
HISTORY AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Mr. Huang and Mr. Huang Chih Chien started their apparel manufacturing business in 1994. Building on their passion and with extensive experience in this industry, Mr. Huang and Mr. Huang Chih Chien set up our business in 2003 as an apparel supply chain services provider and ventured into apparel retail business.

The following events are our major milestones since establishment:

May 2003	Jointex Garment was established.
February 2004	Jointex Garment commenced operations and gradually commenced the provision of certain apparel supply chain services, including product development, fashion trend ascertaining, sampling, raw material sourcing, production order and merchandise sourcing management, quality control, packaging, inventory management and logistics management for our customers.
June 2004	We applied for the registration of the <i>Unisex</i> , <i>UNX</i> and <i>UNX</i> by <i>Unisex</i> brands.
August 2004	We launched our apparel and accessory products under the <i>Unisex</i> Brands in our Unisex Outlets.
September 2004	Our retail network expanded into Suzhou.
October 2004	Speedy Garment commenced operations and gradually commenced the provision of certain apparel supply chain services, which primarily include sampling, raw material sourcing, production order and merchandise sourcing management, quality control, packaging, inventory management and logistics management for our customers. Our Dongguan plant was set up in Changan Town, Dongguan, Guangdong Province, the PRC. The product design and development centre was established in our Dongguan plant where we carry out product design and market research and analysis.
June 2006	Our retail network expanded into Shanghai.
July 2006	Our Dongguan plant commenced production of woven wear products.
June 2008	Speedy Dongguan obtained the BSCI quality management certification for the provision of services under our apparel supply chain servicing business.
September 2008	Our retail network expanded into Nanjing.

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January 2009	Our Huizhou plant was set up in Boluo County, Huizhou, Guangdong Province, the PRC to primarily manufacture cut-and-sewn knitwear and woven wear products.
September 2009	Speedy Dongguan obtained the WRAP quality management certification for the provision of services under our apparel supply chain servicing business.
July 2011	The product design and development centre was expanded by growing the size of our team, gross area of the centre by over 1,000 sq.m. and production scale, so that apparel prototypes could immediately be produced once designs are finalised.
October 2011	We applied for the registration of the <i>Republic</i> Brands.
December 2011	We launched our apparel and accessory products under the <i>Republic</i> Brands exclusively in our two online stores operating via www.tmall.com , namely http://republichero.tmall.com and http://republicqueen.tmall.com .
January 2012	We were granted the non-exclusive licence right to manufacture, as the case maybe, market and sell men's and women's garment products for international fashion brands in the PRC.
May 2012	We launched our first Unisex Life Outlet in Chengdu.

CORPORATE DEVELOPMENT

The following describes the corporate history of the Company and our subsidiaries.

The Company

The Company was incorporated in the Cayman Islands on 28 September 2011 and is the holding company of our subsidiaries. As at the Latest Practicable Date, all allotted and issued shares of the Company were wholly held as to approximately 91.54% by Sky Halo, approximately 6.46% by Obvious Success and 2% by Mr. Cheng.

As a result of the Reorganisation, the Company, through Higrowth, Rich Vast, Mega Dollar and Halo Cypress, indirectly holds all the equity interests in our subsidiaries, which are principally engaged in the provision of apparel supply chain services and the operation of apparel retail business in the PRC. Please refer to the paragraph headed "Reorganisation" in this section of the prospectus for further details about the Reorganisation.

Our subsidiaries in the BVI and Hong Kong

Higrowth

Higrowth was incorporated in the BVI on 2 April 2004 as a limited liability company with a current authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 25 May 2004, 51 shares in Higrowth were issued and allotted to Shing Fun for a consideration of US\$51 and 49 shares in Higrowth were issued and allotted to Master Trend for a consideration of US\$49. As a result, Higrowth was held as to 51% by Shing Fun and 49% by Master Trend.

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Shing Fun has been held as to 30% by Mr. Huang, 30% by Mr. Huang Chih Chien, 20% by Ms. Huang Li Hun, Serlina (a sister of Mr. Huang) and 20% by Ms. Huang Li Ming (a sister of Mr. Huang) since 15 March 1999. Shing Fun has been controlled by the Huang Brothers since its establishment on 15 March 1994.

