares can take place via the stock exchange or by an offer to all shareholders. In FY 2013 the company did not make use of the authorization.

Principal agreements entered into by the company that are governed by provisions on a change of control resulting from a takeover bid

There are no agreements which give the contractual partner a right of termination in the event of a change in the company's shareholder or ownership structure such that the shareholders or owners relinquish control over the company.

Compensation agreements entered into by the company with members of the Management Board or employees in the event of a takeover bid

There are no compensation agreements with either members of the Management Board or employees relating to a takeover bid.

6. RISK MANAGEMENT AND REPORT ON OPPORTUNITIES AND RISKS

6.1 Opportunity and risk management

Risks constitute the general possibility of internal or external events that could adversely affect the financial situation of VanCamel AG and its subsidiaries and that could jeopardise the achievement of set objectives. VanCamel's business is exposed to a large number of risks that are inseparably linked to entrepreneurial activity. The role of risk management is to make optimal use of business opportunities and only enter into the associated risks if utilizing the opportunities creates sufficient value. All risks entered into must therefore be offset by appropriate opportunities. Therefore, opportunity and risk management are closely interlinked within the VanCamel Group to ensure an appropriate relationship between opportunity and risk. Direct responsibility for the early and regular identification, analysis and management of opportunities rests with the Management Board. The company does not have an opportunity management system. VanCamel intensively analyses the market and the competition, market scenarios, relevant cost drivers and critical success factors, including those in the political environment in which the company operates. In decision-making, VanCamel relies on an opportunity-oriented approach but does not neglect risks. Generally, VanCamel employs a conservative risk management strategy. The central objective of financial management at VanCamel is to ensure sufficient liquidity reserves at all times, avoid financial risks and secure financial flexibility. The basis for safeguarding liquidity is integrated financial and liquidity planning spanning a number of years. VanCamel includes all consolidated subsidiaries in this planning process. The operating business and the resulting cash flow is the Group's main source of liquidity. Operational planning is based on a long-term liquidity forecast. The short and medium-term forecasts are updated quarterly. Surplus funding within the Group is distributed to those areas that require it via cash pooling in order to reduce external funding requirements and optimise net interest expense. The VanCamel Group has no derivatives or other financial instruments for hedging purposes, nor does it hold or issue derivative financial instruments for trading purposes.

Selected opportunities for the VanCamel Group are discussed in section 6.6 "Opportunities and success factors".

6.2 Risk management system

Taking opportunities and being able to recognize and analyse risks and reduce them with appropriate strategies are important elements in the company's activities. Systematic risk management is an ongoing task for the risk owners, i.e. the Management Board, the risk manager and the management of each field of responsibility. However, even an appropriate and functioning risk management system cannot provide any absolute certainty.

At VanCamel, the evaluation and monitoring of risks of relevance to the company is performed initially by the heads of department. They report regularly to the Chairman of the Management Board, who monitors business performance and the associated risks and takes suitable counter-measures were necessary.

VanCamel steadily improves and develops risk management, but has not yet implemented a comprehensive risk management system. Given the company's prodigious growth in recent years, VanCamel is aware of the need for an advanced risk management system that would also act as a timely risk identification system in accordance with sec. 91 paragraph 2 of the German Stock Corporation Act (AktG). The company is therefore engaged in talks with external consultants with a view to introducing a system of this type in 2014.

6.3 Internal control system with respect to the Group's accounting process

VanCamel has an internal control system in place and has taken first steps to develop a new risk management system to define and implement appropriate structures and processes for accounting and financial reporting throughout the Group. This system is designed to ensure timely, uniform and accurate accounting for all business processes and transactions. It ensures compliance with statutory regulations and accounting and financial reporting standards, and is binding on all the companies included in the consolidated financial statements. The relevance and consequences for the consolidated financial statements of any amendments to laws, accounting or financial reporting standards or other pronouncements are continually analysed. These measures serve to identify and evaluate risks, and to limit and monitor any risks that may be identified.

The accounting process is controlled by the Management Board and supervised by the Supervisory Board. The accounting and financial reporting process for VanCamel is managed by the Controlling and Accounting Department and an external service provider that supports the IFRS-based financial reporting. Functions and responsibilities in these areas are clearly assigned and there are mutual control processes to ensure a continuous exchange of information. The Group companies prepare their financial statements locally and transmit them with the aid of a data model that is standardized throughout the Group. The Group companies are responsible for compliance with the directives and procedures applicable throughout the Group and for the proper and timely operation of their accounting-related processes and systems. The consolidated financial statements are prepared centrally by an external German service company on the basis of the data supplied by the subsidiaries. The consolidation, certain reconciliation operations to Group policies and monitoring of the related time schedules and procedures are performed by the Accounting Department and the German external service provider.

The internal control system for financial accounting is based on defined preventive and supervisory control mechanisms such as systematic and manual checking, predefined approval procedures, the separation of functions and compliance with guidelines. Appropriate IT precautions are in place to protect the financial systems used from unauthorised access. Financial accounting systems only use standard software. External consultants such as auditors and lawyers are consulted on changes and complex accounting issues.

Nevertheless, there can never be any absolute certainty that material accounting misstatements are avoided.

6.4 Overall risk situation

Overall, the Group's risks are limited and calculable. Based on the information currently available, the Management Board is of the opinion that with regard to present and in the foreseeable future there are no significant individual risks that could represent a threat to the survival of the company.

In view of the strong cash flow from the company's business operations and its sound financing structure, the management is also of the opinion that in aggregate the risks do constitute a threat to the continued existence of the company.

In 2013 there were no risks to the continued existence of the company.

6.5 Risk factors

Through its risk management activities, VanCamel has identified the following main risks:

Political risks
VanCamel PRC conducts all of the Group's business operations and generates all revenue. The PRC economy differs from the economies of most developed countries in many respects, for example, in its structure, the control of foreign exchange and the allocation of resources. While the PRC economy has changed fundamentally from a centrally planned system to a more market-oriented economy, the government still plays a significant role in regulating industries by imposing industrial policies. Although political conditions in China seem to be generally stable, legislative and regulatory changes may occur which might negatively affect VanCamel's interests.

Although the company believes that the continuing economic reforms will have a positive effect on the PRC's overall and long-term development, the company cannot exclude that any changes might have a negative impact on its operations. If political changes were to hold back the forecast development of, for example, consumer spending, this could prevent the company meeting the revenue and earnings targets outlined in the "Outlook" section.

Market risks
VanCamel's business is dependent on the overall economic development of the PRC, which is in turn influenced by global economic momentum. It cannot be ruled out that growth in the Chinese economy could slow and that this could have a negative impact on VanCamel's business. For example, declining economic growth in China could increase competition within the textile industry and heighten price pressure. Moreover, lower growth rates could adversely affect the inflow of foreign investment. That could impair financing conditions for companies, leading to liquidity problems. The overall economic trend and associated factors such as interest rates, exchange rates and inflation also affect the income of the country's inhabitants and their willingness to spend. Accordingly, a change in market conditions could have a negative impact on VanCamel's business, resulting in failure to meet the revenue and earnings targets outlined in the "Outlook" section.

VanCamel is aware that the apparel industry is a highly competitive sector with low entry barriers. Companies compete on the basis of key criteria such as brand loyalty, product diversity, product design, product quality and price. Some companies have a similar or higher market penetration and a higher brand profile than VanCamel, and may have better access to financial, marketing and distribution resources. To strengthen its competitiveness and market position, VanCamel invests selectively in product development and raising awareness of its brand. However, if it does not manage to compete successfully with new and established competitors in the prevailing market conditions, or in changing market conditions, this could have a negative impact on its business and it could fail to achieve the forecast revenue and earnings targets.

Dependence on distribution partners

VanCamel markets its own-label products exclusively through regional distributors who sell them to authorized retailers. Consequently, all of VanCamel's revenues are generated with regional distributors. All contracts with these regional distributors are for one year and can be renewed up to one month before they expire. However, there is no guarantee that VanCamel can extent contracts that come up for renewal on terms that are acceptable to the company. If it should lose distributors, there is a risk that it might not be able to find substitutes immediately or that the substitutes might not have a comparable network of authorized retail outlets. Further, distributors could reduce volume sales or endeavour to obtain lower prices.

All distributors give a contractual undertaking that they will only sell VanCamel products and that they will fully support the company's sales strategy. Since VanCamel does not have a direct contractual relationship with the authorized retailers, it has to rely on its distributors to implement and monitor compliance with its sales strategy. VanCamel has a right to replace regional distributors at any time if they do not implement aspects of its sales policy such as customer service, pricing policy and shop fittings as contractually agreed. However, such failings could damage the VanCamel brand and result in a loss of goodwill. Moreover, there is no guarantee that VanCamel would be able to find comparable new distributors within a short time.

Since the company does not currently have any plans to open retail stores of its own, the sale of its products remains dependent on regional distributors and authorized retailers. Moreover, in its plans to extend its network of retail outlets, the company is dependent on the ability of distributors to gain reliable and qualified new retailers. If the distributors are unable to extend their network of retailers and to successfully market VanCamel's products, and if VanCamel is unable to efficiently manage and oversee the distribution of its products via regional distributors and their authorised retailers, this could have a negative impact on VanCamel's business and could adversely affect its ability to achieve its revenue and earnings targets outlined in the "Outlook" section.

To reduce the risks described here, VanCamel chooses its distributors carefully using a stringent selection procedure and reviews them once a year. That results in lasting business relationships: all 41 current distributors have worked with VanCamel for at least three years. Nevertheless, the company is endeavouring to reduce its dependence on individual distributors. In line with this, in the past five years there has been a considerable reduction in the five largest distributors' share of its business. In 2010 they accounted for 58.2% of the value of the apparel business. By 2013, this had dropped to just 54.9%. The business share of five largest footwear distributors dropped form 40.5% to 37.3% in the same period. To secure the quality of the distribution network and enhance the efficiency of its structures, VanCamel has introduced a system of "key distributors". Essentially, one key distributor is responsible for distribution in a specific area. In addition, the company has installed an information management system to help customer service provide a timely response to changes in demand and to give retailers the latest market information. As well as helping retailers to market the company's products efficiently, this raises VanCamel's revenues and minimizes inventory periods.

Brand risk

VanCamel is convinced that in the apparel sector brand image and brand awareness play a central role in consumers' purchasing decisions. The company's future success is therefore dependent on its ability to increase the target group's awareness of the VanCamel brand and successfully protect the brand from unauthorised use by third parties. Complaints and other negative headlines could detract from the brand image and affect volume sales of the product. That could prevent the company from achieving it's the revenue and earnings targets set out in the "Outlook" section.

To counter these risks, VanCamel is continuing to invest in raising brand awareness. The principal measures include TV ads geared to the target group and the opening of flagship stores at strategic locations in cooperation with the respective distributor. In this, VanCamel benefits from the fact that it decided early on to differentiate itself from the competition through a clear brand strategy. Effective enforcement of intellectual property rights is important to maintain brand value and protect the company's interests. Therefore, all products are marketed under the "VanCamel" brand name, which is registered as a trademark in the PRC. Due to the cost and difficulty of monitoring, however, unauthorised use or abuse of the brand cannot be ruled out.

Product development risks

The company's success depends to a large extent on the ability to successfully anticipate trends in the fashion sector and to respond rapidly to changes in consumer demand patterns. To ensure that the company does not miss key trends, employees working in this area focus on the latest sector trends. VanCamel also uses a range of sector services and websites and feeds the available data into in-house databases that are constantly being extended and updated. The design team intensively analyses sales data for individual products in order to derive trends and preferences that can be used in the development of new collections. In addition to its in-house design team, VanCamel uses experienced specialists from leading global design centres to advise it on product development. Overall, the company believes that it is well-positioned to ensure timely identification of market developments and to successfully anticipate changing customer requirements.

However, the development and launch of new products is time-consuming. Despite the measures outlined here, VanCamel therefore cannot ensure that the company always correctly evaluates market developments and successfully anticipates changing customer needs. The commercial success of newly designed products therefore always entails some uncertainty. Moreover, it cannot be ruled out that new product designs (especially designs developed on the basis of customer specifications) might unwittingly infringe third-party property rights. Although VanCamel does not currently have any indication of such claims by third parties, litigation, whether justified or not, could entail legal and other costs and cause lasting damage to the company's brand image.

If VanCamel is unable to come up with a steady stream of new and commercially successful products that meet changing consumer needs and do not infringe third-party rights, this could affect demand for its products and it might not able to achieve the revenue and earnings targets outlined in the "Outlook" section.

Counterfeit products

VanCamel believes that recognition of the VanCamel brand is vital in the sale of its products and that effective enforcement of intellectual property rights is important for the protection of its interests. All of VanCamel's products are marketed under the VanCamel brand. Therefore, the VanCamel brand has been registered as a trademark in the PRC.

VanCamel cannot assure that there will not be any unauthorised usage or misuse of the VanCamel brand as it may be difficult and costly to monitor any infringements in the PRC. In the event that third parties infringe VanCamel's intellectual property rights in respect of its trademarks by counterfeiting its products, imitating or using VanCamel's trademark without authorization from VanCamel, VanCamel may face considerable difficulties and costly litigation in order to fully protect its intellectual property rights. If VanCamel cannot adequately protect its brand, its business and its net assets, financial condition and results of operations and reputation could be adversely affected.

Dependence on contract manufacturers

All of VanCamel's production is outsourced to local contract manufacturers in the provinces of Fujian, Zheijang and Guangdong. That entails a risk that such manufacturers might not fulfil their contractually agreed obligations correctly, punctually or in the agreed quality, which could result in additional costs for VanCamel or delay delivery to its distribution partners. Moreover, contract manufacturers could raise prices if there is a significant increase in raw material and labour costs. If VanCamel is unable to pass price rises on to its distribution partners, this could have an adverse effect on its business. Overall, these factors could cause it to fall short of the revenue and earnings targets set out in the "Outlook" section.

To ensure unproblematic production flows, VanCamel chooses its contract manufacturers carefully using a stringent selection process. By providing accurate product data for these companies and instructing its personnel to check the goods delivered, it also aims to guarantee product quality. Products that do not meet the criteria specified in its quality control handbook are returned to the manufacturer. In addition, VanCamel's quality assurance team inspects contract manufacturers' facilities at least twice a year to ensure compliance with appropriate quality standards. VanCamel has a reliable and long-standing business relationship with the 32 contract manufacturers it currently uses.

Human resources risks

VanCamel's future success is dependent to a large extent on the performance of the management and other key personnel. If a member of the management or other key employee takes a job with a competitor, sets up a competing company or leaves the company for other reasons, this could result in VanCamel losing customers, suppliers, knowledge and important specialists or other employees. There can be no guarantee that VanCamel can retain management and other executives or that, if necessary, it can replace these employees with other qualified managers. Demand for such experienced personnel is very high so the search for staff with the relevant skills can be very time-consuming. Another risk is high employee turnover, which could result in a loss of know-how and internal problems in the development process. These factors could have a significant impact on the company's business and prevent it meeting the revenue and earnings targets set out in the "Outlook" section.

To reduce this risk, VanCamel does not employ agency staff and pays great attention to continuous training of its employees. All new employees attend a special onboarding programme to give them the necessary skills, product knowledge and workflows. In addition, regular on-the-job training is provided to enhance practical skills. Where necessary the HR department also organizes workshops on specific selling and communication techniques and similar training sessions. In addition, particularly talented employees are given opportunities to visit regional retailers to further their training. In addition to the in-house training offerings, the company encourages employees to attend external seminars and workshops.

Cost risks

VanCamel's operating business is in China. As of 31 December 2013, the company had 208 employees in China. The company's labour costs comprise wages, social security contributions and other social benefits. The minimum wage at VanCamel PRC's site in Shishi City has risen in recent years and influences the wages that VanCamel has to pay to remain an attractive employer for skilled staff. These personnel-related costs could rise significantly in the future. In addition, legislation could impose further social costs on employers. These factors could have a significant impact on the company's business and prevent it meeting the forecast revenue and earnings targets.

Financial risks
VanCamel pursues a financial risk avoidance strategy and endeavours to minimize financial market risks. The company is aware of the resultant opportunity costs, for example, interest foregone. Financial risks such as interest rate and exchange rate risks can arise from the parent company's financing activities if funds borrowed cannot be passed on to the operating companies. Further, there is a risk that VanCamel might not be able to meet its financial obligations punctually. Liquidity management at VanCamel aims to ensure that the company always has sufficient equity and debt. Cash flows from operating, investing and financing activities are exposed to permanent fluctuations. This could result in a reduction in the Group's liquidity, despite its high level of cash and cash equivalents as of 31 December 2013. Wherever possible, surplus liquidity is invested in the money market to earn interest.

Tax risks
All operating activities are conducted by VanCamel PRC, which is subject to Chinese tax law. Accordingly, any change in national tax legislation and the interpretation of the prevailing regulations could affect VanCamel's performance. Furthermore, under PRC enterprise income tax laws, VanCamel HK may be treated as tax resident enterprise for PRC tax purposes and could therefore be subject to PRC taxation.

None of the entities of the Group has undergone a special tax investigation by the relevant tax authorities in the past. Based on a future tax investigation or tax review, the company or its subsidiary could be required to make additional tax payments. In connection with any additional tax payments, there is also an interest risk as interest typically has to be paid on additional tax payments after a grace period. Furthermore, there is a risk that tax penalties could be triggered. These factors could have a significant impact on the company's business and prevent it meeting the revenue and earnings targets set out in the "Outlook" section.

Currency risks
The Group conducts its operating business in renminbi (RMB), which is currently not a freely convertible currency. The RMB exchange rate is controlled by the authorities in the PRC and is tied to an international currency basket. Currency risks arise when the Group is involved in transactions that are settled in foreign currencies. Since the consolidated financial statements for the reporting period are prepared in euros (EUR) and this will not change in the future, the Group is exposed to changes in the RMB / EUR exchange rate. The translation risks resulting from fluctuations in the exchange rate could affect the Group's earnings and asset position. A devaluation of the RMB versus the euro would have a negative impact on the consolidated financial statements. In addition, a volatile RMB exchange rate could have a material and negative effect on both business activities and the Group's earnings, assets and financial position. Although almost all of the company's revenues and expenses are in RMB, changes in exchange rates could have a negative impact on the annual financial statements of VanCamel AG, which could possibly reduce future dividend payments. Overall, these factors could cause it to fall short of the revenue and earnings targets set out in the "Outlook" section.

To counter this risk, VanCamel AG only has the financial resources required to perform its administrative tasks; the main financial resources are held by the operating units. The company does not currently consider hedging to be necessary.

Default risks
Default risks arise from the granting of payment terms to customers. They are monitored through extensive and continuous creditworthiness checks and intensive receivables management. VanCamel's positive image gives the company a strong position in dealings with distributors and suppliers and has a favourable impact on payment terms. Binding orders placed by distributors at VanCamel's half-yearly fashion shows result in an initial downpayment of 30% of the value of the order. At the same time, an order is transmitted to the manufacturers,

together with a corresponding payment. This business model minimizes stock-keeping and reduces the company's working capital requirements. Moreover, since outstanding payments are monitored very closely, VanCamel can strengthen its profitability without investing significant amounts in inventories. Nevertheless, it cannot be ruled out that business partners could face unexpected liquidity problems or go bankrupt. This could have a negative retrospective impact on VanCamel's business, resulting in failure to meet the forecast revenue and earnings targets.

To mitigate this risk, credit limits and credit terms are set annually by the sales department for each distributor on the basis of background checks, a credit assessment and payment history. In addition, a monthly sales summary is generated by the Finance department for each distributor. Sales orders and transactions cannot be processed beyond the credit limit or for customers with long outstanding debts, without special approval.

Legal risks

The PRC is still in the midst of a development phase, which includes development of the legal system. Despite significant progress, there is still no comprehensive legal system, interpretation of laws is subject to constant change and the implementation of legal provisions is often uncertain as there is no point of reference based on ongoing legal judgements. Since VanCamel's business is dependent on certain licences and permits and the company is therefore subject to oversight by the relevant authorities, changes in the existing legal system and pending legal judgements could have a major influence on its business activities.

Furthermore, legal risks mainly relate to company law, commercial and brand law, product liability law and capital market law. Moreover, the relevant laws and interpretations are subject to change. Infringement of legal provisions as a result of ignorance or negligence could have a substantial impact on the company's business. Even a positive judgement of VanCamel's legal position could result in high expenses and cause lasting damage to its image. That could cause it to fall short of the revenue and earnings targets set out in the "Outlook" section.

To minimize these risks, VanCamel uses external experts and service-providers.

Insurance risks

In the PRC it is not customary to take out an extensive insurance protection for businesses as in more developed economies. Therefore, VanCamel PRC has not taken out any insurance covering risks to its business premises since it does not own any property and usually stores inventory in its leased warehouses only for a very short period of time. Thus, VanCamel also does not have any insurance against business disruption, product liability or fire, burglary and theft at its warehouses or general damage to the stock in its warehouses. Accordingly, if any of these risk factors were to materialize, this could result in significant costs for the company, which would be detrimental to the business and could prevent it meeting the revenue and earnings targets set out in the "Outlook" section.

VanCamel has various insurance policies to cover liability and serious damage to assets. However, these policies do not necessarily cover all possible claims and types of damage. Moreover, there could be further risks for which no direct insurance cover has been obtained.

6.6 Opportunities and success factors

As a menswear producer, VanCamel operates in a highly competitive market with a rising number of local and international brands and suppliers. The company is positioned as a trend-setter for the fast-changing fashion needs of young Chinese men. Since the production of its apparel and shoes is fully outsourced to local contract manufacturers, the company can concentrate entirely on product design and brand development. Its successful positioning as a fashion label for successful men paves the way for the future development of the company. VanCamel's management is convinced that the company can benefit from rising prosperity and the increasing purchasing power of male consumers in China, enabling it continue to grow the business. In particular, it identifies the following opportunities and success factors:

Market potential
China has developed into one of the largest menswear consumer markets in the world. In 2012, the Chinese menswear market was RMB 549.7 billion (approx. EUR 67.8 billion), which was roughly 40% of the total garment market.[11] Between 2007 and 2012, the compound annual growth rate was approx. 16.59%, far higher than growth in the garment industry.[11] Rapid growth is driven by the general economic development and rising disposable income, and by increasing market acceptance of brands.