On 29 December 2004, the 51 ordinary shares in Higrowth held by Shing Fun was re-designated as 51 class B ordinary shares and the 49 ordinary shares in Higrowth held by Master Trend was re-designated as 49 class A ordinary shares. According to the memorandum and articles of association of Higrowth dated 29 December 2004, the main difference between “class A” and “class B” ordinary shares is, among others, that Higrowth has provided a guarantee for profit distribution to holder of class A shares. Subject to the terms and conditions in its articles of association, guaranteed payments should be made whenever the dividend distribution to the holder of class A shares does not meet certain threshold. No guaranteed payments were made during the Track Record Period as the dividend distribution to the holder of class A shares exceeded the threshold. The guarantee arrangement was terminated in 2011.

On 13 May 2008, 459 class B ordinary shares in Higrowth were allotted to Shing Fun and 441 class A ordinary shares in Higrowth were allotted to Master Trend. Pursuant to a sale and purchase agreement dated 27 May 2008, Master Trend transferred 391 class A ordinary shares in Higrowth to Shing Fun for a consideration of HK\$42,200,000 which was based on arm's length negotiations with reference to the net asset value of Higrowth in the amount of HK\$66,734,645 as at 31 December 2007. After the share transfer, Higrowth was held as to 90.1% by Shing Fun and 9.9% by Master Trend. Shing Fun and Master Trend entered into a shareholders agreement dated 24 December 2008 to record their rights and obligations in Higrowth.

On 27 March 2009, Shing Fun transferred 391 class A ordinary shares in Higrowth and 510 class B ordinary shares in Higrowth to Peakwin Group for a consideration of US\$901 which was determined with reference to the par value of the shares in Higrowth. As a result of the above share transfers, Higrowth was held as to 90.1% by Peakwin Group and 9.9% by Master Trend.

On 18 November 2011, Master Trend transferred 99 class A ordinary shares in Higrowth to Obvious Success. As a result, Higrowth was held as to 90.1% by Peakwin Group and 9.9% by Obvious Success immediately before the Reorganisation. Both Master Trend and Obvious Success were at that time indirect wholly-owned by Giordano. Higrowth is principally engaged in investment holding.

Rich Vast

Rich Vast was incorporated in the BVI on 25 October 2011 as a limited liability company with a current authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Rich Vast is principally engaged in investment holding.

Mega Dollar

Mega Dollar was incorporated in the BVI on 25 October 2011 as a limited liability company with a current authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Mega Dollar is principally engaged in investment holding.

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Halo Cypress

Halo Cypress was incorporated in the BVI on 25 October 2011 as a limited liability company with a current authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Halo Cypress is principally engaged in investment holding.

Speedy Garment

Speedy Garment was incorporated in Hong Kong on 18 June 2004 as a limited liability company with a current authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each as a shell company. On 30 June 2004, Higrowth acquired one share in Speedy Garment from an Independent Third Party at a consideration of HK\$1.00 which was determined with reference to the par value of the shares in Speedy Garment and Higrowth became the sole shareholder and beneficial owner of Speedy Garment since then. Speedy Garment is principally engaged in the provision of apparel supply chain services.

Jointex Garment

Jointex Garment was incorporated in Hong Kong on 7 May 2003 as a limited liability company with a current authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. On 9 May 2003, two shares in Jointex Garment were issued to two initial subscribers, both of them were Independent Third Parties.

On 29 September 2003, the two initial subscribers of Jointex Garment transferred one share in Jointex Garment to Mr. Au for a consideration of HK\$1.00 and one share in Jointex Garment to Mr. Chan for a consideration of HK\$1.00. The consideration was determined with reference to the par value of the shares in Jointex Garment. As a result, Jointex Garment was owned as to 50% by Mr. Au and 50% by Mr. Chan at that time.

On 6 October 2003, 5,500 shares in Jointex Garment were issued to Shing Fun for a consideration of HK\$5,500, 2,999 shares in Jointex Garment were issued to Mr. Chan for a consideration of HK\$2,999 and 1,499 shares in Jointex Garment were issued to Mr. Au for a consideration of HK\$1,499. The consideration was determined with reference to the par value of the shares in Jointex Garment. As a result, Jointex Garment was owned as to 55% by Shing Fun (controlled by the Huang Brothers and their associates), 30% by Mr. Chan and 15% by Mr. Au at that time.

On 17 December 2005, Shing Fun transferred 400 shares in Jointex Garment to Mr. Au for a consideration of HK\$28,000 and Mr. Chan transferred 1,000 shares in Jointex Garment to Vivach, which has been wholly-owned by Ms. Chang since its incorporation, for a consideration of HK\$70,000. The consideration was determined by reference to the cost of setting up Jointex Garment. As a result, Jointex Garment was owned as to 51% by Shing Fun, 20% by Mr. Chan, 19% by Mr. Au and 10% by Vivach at that time.