A further breakthrough in the menswear market in China is expected in the next few years. Successful fashion labels could greatly extend their influence, especially in the casual wear market. Rising demand for fashionable menswear has a direct influence on demand for VanCamel's products and could therefore benefit the company's business, enabling it to exceed the revenue and earnings targets set out in the "Outlook" section.

Growing propensity to consume
The sustained growth in the Chinese economy and the rising prosperity of the country's inhabitants mean that end-consumers will spend more on leisure activities, sport, entertainment and high-quality clothing and shoes. Moreover, supporting the domestic economy is one of the explicit political goals of China's central government in a bid to reduce export dependency, and has its full backing. Consumption-based purchasing habits will presumably have a direct influence on demand for VanCamel's products and could therefore benefit the company's business, enabling it to exceed the revenue and earnings targets set out in the "Outlook" section.

Positive brand image
Chinese consumers' rising demand for brand-name apparel is a clear trend and one that will probably difficult to reverse once people are accustomed to high-quality fashionable and individual labels. Extending the reach of brands is therefore increasingly becoming a critical competitive factor. VanCamel differentiated itself from competitors very early by adopting a distinct market positioning to attract its target customers. Through its partnership with the National Basketball Association (NBA) from 2006 to 2008, it managed to build a high degree of brand awareness at a very early stage and thus strengthened its competitive position in the PRC. Priced well below international luxury brands, VanCamel developed a coherent and well-protected domestic brand throughout China.

Rising brand awareness will therefore probably have a direct influence on demand for VanCamel's products and could therefore benefit the company's business, enabling it to exceed the revenue and earnings targets set out in the "Outlook" section.

11 Market Research Report by Marketing Research Inc., April 2013

Innovation capacity

At the heart of the VanCamel brand image is the high fashion status of its clothing and footwear. The company believes it can create a unique style as a trend-setter for the rapidly changing fashion demands of young men in China. To continue to set trends and create new products, styles and designs aligned to its brand philosophy, VanCamel uses experienced specialists from leading global design centres. The company has constantly proven that it its multinational design team is capable of creating a unique style. Supported by growing urbanisation and the steady rise in purchasing power, VanCamel's management is convinced that its products can continue to set trends in the future. The rising demand for trendy new designs and the increasing value attached by consumers to purchasing fashionable clothing, especially in VanCamel's target group – high-earning males aged between 25 and 40 – will therefore probably have a direct impact on demand for the group's products and could therefore benefit VanCamel's business, enabling it to exceed the revenue and earnings forecasts set out in the "Outlook" section.

Location advantage

Fujian Province is one of the largest and most important centres of the Chinese apparel industry, which includes many upstream and downstream industries. There is a high density of experienced specialists in the various fields, which facilitates access to the necessary expertise. A similar situation applies for the procurement of starting products. That reduces operating costs and benefits production efficiency at the companies in this area. Moreover, this competitive environment stimulates the development of the apparel manufacturers in the region. In the development of its products, VanCamel therefore benefits from regular interchange with competitors, industry associations and other sector experts. VanCamel's management is convinced that the resources to which it has access due to its location in Fujian Province benefit production costs, product development and market penetration and are therefore favourable for its business development. It therefore believes that this situation could help it exceed its forecast revenue and earning targets.

Efficient distribution network

VanCamel's positive image gives it a strong position with regard to distributors and suppliers. The company always pays great attention to the quality of its distribution network and selects distributors carefully using a stringent selection procedure. As its distributors are bound to sell only VanCamel products, they fully support VanCamel's business success. To assist quality distributors and ensure efficient management, VanCamel has adopted a "Key Distributors" policy: in general only one key distributor is selected to manage distribution in a particular area or province. Additionally, VanCamel has implemented an information management system and a customer service division to monitor market information in order to provide authorized retail outlets with up-to-date market information. This policy convinces distributors of the benefits of promoting VanCamel's brand and products efficiently and enables the company to address market demands in a timely manner. As well as helping to market the company's products efficiently, this should raise VanCamel's revenues and minimize inventory periods. It is therefore favourable for the development of its business, which could help it exceed the revenue and earnings targets set out in the "Outlook" section.

7. DEPENDENT COMPANY REPORT (RELATED-PARTY TRANSACTIONS)

Because there is no control agreement with the majority shareholder, the Management Board of VanCamel AG is required under section 312 of the German Stock Corporation Act (AktG) to file a report on relationships with affiliated companies. This report contains information on the relationships with the majority shareholder Xiaming Ke and the companies in the VanCamel Group.

Pursuant to section 312, para.3 AktG, the Management Board declares:

“The Management Board of the Company stated that in fiscal 2012 were no reportable events in relation to the controlling company or an affiliated company.”

“For all legal transactions and the measures disclosed in the dependency report on the period from 1 January 2013 to 31 December 2013, in the circumstances known to the members of the Management Board at the time these legal transactions or measures were concluded or omitted, VanCamel received an adequate consideration. Taken or untaken measures according to section 313 AktG did not exist.”

8. EVENTS AFTER THE REPORTING PERIOD

No events that could have a significant impact on the earnings, assets and financial position of VanCamel AG have occurred since the reporting date.

9. OUTLOOK

9.1 Market development and sector trends

VanCamel's products target the men's casual wear sector in the PRC. The company's strategic focus is on developing high-quality, fashionable clothing and shoes and constantly extending brand awareness. The management is convinced that the development of the Chinese apparel market as a whole is driven by the country's economic growth, rising disposable incomes in China, progressive urbanisation and changing consumer spending patterns resulting from the rising number of affluent urban consumers in the PRC. This development is supported by the 12th Five Year Plan adopted by the government in March 2011, which prioritises domestic consumption. Further support comes from the economic reforms adopted in November 2013. A detailed description of the markets of relevance to VanCamel and their expected development can be found in section 2.1 of this management report.

Although the Chinese menswear market has grown strongly in recent years, for many years price and utility with the overriding purchasing criteria for Chinese consumers. In the view of VanCamel's management, that is currently changing. Chinese consumers are becoming increasing quality-conscious and place greater value on fashion trends and brand awareness in their purchasing decisions. Fashion labels that meet customers' interest in greater individuality are benefiting from this. The influence of Chinese fashion labels is expected to increase in the period up to 2020, especially in the men's casual wear sector. Studies forecast that this subsegment will post an average annual growth rate of 17.8% in the coming years, with market volume increasing to RMB 216.3 billion (approx. EUR 26.4 billion) by 2016, accompanied by an increase in the proportion of men's casual wear.[12]

That said, the management assessment is that the fashion market is still at any early stage of development. Unlike the mass market, which is dominated by domestic brands, there are no dominant domestic fashion labels in this segment. Instead, the market for high-quality menswear is led by foreign competitors. Since the fashion market in developed countries has completed the development phase and the market is saturated, many European and US brands are endeavouring to positioning themselves on the Chinese market through their financial clout and expertise in product development, design and marketing in order to gain the largest possible slice of the market for high-quality casual wear.[12] While well-known manufacturers like Zara, Uniqlo and Burberry are already established, other foreign brands such as WE Fashion, Hollister and Cross Company are currently trying to gain a foothold in China. However, VanCamel's Management Board is of the opinion that Chinese consumers prefer Chinese brands if they are perceived to offer the same value and quality as international brands.

The Chinese fashion industry is facing mounting competition from South-East Asian states such as Vietnam and Indonesia, where wage costs are low.[13] In particular, manufacturers focusing principally on exports are suffering from the appreciation of the Chinese renminbi, rising raw material and wage costs, the credit squeeze by banks and declining exports because they are not able to pass on rising costs to trading companies and the international market. By contrast, companies like VanCamel that serve the domestic market are benefiting from the steadily rising living standards in China. Rising consumer spending and more generous spending on leisure are good for domestic consumption. Thus, nominal retail revenues from the sale of consumer goods rose 13.1% year-on-year in 2013 to a new all-time high.[14]

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12 Market Research Report by Respect Marketing Research Inc., April 2013
13 IBISWorld, "Apparel Manufacturing in China", Market Research Report 2013
14 National Bureau of Statistics of China, February 2014

However, to meet this rising demand, manufacturers need to raise inventories, which could dampen their profitability in the short term. Moreover, rationalisation of distribution channels and raising productivity per business unit are becoming more important.[12] However, these constraints are not entirely applicable for VanCamel because of its specific business model. Nevertheless, even for VanCamel, marketing is becoming more and more important in this market environment in order to broaden its market position and gain new customers. In particular, sponsorship of events, digital marketing and the opening of flagship stores help raise awareness of the brand. Owing to the fact that it differentiated itself from competitors early on through a clear brand strategy, this gives the company scope to raise its market share.

In view of this market trend, VanCamel's Management Board anticipates that demand will rise, but also expects to see rising competitive pressure, which could affect market prices.

9.2 Earnings, net assets and financial position and outlook

In fiscal 2013 VanCamel continued to invest in extending brand awareness. To this end it increased its marketing spend from 2.3% to 2.5% of revenue. The principal measures included print and TV ads geared to the target group. Overall, its distributors opened 113 new authorized retail outlets in 2013. The number of authorized retail outlets operated by distributors therefore increased to 2,314 spread across 26 provinces in China.

VanCamel aims to continue this trend in 2014. In collaboration with distributors, the aim is to open about 120 new shops in various locations. Building on the successful nationwide introduction of the VanCamel brand, the Management Board is convinced that increasing store density represents a realistic and sustained goal for the development of the company. To accompany this, spending on marketing is to be raised to 2.8% of revenue to raise visibility of the brand among consumers still further. The marketing strategy focuses on opening more flagship stores and advertising aimed at the target group, using billboards, printed media and the internet. In addition, VanCamel is continuing to invest in its in-house design and development team and is currently exploring the possibility of collaboration with fashion and design schools and universities to gain constant access to new talent and ideas in the fashion sector. Overall, the management has not budgeted any investment into property plant and equipment in 2014.

Assuming that China's domestic market continues to grow, the target group's fashion affinity increases further, and the number of authorized retail outlets increases as planned, the company expects volume sales to increase steadily in the coming years. Based on the present order situation, the Management Board assumes that on a euro basis (excluding currency effects), the Group will grow revenue by around 4.0% in 2014. It expects revenue from apparel to rise by 4.0%, and revenue from shoes to grow by 3.0%. When comparing revenue in 2013 and 2014, the sales rebates for distributors outlined in section 1.2 of this management report should be borne in mind. The rebates, which increased to 4.5% in FY 2013 and 7.5% in FY 2014, diminish revenue growth by the same amount in each of these two years.

This has less impact on the operating result. Together with the plans to step up marketing, at Group level VanCamel is likely to report slightly lower margins. Accordingly, the Management Board expects the EBT margin to drop slightly to a sustainable level of about 21% in 2014.

9.3 Future development of VanCamel AG

Since VanCamel AG is the holding company of the VanCamel Group and the main business operations are performed in the PRC, the future development of VanCamel AG depends not simply on macroeconomic developments, but also on the development of the operational entities in the PRC. Without accounting for potential dividend payments from affiliated companies, VanCamel AG expects to post a slightly decreased net profit in FY 2014.

9.4 Overall statement of future business development

Since VanCamel's products are targeted exclusively at the domestic market, the economic development of the PRC is of central importance for its business. Although annual growth in China's GDP recently slipped to just below 8%, the accompanying increasing in income, ongoing urbanisation, higher productivity and the growth of added value are continuing. The company assumes that consumer spending will be the main growth driver in the future. Chinese consumers are becoming increasingly quality-conscious and fashion trends and brand awareness are becoming more significant for purchasing decisions. VanCamel therefore sees good prospects of raising its share of the market for high-quality fashionable menswear and shoes in the coming years. In view of its present distribution network, the expected rise in the number of authorized retail outlets, its proven strength in product development and its stable financial position, VanCamel believes that it is well-positioned to derive benefit from the developments outlined here in 2014.

Cologne, 24 April 2014

The Management Board

Xiaming Ke Weibin Zhuang Eng Ann Soh

Responsibility statement

We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and that the management includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Cologne, 24 April 2014

The Management Board

Xiaming Ke Weibin Zhuang Eng Ann Soh

CONSOLIDATED FINANCIAL STATEMENTS

of the VanCamel AG for the financial year 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year 2013

kEUR	Note	2013	2012
Revenue	4	175,426	168,313
Cost of Sales	5	(116,499)	(108,793)
Gross Profit		58,927	59,520
Selling and distribution expenses	6	(7,561)	(6,466)
Administrative expenses	7	(2,503)	(2,052)
Profit from operations		48,863	51,002
Financial income	9	186	158
Profit before tax		49,049	51,160
Income tax expense	10	(15,790)	(12,358)
Profit for the year		33,259	38,802
Other comprehensive Income, net of income tax			
Exchange differences arising from translation		(1,333)	(376)
Total Comprehensive Income for the year		31,926	38,426

Earnings per share

kEUR	Note	2013	2012
Earnings per share	21		
Basic		2.22	2.60
Diluted		2.22	2.60

The figures for 2012 concern the Consolidated Statements of VAN CAMEL INT'L GROUP (HK) Co. Limited and are presented for purposes of comparison.

Other comprehensive income comprises only items that may be reclassified subsequently to profit and loss.

Profit for the year and total comprehensive income are fully attributable to the owners of the company.

CONSOLIDATED FINANCIAL STATEMENTS OF FINANCIAL POSITION

As at December 31, 2013

kEUR	Note	31.12.2013	31.12.2012
Property, plant and equipment	11	27	31
Other Intangible Assets	12	102	207
Deferred tax assets	10	495	1,085
Total non-current assets		624	1,323
Inventories	13	403	556
Trade receivables	14	33,415	30,734
Other current financial assets	15	59	7,413
Other current assets	16	5.094	5,090
Cash and cash equivalents	17	66,200	46,578
Total current assets		105,171	90,371
Total assets		105,795	91,694
Share capital	18	15,000	-*
Capital reserve	18	(10,300)	-
Legal reserve	18	247	-
Chinese legal reserve	18	7,740	6,165
Retained earnings	18	64,439	54,290
Translation reserve	18	4,453	5,786
Total equity		81,579	66,241
Trade payables	19	4,312	5,902
Other current financial liabilities	20	2,965	7,534
Other current liabilities	20	10,089	7,542
Current tax liabilities	10	6,850	4,475
Total current liabilities		24.216	25,453
Total equity and liabilities		105,795	91,694

The figures for 2012 concern the Consolidated Statements of VAN CAMEL INT'L GROUP (HK) Co. Limited and are presented for purposes of comparison.

*Concerning the adjustment of the share capital of the previous year, please refer to the additional explanations in the consolidated statement of changes in equity and to Note 18.

CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS

For the financial year 2013

kEUR	Note	Year ended 31 December 2013	Year ended 31 December 2012
Cash flows from operating activities			
Profit before taxation		49,049	51,160
Adjustments for:			
Finance income	9	(186)	(157)
Depreciation	11	4	6
Amortization of intangible assets	12	104	105
Operating profit before working capital changes		48,971	51,114
Decrease/(increase) in inventories		149	(397)
Increase in trade and other receivables		(3,346)	(3,328)
(Decrease)/Increase in trade and other payables		(1,049)	1,633
Cash generated from operations		44,725	49,022
Finance income received		186	157
Income tax paid	10	(10,299)	(7,801)
Net cash generated from operating activities		34,612	41,378
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(1)	(10)
Net cash used in investing activities		(1)	(10)
Cash flows from financing activities			
Dividends paid		(16,624)	(11,681)
(Decrease)/increase in amount due from related parties		2,688	(842)
Net cash used in financing activities		(13,936)	(12,523)
Net increase cash and cash equivalents		20,675	28,845
Cash and cash equivalents at beginning of financial year		46,638*	18,154
Changes in cash and cash equivalents due to first-time consolidation		60*	0*
Effects of currency translation		(1,113)	(421)
Cash and cash equivalents at end of financial year	17	66,200	46,578*

The figures for 2012 concern the Consolidated Statements of VAN CAMEL INT'L GROUP (HK) Co. Limited and are presented for purposes of comparison.

*Because of the analogous application of the principles of the reverse acquisition the comparative period does not include the cash and cash equivalents of VanCamel AG as of 31 December, 2012. The cash and cash equivalents are recognized at the first-time consolidation. For more information, please refer to Note 2.2.

CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2013

TEUR	Note	Share Capital	Capital Reserve
Balance at 1 January 2012*		0	0
Total comprehensive income		0	0
Transfer to PRC statutory reserve	18	0	0
Dividends		0	0
Balance at 31 December 2012*		0	0
Total comprehensive income		0	0
Issuance of new shares		50	0
Loss carried forward of VanCamel AG		0	0
Arising from restructuring exercise	18	14,950	(10,300)
Transfer to statutory reserve		0	0
Transfer to PRC statutory reserve	18	0	0
Dividends		0	0
Balance at 31 December 2013		15,000	(10,300)

*Concerning the adjustment of the share capital in financial year 2012, please refer to the additional information in Note 18.

Statutory Reserve	PRC Statutory Reserve	Retained Earnings	Translation Reserve	Total Equity
0	4,693	33,559	6,162	44,414
0	0	38,802	(376)	38,426
0	1,472	(1,472)	0	0
0	0	(16,599)	0	(16,599)
0	6,165	54,290	5,786	66,241
0	0	33,259	(1,333)	31,926
0	0	0	0	50
0	0	(14)	0	(14)
0	0	(4,650)	0	0
247	0	(247)	0	0
0	1,575	(1,575)	0	0
0	0	(16,624)	0	(16,624)
247	7,740	64,439	4,453	81,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 The Company

VanCamel AG (the “Company”) is the parent company. The Company is a German limited liability stock corporation registered in Germany. The company’s registration number is HRB 76539 in Cologne, Germany. The company’s financial year is the calendar year (i.e. 1. January through 31 December).

The shares of the company have been admitted to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. October 11th 2013 was the first trading day of the 15,000,000 shares with a value of EUR 1 per shares. The first price was EUR 2,10 per share.

On June 18th 2013 the share capital of the Company was increased by a shareholders’ resolution through contribution in kind: Mr Xiaming Ke and the other shareholders at the time contributed or arranged for the contribution of all shares in VanCamel HK against the issuance of 14,950,000 no-par value ordinary bearer shares each with a notional value of EUR 1.00. The share capital increase became effective on 3 July 2013 when it was registered in the commercial register of the local court in Cologne.

VanCamel is a Chinese fashion label engaged in the design, marketing and distribution under its own brand of casualwear, consisting of apparel and footwear, almost exclusively targeted on men’s casualwear products, with its operating subsidiary based in the People Republic of China (“PRC”). The operational business of VanCamel is exclusively carried out by Van Camel Cloth Co., Ltd, Quanzhou (“VanCamel PRC”) with its business address at No. 409, Shiquan Road, Shishi City, Fujian Province, PRC.

The consolidated statement of the company were approved as prepared by management board on 24 April 2014 and presented to the supervisory board for its meeting on 24 April 2014.

The consolidated statements are prepared in Euros. Amounts are stated in thousands of Euro (kEUR) except where stated otherwise.

The currency of primary economic environment in which the company and its consolidated subsidiaries operate is Renminbi (“RMB”). Therefore it represents the functional currency of the company and its subsidiaries.

The figures mentioned in the consolidated financial statements were subject to rounding adjustments that were carried out according to established commercial standards. As a result, the figures stated in a table may not exactly add up to the total values that may also be stated in the table.

Dividends to be paid by the operating PRC subsidiaries generally have to be approved by Chinese government bodies. In addition, dividends are only payable if Chinese statutory reserves (“PRC statutory reserves”) satisfy the related legal requirements. For details regarding the legal requirements refer to note 18.2.

Cash transfers from China to countries outside of China require formal approval from the State Administration of Foreign Exchange (“SAFE”).

1.2 The Group Structure

As of December 31, 2013 the company has direct and indirect interests in the following wholly owned subsidiaries:

Name of the company	Shares held by the company	Equity kEUR 31/12/13	Result kEUR 2013	Nature of investment
Van Camel Int'l Group (HK) Co. Limited ("VanCamel HK")	100%	4,307	16,354	Direct
Van Camel Cloth Co., Ltd, Quanzhou ("VanCamel PRC")..	100%	74,728	34,821	Indirect

VanCamel HK:
VanCamel HK is a financial holding company established under Hong Kong law on 30 November 2001. It holds 100% of the shares of VanCamel PRC.

Upon incorporation, VanCamel HK has an authorized share capital of HKD 10,000.00 (approx. EUR 980) divided into 10,000 shares of HKD 1.00 (approx. EUR 0.098) each, out of which 1 share was issued to Mr. KE Xiaming and Mr. KE Xianrong respectively as the initial shareholders of VanCamel HK. On 18 September 2008, Mr. KE Xianrong transferred one share to Mr. KE Xiaming. On 5 March 2009, VanCamel HK increased its authorized share capital to HKD 5,500,000 (approx. EUR 540,000) and issued 5,035,477 shares to Mr. KE Xiaming. On 25 October 2010, VanCamel HK further increased its authorized share capital to HKD 50,000,000 (approx. EUR 4,900,000) and issued 44,964,521 shares to Hanway Group Limited, a company incorporated in the British Virgin Islands with limited liability. On 19 November 2010, Mr. KE Xiaming transferred 5,035,479 shares to Fashion International Holdings Limited, a company incorporated in Bermuda with limited liability, at par value.

The current authorized capital of VanCamel HK is HKD 50,000,000.00 (approx. EUR 4,900,000) divided into 50,000,000 shares of HKD 1.00 (approx. EUR 0.098) each out of which 50,000,000 Shares have been duly and validly issued as fully paid.

On 28 June 2013, Hanway Group Limited and Fashion International Holdings Limited transferred all their shares (i.e. 44,964,521 and 5,035,479 shares respectively) in VanCamel HK to the Company against allotment of 13,444,392 shares of EUR 1.00 each in the share capital of the Company to the Existing Shareholders in proportion to their stakes in the share capital of the Company and allotment of 1,505,608 shares of EUR 1.00 each in the share capital of the Company to the Existing Shareholders in proportion to their stakes in the share capital of the Company respectively.

The sole director of VanCamel HK is Mr. KE Xiaming (initially appointed on 30 November 2001).

VanCamel PRC:
VanCamel PRC was established under the law of the People's Republic of China on 28 May 2003. The registered capital of HKD 5,000,000 (approx. EUR 490,000) has been fully paid in, the last portion as of 18 November 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU IFRS"), as well as with the regulations under the commercial law set forth in section 315a (I) of the German Commercial Code (Handelsgesetzbuch – HGB). The Group has adopted all EU IFRS that were effectively on or before 1 January 2013. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The company has adopted IFRS for the first time and has not prepared consolidated financial statements before either under IFRS nor under local GAAP. The Company is a first-time adopter in accordance with IFRS 1 and has applied all standards and interpretations that were mandatory at 31 December 2013. Reconciliation according to IFRS 1.24 is not applicable, because there were no consolidated financial statements of the reporting unit according to international or local accounting standards.