On 16 September 2008, Shing Fun transferred 5,100 shares in Jointex Garment to Peakwin Group (controlled by the Huang Brothers and their associates) for a consideration of HK\$5,100. The consideration was determined with reference to the par value of the shares in Jointex Garment. As a result, Jointex Garment was owned as to 51% by Peakwin Group, 20% by Mr. Chan, 19% by Mr. Au and 10% by Vivach at that time.

On 23 March 2011, 504,900 shares in Jointex Garment were issued to Peakwin Group for a consideration of HK\$504,900, 198,000 shares in Jointex Garment were issued to Mr. Chan for a consideration of HK\$198,000, 188,100 shares in Jointex Garment were issued to Mr. Au for a

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consideration of HK\$188,100 and 99,000 shares in Jointex Garment were issued to Vivach for a consideration of HK\$99,000. The considerations were determined with reference to the par value of the shares in Jointex Garment. Their shareholdings in Jointex Garment remained unchanged and Jointex Garment was owned as to 51% by Peakwin Group, 20% by Mr. Chan, 19% by Mr. Au and 10% by Vivach (wholly-owned by Ms. Chang) immediately before the Reorganisation. Jointex Garment is principally engaged in the provision of apparel supply chain services.

Goalwill Garment

Goalwill Garment was incorporated in Hong Kong on 21 April 2004 as a limited liability company with a current authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. At the time of its establishment, Goalwill Garment was held as to 55% by Ms. Poon Ching Ling and 45% by Ms. Leung Tak Yau. Ms. Poon Ching Ling is the wife of Mr. Huang Kung Cheng, a brother of the Huang Brothers. Ms. Leung Tak Yau is the wife of Mr. Au.

On 24 June 2009, Ms. Poon Ching Ling transferred her 51% and 4% shareholding in Goalwill Garment to Peakwin Group and Mr. Au at a consideration of HK\$5,100 and HK\$400 respectively. On the same date, Ms. Leung Tak Yau transferred her 20%, 15% and 10% shareholding in Goalwill Garment to Mr. Chan, Mr. Au and Ms. Chang at a consideration of HK\$2,000, HK\$1,500 and HK\$1,000 respectively. The considerations of the above share transfers were determined with reference to the par value of the shares in Goalwill Garment. As a result, Goalwill Garment was held as to 51% by Peakwin Group, 20% by Mr. Chan, 19% by Mr. Au and 10% by Ms. Chang immediately before the Reorganisation. Goalwill Garment is principally engaged in the provision of apparel supply chain services.

Shining China

Shining China was incorporated in Hong Kong on 17 March 2004 as a limited liability company with a current authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each. At the time of its establishment, Shining China issued and allotted 300,000 shares to Ms. Cheuk Wai Ying (the wife of Mr. Huang), 200,000 shares to Mr. Cheuk (the father-in-law of Mr. Huang), 300,000 shares to Smart Grain (a company wholly owned by Mr. Wong Yung and Mr. Lam Chi Sum who are the senior management members of the Group) and 200,000 shares to Mr. Yan Yan (a relative of Mr. Huang). As a result, Shining China was held as to 30% by Ms. Cheuk Wai Ying, 20% by Mr. Cheuk, 30% by Smart Grain and 20% by Mr. Yan Yan.

On 7 May 2004, Ms. Cheuk Wai Ying transferred her 30% interest in Shining China to Multigrowth for a consideration of HK\$300,000. The consideration was determined with reference to the par value of the 300,000 shares in Shining China.

Multigrowth was incorporated on 18 March 2004 in the BVI as a limited liability company. As of the date of its incorporation, Multigrowth was 100% owned by Mr. Hou Hei (the brother-in-law of Mr. Huang). On 18 December 2008, Mr. Hou Hei transferred the 100% interest in Multigrowth to Mr. Zhang Hai Jun, an Independent Third Party, for a consideration of US\$1.00. The consideration was determined with reference to the par value of the one share in Multigrowth.

On 2 June 2010, the Huang Brothers through Fortune Elite (a company owned by Mr. Huang Chih Chien and his wife, Ms. Ang Ellena Balesteros) acquired 70.6% shareholding in Shining China from Mr. Cheuk (9.6%), Smart Grain (11%), Mr. Yan Yan (20%) and Multigrowth

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(30%) for a consideration of HK\$706,000. The consideration was determined with reference to the par value of the 706,000 shares in Shining China. Shining China is principally engaged in the business of investment holding.