The following new or revised IFRSs, potentially relevant to the Group's financial statements, have been promulgated by the EU, but are not yet effective and have not been early adopted by the Group:

IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosures of Interests in Other Entities[1]
IAS 27	Separate Financial Statements[1]
IAS 28	Investments in Associates and Joint Ventures[1]

[1]Effective for annual periods beginning on or after 1 January 2014

IIFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has assessed IFRS 12's full impact which does not expect any material impact on the consolidated financial statements arising from the adoption of this standard but considers that the new standard might affect the extent of future disclosure in the notes to the consolidated financial statements. The Group intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

There are no other IFRSs or IFRIC interpretations promulgated by the EU, but not yet effective that would be expected to have a material impact on the Group.

The following standards and Interpretations are not yet promulgated by the EU and therefore not adopted by the Group:

IFRS 9	Financial Instruments and subsequent amendments
Improvements to IFRS (2010 - 2012)	Initial mandatory application in the EU is still unknown
Improvements to IFRS (2011 - 2013)	Initial mandatory application in the EU is still unknown
Amendments to IAS 19	Employee Benefits – Employee Contributions (initial mandatory application in the EU is still unknown)
Amendments to IFRS 9 and IFRS 7	Financial Instruments" and "Financial Instruments – Disclosures": Initial Application and Transitional Regulations (initial mandatory application in the EU is still unknown)
IFRIC 21	Levies (initial mandatory application in the EU is still unknown)
IFRS 14	Regulatory deferral accounts (initial mandatory application in the EU is still unknown)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The potential impact on VanCamel Group is currently being analysed.

Except for IFRS 9 there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The consolidated financial statements of Ultrasonic have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and under the historical cost convention, except as disclosed in the accounting policies below.

Assets and liabilities that are included in the balance sheet, are distinguished between short and long term, and are described in detail in the notes to the financial statements. The consolidated profit and loss statement is prepared using the cost of sales method. Profits are compared with the costs incurred for their realization. The costs are allocated to the functional areas: production, sales and administration.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the companies and its entities controlled by VanCamel and its subsidiaries. Control is achieved when the company has the power over the investee, is exposed, or has the rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements listed above. When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including: the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit and loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carry amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

VanCamel AG has been incorporated in September 2012.

In September 2013 VanCamel AG acquired 100 % of the shares in VanCamel HK by a contribution in kind. Due to the facts, that the structure of the shareholding of the group did not change by the transaction and the shareholders kept the same relative percentage of ownership of the group companies before and after the transaction, the transaction is considered to be a transaction under common control within the meaning of IFRS 3.B1, for which IFRS 3 is not applicable. The accounting as a reverse acquisition in terms of IFRS 3.B19 is also not applicable, because the presence of a business in the VanCamel AG prior to the transaction would have been a precondition. Such business did not exist.

The contribution of shares of the Vancamel HK into the VanCamel AG has been recognized, considering the economic substance of the transaction analogous to a reverse acquisition (reverse acquisition).

2.3 Property, Plant and Equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset.

Advance payments for property, plant and equipment acquired are recognized as an asset when payment for the property, plant and equipment has been made in advance of the final delivery of the property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Plant and machinery	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Renovation	3-5 years

The renovation includes the renovations works performed in the distributor's retail shops.

The estimated residual values, estimated useful lives, and depreciation method of the property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. Changes in accounting estimates are accounted for prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

2.4 Intangible Assets

2.4.1 Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at accost less accumulated impairment losses.

Costs relating to the acquisition of trademark are capitalized and amortized on a straight-line basis over its tenure of 10 years

2.4.2 Internally-generated Intangible assets – research and development expenditures

Expenditures on research activities are recognized as an expense in the period incurred. An internally-generated intangible arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and the resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first met the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit and loss in the period incurred.

Subsequent to initial recognition, an internally generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis intangible assets acquired separately.

In the reporting period all expenses related to research and development costs do not fulfil the described requirements and are therefore included in the income statement.

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating item) is estimated to be less than its carrying amount, the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

2.5 Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit and loss when the asset is derecognised. It is recognized in other operating income or other operating expenses.

2.6 Impairment on Non-financial Assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i. e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit (“CGU”) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and if only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount provided that this amount does not exceed the carrying amount that would have been determined if no impairment loss have been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount.

Until now, the revaluation method has not been used.

2.7 Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2.7.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

At the end of the reporting period the Group holds solely financial assets classified as loans and receivables.

Effective interest method
The effective interest method is a method of calculating the amortised cost of financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, trans-action costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Loans and receivables (including cash and bank balances)
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a director) are measured at amortised cost using the effective interest method, less any impairment losses.

Except short-term receivables, where the effect of discounting would be marginal, interest income is recognized using the effective interest method.

Impairments of financial assets
Financial assets, except for those, which are recognised at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter-party; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- that the active market for this financial asset disappears because of financial problems.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit and loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents include cash accounts and short-term cash deposits at banks.

2.7.2 Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities are recognized when a group entity becomes party to the contractual provision of the financial instrument. Financial liabilities are categorised as either financial liabilities measured at fair value through profit and loss or other financial liabilities.

The Groups financial liabilities are solely belonging to the category “other financial liabilities”.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. All interest related charges are recognised as an expense in the income statement.

Effective interest method
The effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities are derecognised when the obligation for the liabilities is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process.

The Group’s financial liabilities include trade and other financial payables.

2.8 Other Provisions and Contingent Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of re-sources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in income statement net of any reimbursement.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

All provisions and contingent liabilities are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprise raw materials, direct labour and other overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The carrying values of inventories are disclosed under note 13.

2.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leasing. The Group has not entered into finance leases in the reporting period and in preceding periods.

The Group as a lessee
The Group leases warehouses offices and retail shops over a period from 2 to 5 years under operating leases. Substantial risks and rewards incidental to ownership of the leased assets are retained by the lessors.

Operating lease payments are recognized on a straight line basis over the term of the relevant lease.

2.11 Recognition of Revenues and Other Income

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the course of ordinary activities, net of discounts and sales-related taxes.

Revenue from the sale of manufactured products is recognized when the Company has transferred to customers the significant risks and rewards of ownership of the goods, which generally coincides with the delivery to and acceptance of goods by the customers; and when the Company can reliably measure the amount of revenue and the cost incurred and to be incurred in respect of the transaction; and it is probable that the collectability of the related receivables is reasonably assured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.12 Finance Income

Finance income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.13 Employee Benefits – Retirement Benefits Scheme

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries located in the PRC are required to contribute a certain percentage of the basis salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries located in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

The Company has no direct and indirect pension obligations which would be classified as defined benefit obligation.

2.14 Income Tax

2.14 Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in the profit and loss statement, unless they relate to items that are recognized either in other income or directly in equity.

2.14.1 Current Tax

Current tax is payable on taxable profit, which differs from profits or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in the respective countries in which the Group is operating.

2.14.2 Deferred Tax

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred income tax is not recognised when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit and loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- The tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled; and
- based on the tax consequence that will follow from the manner in which the Group expects, at the date of the balance sheet, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

2.15 Foreign Currency Translation

2.15.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The Group conducts its business predominately in the PRC and hence its functional currency is the Renminbi.

The presentation currency of the Group is EURO, being the presentation currency with respect to the ultimate German domiciled legal parent and holding company, and therefore the financial information has been translated from RMB to EURO and the financial information from Hongkong entity has been translated first from HKD to the functional currency RMB and then from functional currency RMB to presentation currency EUR at the following rates:

	Period end rates	Average rates
December 31, 2012	EUR 1 = RMB 8.2157	EUR 1 = RMB 8.1330
December 31, 2013	EUR 1 = RMB 8.3400	EUR 1 = RMB 8.1709

	Period end rates	Average rates
December 31, 2012	RMB 1= HKD 1.2439	RMB 1 = HKD 1.2309
December 31, 2013	RMB 1 = HKD 1.2808	RMB 1 = HKD 1.2628

The results and financial positions in functional currency are translated into the presentation currency for the purpose of presentation of its ultimate legal parent as follows:

(1) Monetary items are translated at the closing rate;
(2) Non-monetary items are translated at the historical rate;
(3) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(4) All resulting exchange differences are recognized in translation reserve, a separate component of equity.

Other comprehensive income comprises only gains and losses arising from translating the financial statements of the foreign operations. The currency translations do not imply any current or deferred tax effects.

2.15.2 Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.16 Critical accounting judgments and key source of estimation uncertainty

2.16.1 Critical accounting judgments in applying accounting policies

In the application of the Group's accounting policies described in note 2.1 through 2.15. The directors of the company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

2.16.2 Estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Income taxes
The Group has exposure to income tax arising from their operations in the PRC. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax expense and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management determines the estimated useful lives of property, plant and equipment to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. A 5% difference in the expected useful lives of the property, plant and equipment would not result in a significant change to the Group's net profit for the respective financial years.

Inventories
Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to raw material price changes and changes the customer behaviour which may cause selling prices to change rapidly.

In the process of applying the Group's accounting policies as described below, management is of the opinion that there are no instances of application of judgments which are expected to have a significant effect on the amounts recognised in the Financial Statements.

Impairment of trade receivables
The Group's management assesses the collectability of trade receivables. This estimate is based on the credit history of the Group's customers and the current market condition. Management assesses the collectability of trade receivables at the balance sheet date and makes a provision, if any.

3. SEGMENT REPORTING

The Group manages only one operating segment. Therefore, no information regarding separate product groups or different regions are reported to the Board of Directors. Information about revenues from external customers for each product line is addressed under note 4.

4. REVENUES

The Group's revenues are as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Revenues from the sales of goods	175,426	168,313

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Product line		
Apparels	122,784	118,227
Footwear	52,642	50,086
	175,426	168,313

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Geographical		
PRC	175,426	168,313

5. COST OF SALES

The Group's cost of sales are as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Purchases from contract manufacturers	115,156	107,549
Additional Sales Tax	1,343	1,244
	116,499	108,793

6. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of the following cost components:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Advertising expenses	3,168	2,896
Promotion expenses	1,178	928
Packing expenses	1,998	1,567
Salaries & related costs	413	355
Others	804	720
	7,561	6,466

7. ADMINISTRATIVE EXPENSES

Administrative expenses mainly consist of the following cost components:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Salaries & related costs	1,325	1,096
R&D expenses	486	457
Travelling & Entertainment	63	107
Amortisation	104	105
Others	525	287
	2,503	2,052

8. PERSONNEL EXPENSES

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Salaries	1,583	1,318
Social Security Contribution	155	133
	1,738	1,451

The annual average number of full time employees is as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Office of the General Manager	14	11
Administrative Department	28	28
Marketing Department	16	14
Financial Department	17	17
Sales Department	26	27
Enterprise Planning Department	11	8
Production Department	29	31
Development Department	44	44
Logistics Department	19	17
Total	204	197

At the end of the year a total of 208 individuals were employed (previous year: 199) on a full time basis.

9. INTEREST INCOME

Interest income results from bank deposits with an average weighted interest rate of 0.28 % (FY 2012: 0.34 %).

10. INCOME TAXES

10.1 Income Tax Recognized in the Profit and Loss Statement

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Current income taxes		
PRC	12,790	10,531
Total current income taxes	12,790	10,531
Deferred taxes		
PRC	586	(23)
Total deferred tax expenses/(Income)	586	(23)
Withholding taxes on dividends paid in the current year and payable in future periods	2,414	1,850
Total withholding tax expenses	2,414	1,850
Total tax expense	15,790	12,358

The following tax rates are applicable to the group depending on the jurisdiction:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Germany	31.2%	31.2%
PRC	25.0%	25.0%
Hongkong	16.5%	16.5%

The income tax expense for the year can be reconciled to the accounting profit as:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Profit before taxation	49,049	51,160
Tax calculated at the tax rate of 25%	12,262	12,790
Tax exemption (2011 & 2012:50%)	-	(3,003)
Tax effect on non-deductible expenses	2,392	721
Effect from withholding tax	1,132	1,850
Effect of different tax rates in other jurisdictions	4	-
	15,790	12,358

The Chinese subsidiary tax rate is 25% is the most appropriate tax rate for the tax reconciliation, because the activities in other tax jurisdictions (Germany, Hongkong) are not significant to the group. The group's effective tax rate in 2013 is 32.2% (2012: 24.2%).

10.2 Current Tax Liabilities

The movement of the income tax payable is as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Beginning balance January 1	4,475	1,785
Current year tax expenses	12,790	10,531
Income taxes paid	(10,299)	(7,801)
Translation adjustment	(116)	(40)
Ending balance December 31	6,850	4,475

10.3 Deferred Tax Balances

Temporary differences arising from undistributed profits from subsidiaries in respect of distributions in the amount of kEUR 60,179 in 2013 (kEUR 51,288 in 2012) have not been recognized as deferred tax liabilities. Dividends from China to Hongkong are subject to the restrictions described in note 1.1.

Temporary differences between net assets of the subsidiary and the corresponding tax carrying amounts in the amount of kEUR 72,328 (kEUR 62,891 in 2012) were also not considered as a deferred tax liability, as the group may determine the time of realization itself.

Deferred tax (liabilities)/assets in relation to:

Year ended 31 December						
kEUR	Opening balance	Recognized in Profit and Loss	Recognized in other comprehen-sive income	Recognized directly in equity	Reclassified from equity into profit and loss	Closing balance
Deferred tax assets	1,085	(586)	-	-	(4)	495
	1,085	(586)	-	-	(4)	495

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at their carrying amount consist of:

kEUR	Plant Equipment	Office Equipment	Motor Vehicles	Renovation	Total
Cost					
At 1 January 2012	26	99	5	315	445
Additions	-	1	9	-	10
Disposal/Written Off	-	-	-	-	-
Translation adjustment	-	(1)	-	(2)	(3)
At 31 December 2012	26	99	14	313	452
Additions	-	1	-	-	1
Disposal/Written Off	-	-	-	-	-
Translation adjustment	-	(2)	-	-	(2)
At 31 December 2013	26	98	14	308	446
Accumulated Depreciation					
At 1 January 2012	17	82	4	315	418
Amortisation/Depreciation	2	3	1	-	6
Disposal/Written Off	-	-	-	-	-
Translation adjustment	-	(1)	-	(2)	(3)
At 31 December 2012	19	84	5	313	421
Amortisation/Depreciation	1	1	2	-	4
Disposal/Written Off	-	-	-	-	-
Translation adjustment	-	(1)	-	(5)	(6)
At 31 December 2013	20	84	7	308	419
Net Book Value					
At 31 December 2012	7	15	9	-	31
At 31 December 2013	6	14	7	-	27

All property, plant and equipment are located in the PRC.

12. INTANGIBLE ASSETS

Intangible assets mainly consist of the trademark rights “VanCamel”. The trademark has been acquired from Shishi Xinhua Straight Clothes Factory in 2004 for an assignment fee and has a useful life of 10 years according to PRC Trademark law. The carrying value of the trademark has developed as follows:

kEUR	Trademark
Cost	
At 1 January 2012	1,042
Translation adjustment	(7)
At 31 December 2012	1,035
Translation adjustment	(16)
At 31 December 2013	1,019
Accumulated Depreciation	
At 1 January 2012	729
Amortisation/Depreciation	105
Translation adjustment	(6)
At 31 December 2012	828
Amortisation/Depreciation	104
Translation adjustment	(15)
At 31 December 2013	917
Net Book Value	
At 31 December 2012	207
At 31 December 2013	102

The amortization of kEUR 104 (2012: kEUR 105) has been recorded within “Administrative Expenses”. Refer to Note 7.

13. INVENTORIES

Inventories are allocated as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Finished goods	403	556
	403	556

Cost of inventories is recognized as expense, as part of cost of sales. The cost of sales also includes distribution costs. In 2013 the company recognized kEUR 116,499 and in 2012 kEUR 108,793 as an expense.

Neither in 2013 nor in 2012 have any write-downs or write-ups on inventories been carried out.

14. TRADE RECEIVABLES

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Trade receivables	33,415	30,734
	33,415	30,734

The average credit period on sales of goods is 60 days. No interest is charged for the first 60 days from the date of the invoice. In general allowances for doubt full debts are determined by reference to past default experience of the counterparty and an analysis of the counterparty's financial position.

Before accepting any new customer the sales and marketing department will prepare credit proposals based on an internal preliminary credit assessment. For the final acceptance of a new customer, the approval of the management of the group is required.

Trade receivables aging based on invoice date are as follows:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Not due	33,383	30,611
0 to 30 days	32	123
More than 30 days	0	0
Total	33,415	30,734

In both reporting periods, no impairment losses on trade receivable were recorded:

The trade receivable that was neither past due nor impaired relate to customer for whom there was no recent history of default.

The trade receivable that was past due but not impaired relate to customers that have a good track record with the Group. Management believes that no impairment allowance is necessary in this balance as it is considered fully recoverable.

During the financial years ended 31 December 2012 and 2013, trade receivables are all denominated in Renminbi.

15. OTHER CURRENT FINANCIAL ASSETS

The other current financial assets consist of:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Amounts due from related parties	-	7,413
Other receivables	59	-
	59	7,413

Amount due from related parties was unsecured, interest-free and had no fixed terms of repayment. Amount due from related parties mainly relates to related company, Hanway Group Limited, share capital injection to Van-Camel HK during financial year ended 31 December 2010 and to other related companies, Hanway Group Limited and Fashion International Holdings Limited, withholding tax payable arising from dividends paid from FY 2010 to FY 2012. Amount due from related parties have been fully paid as at FY 2013.

16. OTHER CURRENT ASSETS

The other current assets mainly consist of:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Advances to suppliers	4,976	4,930
German tax recoverable	30	-
Prepayments	88	160
	5,094	5,090

The amount shown is due within one year. The advances to suppliers are for the purchase of the finished goods.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Cash at bank	66,198	46,572
Cash on hand	2	6
	66,200	46,578
Cash at banks	66,198	46,572
thereof EUR	54	-
thereof RMB	66,144	46,572
Total	66,198	46,572

The Renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business. Cash transfers from China to other countries require formal approval from the State Administration of Foreign Exchange (“SAFE”). However, there is no restriction of cash transfers between Hong Kong and Germany. Consequently, the Group does not have unlimited access to these funds.

The cash at bank balances bear effective interest rates of 0.2 % in 2013 and 0.34 % in 2012.

18. EQUITY

Issued and fully paid with no par value	No. of ordinary shares		kEUR	
	2013	2012	2013	2012
Beginning of financial year	-	-	-	-
Issuance of shares[1]	50,000	-	50	-
Issuance of shares[2]	14,950,000	-	14,950	-
End of financial year	15,000,000	-	15,000	-

[1] VanCamel AG (Previously VAN-CAMEL International AG) was founded on 24 September, 2012 with share capital compromising fully paid 50,000 ordinary shares amounting kEUR 50. On the basis of the purchase agreement dated 18 June 2013 Mr Xiameng Ke purchased VanCamel AG. As discussed in Note 2.3 of the notes to the financial statements the contribution in kind was treated as a reverse acquisition and therefore no shared capital existed as of December 31, 2012.
[2] At the general shareholder meeting of VanCamel AG on June 18, 2013 the share capital of VanCamel AG was increased by kEUR 14,950 to kEUR 15,000 through the issuance of 14,950,000 new bearer shares with no par value with a notional amount of share capital of one Euro per share. The capital increase was performed by means of a contribution in kind in form of all shares in VanCamel HK to VanCamel AG.

18.1 Share Capital

The share capital of the parent company amounts to kEUR 15,000 and is divided into 15,000,000 no-par value bearer shares with a par value of one Euro per share.

Authorised Capital
Pursuant to the resolution of the general meeting dated from 18 June 2013 till 17 June 2018, the board of management directors is authorized to increase the share capital of the company with the consent of the supervisory board through issuance of up to a total of 7,500,000 new no par value shares, in either one or several tranches, in consideration of contributions in cash or in kind by up to EUR 7,500,000 (Authorized Capital 2013) and to determine a commencement of profit entitlement deviating from law. In each case ordinary shares and/or preference shares may be issued.

Share buyback authorisation
By resolution of the Extraordinary General Meeting on 12 September 2013, the management board is authorized to acquire own shares up to 10% of the share capital. The authorization will expire on the date on which the treasury stock exceeds the limit of 10% or on 11 September 2018.

The acquisition of own shares can take place via the stock exchange or by an offer to all shareholders. In FY 2013 the company did not make use of the authorization.

18.2 Statutory Reserve in China

In accordance with the relevant laws and regulations of PRC, the subsidiary of the Company established in PRC are required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

The statutory reserve only affects the subsidiaries based in PRC.

The PRC statutory reserve of the Group amounts to kEUR 7,740 as at 31, December 2013 (2012: kEUR 6,165).

18.3 Capital Reserve

The capital reserve represents the adjustment item of the capital consolidation of kEUR 10,300 based on the reverse acquisition.

18.4 Foreign Currency Translation Reserve (Other Comprehensive Income)

Foreign currency translation reserve represents the foreign currency translation difference arising from the translation of the financial statements of companies within the Group.

18.5 Retained Earnings

The revenue reserve includes the cumulative annual results, which are recognized in the income statements of the Group, to the extent they are not included in the statutory reserve.

18.6 Legal Reserve

In Accordance with § 150 paragraph. 2 AktG the Company recorded a legal reserve as of December 31, 2013:

kEUR	
As of 1 January 2013	0
Gain	247
As of 31 December2013	247

18.7 Distributable Profits and Dividends

For the payment of the dividend the financial statements of VanCamel AG is decisive, which is prepared in accordance with the German Commercial Code (HGB). It is intended to propose a dividend payment of EUR 0.31 per share, in total kEUR 4,650, to the general meeting. The remaining net income of VanCamel AG will be recognized in the retained earnings.

19. TRADE PAYABLES

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Trade payables	4,312	5,902

The average credit period on purchases of goods is 30 days.

Trade payables are all due within one year.

20. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Other current financial liabilities and other current liabilities consist of:

kEUR	Year ended 31 December 2013	Year ended 31 December 2012
Other financial liabilities		
Salary accrued	571	2,477
Amount due to related party	1,863	0
Accruals amount due to a director	87	0
Others	310	188
Dividend payable	0	4,869
Amount due to a shareholder	134	0
	2,965	7,534
Other liabilities		
VAT payable	405	550
Costumer deposit	1,787	1,814
Other tax payables	51	0
SSI payables	373	0
Withholding tax payables	7,473	5,178
	10,089	7,542
	13,054	15,076

The average credit period on purchases of goods is 30 days.

Other financial liabilities and other liabilities are all due within one year.

21. EARNINGS PER SHARE

Earnings per share were calculated based on the profit after tax and allocated to the shareholders of the parent company VanCamel AG on 31 December 2013 and 31 December 2012. The basic earnings per share and the diluted earnings per share are identical, because there are no dilutive equity instruments. The weighted average number of the outstanding ordinary shares in the reporting period is calculated as follows:

Based on the analogous application of IFRS 3.B19 (see note 2.2), the calculation of the weighted average number in the period, in which the reverse acquisition has been made, was done in accordance with IFRS 3. B26. Consequently, the denominator in the calculation of earnings per share is calculated as the sum of:

- the number of outstanding ordinary shares from the beginning of that period to the acquisition date, based on the weighted average number of outstanding shares of the formal-legal acquiree (the accounting acquirer), which are multiplied with the exchange ratio stated in the merger agreement; and
- the number of outstanding ordinary shares from the acquisition date to the end of this period equal to the actual number of outstanding shares of the formal-legal acquirer (the accounting acquiree) in this period.

This results in an average number of ordinary shares of 14,976,986 for the year ended 31 December 2013.

Under analogous application of the principles of reverse acquisition, consequently the special requirements of IFRS 3.B27 have to be applied for the calculation of the earnings per share for the comparative period. Based on the exchange ratio, the average number of ordinary shares for the year ended 31 December 2012 amounts to 14,950,000.

	2013	2012
Earnings after tax (kEUR)	33,259	38,802
Average number of outstanding ordinary shares	14,976,986	14,950,000
Earnings per share	2.22	2.60

22. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to uphold investor, creditor and market confidence and sustain future development of the business.

The Group seeks to maintain a sound capital position by making no significant use of debt financing. Further the Group aims for an approximate ratio of equity to total assets ratio of 50 %. Those information could be derived directly from the financial statements as presented.

	Year ended 31 December 2013 kEUR	Year ended 31 December 2012 kEUR
Equity	81,579	66,241
Total Assets	105,796	91,694
Equity to Total Asset Ratio	77 %	72 %

23. FINANCIAL INSTRUMENTS

The financial instruments are as follows:

kEUR	December 31, 2013			December 31, 2012		
	Carrying Amount	At amortized costs	Fair Value	Carrying Amount	At amortized costs	Fair Value
Assets						
Trade Receivables	33,416	33,416	33,416	30,734	30,734	30,734
Other current financial assets	59	59	59	7,413	7,413	7,413
Cash and cash equivalents	66,200	66,200	66,200	46,578	46,578	46,578
Total	99,675	99,675	99,675	84,725	84,725	84,725

kEUR	December 31, 2013			December 31, 2012		
	Carrying Amount	At amortized costs	Fair Value	Carrying Amount	At amortized costs	Fair Value
Liabilities						
Trade payables	4,312	4,312	4,312	5,902	5,902	5,902
Other current financial liabilities	2,965	2,965	2,965	7,534	7,534	7,534
Total	7,277	7,277	7,277	13,436	13,436	13,436

kEUR	December 31, 2013			December 31, 2012		
	Carrying Amount	At amortized costs	Fair Value	Carrying Amount	At amortized costs	Fair Value
Loans and receivables	99.675	99.615	99.675	84.725	84.725	84.725
Financial liabilities (at amortized costs)	7.277	7.277	7.277	13.436	13.436	13.436

24. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to market risk, credit risk and liquidity risk. The Group’s overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group’s financial performance.

The board of directors provides guidance for overall risk management as well as policies covering specific areas. Management assesses and formulates measures to manage the Group's exposure to financial risk in accordance with the objectives and underlying principles approved by the board of directors. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposures to market risk and financial risk are kept at a minimum level, the HK Group has not used any derivatives or other financial instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

24.1 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Due to the limited exposure to such risks the company has not entered into a variety of derivative financial instruments to manage such risks.

Changes in foreign currency exchange rates
Currency risk arises when transactions are denominated in foreign currencies other than the functional currency.

The Group mainly operates in the Chinese market and therefore has no significant exposure to changes in foreign currencies except payment of the dividends. However the company prepares its financial statements in the reporting currency EUR as such its results and net assets are exposed to a retranslation risk due to changes of RMB to EUR.

If the RMB had strengthened against EUR by 10 % then this would be have had the following impact:

kEUR	Net Profit	Equity
December 31, 2012	4	4
December 31, 2013	516	516

If the RMB has weakened against EUR by 10 % then this would be have had the following impact:

kEUR	Net Profit	Equity
December 31, 2012	(4)	(4)
December 31, 2013	(516)	(516)

Interest rate risks
Interest rate risks arise when the Group borrows funds at both fixed and floating interest rates. The Group limits its exposure to such risks by being mainly self-financed. Therefore the group's exposure to changes in interest rates is limited.

24.2 Credit Risk

Credit risk is defined as the risk that a financial instrument will cause a financial loss to the Group by failing to discharge an obligation according to IFRS 7 Appendix A.

For the Group the credit risk mainly arises from the Group's trade receivables.

The Group's exposure to credit risks is restricted by credit limits that are approved by the CEO. The Group typically grants the existing customer credit terms of up to 60 days. In deciding whether credit terms shall be extended individually, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the CEO.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the financial loss from default. The Group monitors the exposure by its own trading records with its major customers to assess the risk.

Trade receivables consist of a large variety of authorized distributors within China.

Apart from the biggest customer, the largest customer of the Group, the Group does not have significant credit risk exposure to any single counterparty. Concentration of the credit risk related to biggest customer did not exceed 20 % of gross monetary assets at any time during the year. Concentration of any other counterparty does not exceed 5 % to any time during the year.

The aging structure of financial assets is as follows:

kEUR	31. December 2013	31. December 2012
Not due	99,643	84,602
0 to 30 days	32	123
More than 30 days	0	0

24.3 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulties in meeting its obligation associated with financial liabilities that are settled by delivering cash or other financial asset. The Group's approach to managing liquidity is to regularly monitor their current and expected liquidity requirements and ensure, as far as possible, that it will have sufficient cash reserves and available funding through credit facilities to meet its liabilities when due, without incurring unacceptable losses or risking damages to the Group's reputation.

The aging structure of its financial liabilities is as follows:

kEUR		Remaining until due		
2013	Total	less than one year	between 1 and 5 years	more than five years
Trade payables	4,312	4,312	-	-
Other current financial liabilities	2,965	2,965	-	-
Cash and cash equivalents	66,200	66,200	-	-

kEUR		Remaining until due		
2012	Total	less than one year	between 1 and 5 years	more than five years
Trade payables	5,902	5,902	-	-
Other current financial liabilities	7,534	7,534	-	-
Cash and cash equivalents	46,578	46,578	-	-

25. RELATED PARTY DISCLOSURES

IAS 24 requires the disclosure of transactions with related parties.

A related party is a person or an entity where the VanCamel Group can exercise influence or significant influence, or which is controlled by the VanCamel Group. In particular this compromises non-consolidated subsidiaries, jointly controlled entities and associated companies and other participations as well as members of both management board and supervisory board and other personnel considered as key management.

Related party information:

a. Entities / Individuals with common control or significant influence over the Group or under common control

Mr Xiaming Ke	CEO and major Shareholder
Jinjiang Breeding Farm Haixia Fashion Factory	100 % of the shares owned by Mr. Xiaming Ke
Hanway Group Limited	Shareholder of Van Camel Int'l HK
Fashion International Holdings Limited	Shareholder of Van Camel Int'l HK

b. Key management / directors of the Group and its subsidiaries

Ms. LI Yarong	Director
Mr. ZHUANG Weibin	Director / Chief Operating Officer
Mr. CAI Rongtang	Research & Development Director
Ms. ZHAO Rong	General Manager – Apparels
Mr. YANG Zhiyuan	General Manager – Footwear
Mr. ZHAO Qinghe	Production Manager
Mr. SOH Eng Ann	Chief Financial Officer

Transactions and amounts due from / to related parties:

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed at this point. Details of transactions between the Group and other related parties are given below.

a. Related party transactions

Guarantee relating to Social Insurance and Housing Fund Payments

Dividends distribution to related parties

b. Details of significant and material related party transactions and balances are as follows:

The amounts due from related parties are unsecured, non-interest bearing and without fixed terms of repayment.

Mr. Ke Xiaming, CEO, has provided a letter of undertaking regarding Social Insurance and Housing Fund Payments of EUR 350,000.

The detailed information regarding the payments to the directors and the supervisory board are outlined in Note 27.

26. COMMITMENTS AND CONTINGENCIES

The HK Group leases offices, warehouses and showrooms under non-cancellable operating lease arrangements. Lease payments recognized as an expense of kEUR 227 in 2013 and kEUR 192 in 2012. The leases have varying terms ranging from 2 to 5 years and the total future minimum lease payments of the HK Group under non-cancellable operating leases are as follows:

kEUR	As at 31 December 2013	As at 31 December 2012
Total		
Not later than one year	106	200
Later than one year and not later than five years	79	96
	185	296

The Company has prepaid rental expenses of kEUR 88 as at 31 December 2013 (FY 2012: kEUR 139).

Social insurance back payments
According to the PRC laws and regulations, where a company has not made full contributions to social insurance for all its employees, the administrative department or labour security or the tax authority shall order for the company to pay up the premiums within a prescribed time limit and if the company still fails to make payment within the time limit, a surcharge for overdue payment equal to 0.2 per cent per day of the over- due premiums will be imposed from the date of the expiration of the prescribed time limit in addition to the unpaid social insurance premiums.

The management of the HK Group is unable to quantify the estimated amount of surcharge payable as the HK Group has thus far not received any order from the authority to pay for the outstanding contributions.

Without considering the penalty of 0.2 per cent per day, VanCamel HK estimates that such a claim for additional payments would not exceed kEUR 373 and has undertaken an agreement with Mr. KE Xiaming according to which he would reimburse VanCamel HK for any losses incurred for such additional social insurance and housing funds payments.

27. REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF VANCAMEL AG

The members of the Supervisory Board did not receive any remuneration in the two reporting periods. The remuneration of the Supervisory Board members who hold office since June 10, 2013, will be decided at the Annual General Meeting in August 2014. The Chairman of the Supervisory Board shall receive an annual fee of kEUR 15, the deputy chairman an annual fee of kEUR 12 and each additional member an annual fee of kEUR 10. For this reason a liability in the amount of kEUR 21 has been recognized in the balance sheet.

The detailed information regarding the remuneration of the executive board is as follows:

kEUR		Non Performance related compensation		Performance related compensation	
		Fixed Salary	Non monetary compensation and other additional compensation	Variable Bonus	Total
Xiaming KE	2013	134	-	-	134
CEO Since 2004	2012	148	-	-	148
Weibin Zhuang	2013	80	-	-	80
COO Since 2008	2012	74	-	-	74
Eng Ann Soh	2013	117	-	60	177
CFO Since 2012	2012	74	-	-	74
Total	2013	331	-	60	391
	2012	296	-	-	296

28. SHAREHOLDINGS IN VANCAMEL AG

Up to the date of approval of the financial statements, VanCamel AG received the following notices from shareholders in the Company pursuant to the Securities Trading Act (WpHG):

On October 15, 2013, Mr Xiaming Ke, People's Republic of China, has informed us according to Article 21, Section 1a of the WpHG that his Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 73.70 % (this corresponds to 11055000 Voting Rights).

On October 15, 2013, Mr. Rongtang Cai, People's Republic of China, has informed us according to Article 21, Section 1a of the WpHG that his Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 3.50 % (this corresponds to 525000 Voting Rights).

On October 15, 2013, Xiaxin Holding (Europe) Trust reg., Balzers, Liechtenstein, has informed us according to Article 21, Section 1a of the WpHG that its Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 4.99 % (this corresponds to 748500 Voting Rights).

On October 15, 2013, Mr. Chi Mang Cheung, Hong Kong, has informed us according to Article 21, Section 1a of the WpHG that his Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 4.99 % (this corresponds to 748500 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.99 % of the Voting Rights (this corresponds to 748500 Voting Rights) is to be attributed to Mr. Cheung from Xiaxin Holding Europe) Trust reg., Balzers, Liechtenstein.

On October 15, 2013, Fu Yuen Holding (Europe) Trust reg., Balzers, Liechtenstein, has informed us according to Article 21, Section 1a of the WpHG that its Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 4.50 % (this corresponds to 675000 Voting Rights).

On October 15, 2013, Ms. Shuk Ling Cheung, Hong Kong, has informed us according to Article 21, Section 1a of the WpHG that her Voting Rights on VanCamel AG, Hamburg, Germany, on October 10, 2013 amounted to 4.50 % (this corresponds to 675000 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 4.50 % of the Voting Rights (this corresponds to 675000 Voting Rights) is to be attributed to Ms. Cheung from Fu Yuen Holding (Europe) Trust reg., Balzers, Liechtenstein.

On February 19, 2014, Fu Yuen Holding (Europe) Trust reg., Balzers, Liechtenstein, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on VanCamel AG, Hamburg, Germany, have dropped below the threshold of 3 % on February 14, 2014 and on that day amounted to 2.80 % (this corresponds to 419,470 Voting Rights).

On February 19, 2014, Ms. Shuk Ling Cheung, China, has informed us according to Article 21, Section 1 of the WpHG that via shares her Voting Rights on VanCamel AG, Hamburg, Germany, have dropped below the threshold of 3 % on February 14, 2014 and on that day amounted to 2.80 % (this corresponds to 419,470 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 2.80 % of the Voting Rights (this corresponds to 419,470 Voting Rights) is to be attributed to Ms. Cheung from Fu Yuen Holding (Europe) Trust reg., Balzers, Liechtenstein.

On February 19, 2014, Xiaxin Holding (Europe) Trust reg., Balzers, Liechtenstein, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on VanCamel AG, Hamburg, Germany, have dropped below the threshold of 3% on February 14, 2014 and on that day amounted to 2.32% (this corresponds to 348,500 Voting Rights).

On February 19, 2014, Mr. Chi Mang Cheung, China, has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on VanCamel AG, Hamburg, Germany, have dropped below the threshold of 3% on February 14, 2014 and on that day amounted to 2.32% (this corresponds to 348,500 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 2.32% of the Voting Rights (this corresponds to 348,500 Voting Rights) is to be attributed to Mr. Cheung from Xiaxin Holding (Europe) Trust reg., Balzers, Liechtenstein.

On February 26, 2014, Global Derivative Trading GmbH, Lehrte, Germany, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on VanCamel AG, Hamburg, Germany, ISIN: DE000A1RFMM9, WKN: A1RFMM, have exceeded the 3% threshold of the Voting Rights on February 26, 2014 and on that day amounted to 3.33% (this corresponds to 500000 Voting Rights).

On February 26, 2014, Mr Thorsten Wagner, Germany has informed us according to Article 21, Section 1 of the WpHG that via shares his Voting Rights on VanCamel AG, Hamburg, Germany, ISIN: DE000A1RFMM9, WKN: A1RFMM, have exceeded the 3% threshold of the Voting Rights on February 26, 2014 and on that day amounted to 3.33% (this corresponds to 500000 Voting Rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 3.33% of the Voting Rights (this corresponds to 500000 Voting Rights) is to be attributed to Mr Wagner via Global Derivative Trading GmbH, Lehrte, Germany.

29. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The annual declaration of conformity with the German Corporate Governance Code according to Section 161 of the German Stock Corporation Act was signed by the Board of directors and the Supervisory Board of VanCamel AG on 17 April 2014, and is published online at: www.vancamel.de.

30. AUDITOR'S FEE

The total fee for the auditor of the consolidated financial statement (Warth & Klein Grant Thornton AG, Frankfurt am Main) for fiscal year 2013 is:

a) audit:	kEUR 85 (2012: kEUR 8)
b) other services:	kEUR 25 (2012: kEUR 0)

31. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant non-adjusting events or any significant adjusting events after the reporting period.

Cologne, 24 April 2014

Management Board
VanCamel AG

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Cologne, 24 April 2014

Management Board

VanCamel AG

AUDITOR'S OPINION

We have audited the consolidated financial statements prepared by VanCamel AG, Cologne– comprising a consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements – and the group management, which is combined with the management report of VanCamel AG report for the financial year from 01 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the combined management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with paragraph 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of VanCamel AG, Cologne, for the financial year from 01 January 2013 to 31 December 2013 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitable presents the opportunities and risks of future development.“

Frankfurt am Main, 24 April 2014

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Robert Binder
German Public Auditor

Maximilian Meyer zu Schwabedissen
German Public Auditor

FINANCIAL STATEMENTS 2013

of the VanCamel AG for the financial year 2013

BALANCE SHEET

of VanCamel AG as at 31 December 2013

Assets

EUR	31/12/2013	31/12/2013	31/12/2012	31/12/2012
A. Non-current assets				
I. Financial assets				
1. Investments in affiliated companies		14,950,000.00		0.00
B. Current assets				
I. Trade receivables and other assets				
1. Amount due from subsidiaries	5,190,828.25		0.00	
2. Other assets	29,770.63		281.83	
		5,220,598.88		281.83
II. Cash and bank balances		54,200.57		60,771.59
		5,274,799.45		61,053.42
C. Prepayments and deferred income		58,701.28		0.00
		20,283,500.73		61,053.42

Liabilities

EUR	31/12/2013	31/12/2013	31/12/2012	31/12/2012
A. Equity				
I. Share capital	15,000,000.00		50,000.00	
II. Retained earnings				
1. Statutory reserve	246,537.65		0.00	
III. Net profit/loss	4,684,215.34		-14,564.00	
		19,930,752.99		35,436.00
B. Provisions				
1. Tax provisions	32,074.81		0.00	
2. Other provisions	166,775.59		12,900.00	
		198,850.40		12,900.00
C. Liabilities				
1. Trade payables	143,125.75		1,945.83	
2. Amount due to shareholders	10,771.59		10,771.59	
		153,897.34		12,717.42
		20,283,500.73		61,053.42

INCOME STATEMENT

of VanCamel AG from 1 January 2013 to 31 December, 2013

EUR	01/01/2013 - 31/12/2013	24/09/2012 - 31/12/2012
1. Revenue	60,000.00	0.00
2. Other operating exoenses	-213,436.45	-14,564.00
3. Investment income - thereof from affiliated companies EUR 5,130,828.25 (31/12/2012: EUR 0.00)	5,130,828.25	0.00
4. Result from ordinary activities	4,977,391.80	-14,564.00
5. Income tax	-32,074.81	0.00
6. Net profit/loss	4,945,316.99	-14,564.00
7. Loss carried forward form previous year	-14,564.00	0.00
8. Transfer to legal reserve	-246,537.65	0.00
9. Accumulated profit/loss	4,684,215.34	-14,564.00

ADDITIONAL INFORMATION

GLOSSARY

AktG German Stock Corporation Act (Aktiengesetz)

CEO Chief Executive Officer

CFO Chief Financial Officer

China / PRC People's Republic of China (excluding Hong Kong and Macau)

Code German Corporate Governance Code

The company VanCamel AG

COO Chief Operational Officer

Designated sponsor Designated sponsors secure higher liquidity by quoting binding prices for buying and selling the shares

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization

EStG German Income Tax Law (Einkommenssteuergesetz)

EU European Union

EUR Euro, the official currency of the Eurozone and the EU institutions

FY Financial Year

German GAAP Generally Accepted Accounting Principles in Germany

Group The Group and together with its direct and indirect subsidiaries

HKD Hong Kong Dollar, the currency of Hong Kong

IAS International Accounting Standards

IFRIC International Financial Reporting Interpretations Committee

IFRS International Financial Reporting Standards and International Accounting Standards and Interpretations as endorsed for application in the EU

IMF International Monetary Fund

IPO Initial Public Offering

ISIN International Securities Identification Number

ISO International Organisation for Standardisation

kEUR/KEUR Thousand EUR

Lead Manager BankM – representative office of biw Bank für Investments und Wertpapiere AG, Frankfurt am Main, Germany

OEM Original Equipment Manufacturer

PRC GAAP Generally Accepted Accounting Principles in the PRC

R&D Research and Development

RMB Renminbi, the currency of the PRC

SAFE The PRC State Administration of Foreign Exchange

USD United States of America Dollar, the currency of the US

VanCamel VanCamel AG together with its direct and indirect subsidiaries

VAT Value Added Tax

WKN National securities identification number

WpHG German Securities Trading Act (Wertpapierhandelsgesetz)

WpPG German Securities Prospectus Act (Wertpapierprospektgesetz)

WpüG German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz)


XETRA DEUTSCHE BÖRSE GROUP
Listing of VanCamel AG
Trading 09:47:38
Last Price
2.27
Last Volume
999
First Price
2.10
Xetra Frankfurt Specialist
Wolfgang Steubing AG

FINANCIAL CALENDAR 2013

Mid of February 2014:
Release of preliminary figures for FY 2013

30. April 2014:
Release of the Annual Report 2013

30 May 2014:
Release of the 3M report

August 2014:
Annual General Meeting in Frankfurt am Main, Germany

29 August 2014:
Release of the H1 report

Mid of November 2014:
Release of figures for the first nine months

24-26 November 2014:
German Equity Forum in Frankfurt am Main, Germany

28 November 2014:
Release of the 9M report

IMPRINT

Editor

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Germany

Management Board

Mr Xiaming Ke, CEO
Mr Weibin Zhuang, COO
Mr Eng Ann Soh, CFO

Entry in the Commercial Register

Local court (Amtsgericht) of Cologne under
the registration number HRB 76539

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Concept & Design

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Note on the annual report

In case that there are differences between the German and the English version of this report, the German version takes priority.

Forward-looking statements

This annual report of VanCamel AG contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as “believe“, “estimate“, “assume“, “expect“, “forecast“, “intend“, “could“ or “should“ or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on VanCamel AG‘s current assumptions, which may not in the future take place or be fulfilled as expected. VanCamel AG points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of VanCamel AG and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for VanCamel AG, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this annual report, no guarantee can be given that this will continue to be the case in the future.