On 27 September 2010, the Huang Brothers transferred the 70.6% shareholding held by Fortune Elite in Shining China to Peakwin Group for a consideration of HK\$706,000. The consideration was determined with reference to the par value of the 706,000 shares in Shining China. The remaining 10.4% and 19% equity interests in Shining China were held by Mr. Cheuk and Smart Grain respectively.

Our subsidiaries in the PRC

Speedy Dongguan

Speedy Dongguan was established in the PRC on 9 October 2004 as a WFOE with a current registered capital of HK\$10,000,000 and has been owned as to 100% by Speedy Garment since its establishment. Speedy Dongguan is principally engaged in the provision of apparel supply chain services.

Our PRC legal advisor, Jingtian & Gongcheng, confirmed that the said registered capital of Speedy Dongguan had been fully paid up.

Koyip Huizhou

Koyip Huizhou was established in the PRC on 22 January 2009 as a WFOE with a current registered capital of HK\$10,000,000 and has been owned as to 100% by Jointex Garment since its establishment. Koyip Huizhou is principally engaged in the provision of apparel supply chain services.

Our PRC legal advisor, Jingtian & Gongcheng, confirmed that the said registered capital of Koyip Huizhou had been fully paid up.

Unisex Trading

Unisex Trading was established in the PRC on 3 June 2010 as a WFOE with a current registered capital of US\$1,000,000 and has been owned as to 100% by Shining China since its establishment. Unisex Trading is principally engaged in the apparel retail business. The said registered capital contribution of Unisex Trading was not completed within the time frame. Our PRC legal advisor, Jingtian & Gongcheng, confirmed that Unisex Trading will not receive penalty from the relevant governing authority as a result of the failure of its equity holder to contribute the registered capital in accordance with the time frame and the legal establishment and valid existence of Unisex Trading will not be affected because (i) according to the capital verification report dated 24 August 2011, the registered capital of Unisex Trading in the amount of US\$1,000,000 was fully paid up; (ii) the Directors confirmed that Unisex Trading did not receive any penalty from the relevant governing authority in respect of the delayed registered capital contribution; (iii) the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China (中華人民共和國台港澳僑投資企業批准證書) held by Unisex Trading was not revoked by the original approval authority; and (iv) Unisex Trading passed the annual review in 2011.

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Shanghai Shining

Shanghai Shining was established in the PRC on 11 August 2004 as a limited liability company and the registered capital was RMB500,000. At the time of its establishment, Shanghai Shining was registered to be owned as to 60% by 廣州市耀中貿易有限公司 (Guangzhou City Shining China Trading Company Limited*) (“**Guangzhou Shining**”) and as to 40% by Ms. Zhuo Meijuan (the younger sister of Mr. Cheuk who is the father-in-law of Mr. Huang), a PRC citizen. Guangzhou Shining was owned by Mr. Cheuk as to 50% and Mr. Wong Yung as to 50%.

Our PRC legal advisor, Jingtian & Gongcheng confirmed that the said registered capital of Shanghai Shining in the amount of RMB500,000 had been fully paid up.

Pursuant to a trust agreement (股權代持協議) dated 3 August 2004, Guangzhou Shining had been holding the 60% interest in Shanghai Shining for and on behalf of the Huang Brothers. Pursuant to another trust agreement (股權代持協議) dated 3 August 2004, Ms. Zhuo Meijuan had been holding the remaining 40% interest in Shanghai Shining in her personal capacity for and on behalf of the Huang Brothers. As confirmed by the Company's PRC legal advisor, Jingtian & Gongcheng, such trust arrangements did not violate any laws or regulations in the PRC. The reason for such trust arrangements was that the Huang Brothers intended to expedite the establishment process of Shanghai Shining as a domestic company for commencing its business operation in 2004 by arranging Guangzhou Shining (a limited liability company in the PRC) and Ms. Zhuo Meijuan to become the shareholders of Shanghai Shining.

Pursuant to an equity transfer agreement (股權轉讓協議) dated 26 April 2006 and at the instructions of the Huang Brothers, Guangzhou Shining transferred 60% interest in Shanghai Shining to Ms. Li Minhua (a management member of Shanghai Shining) for a consideration of RMB300,000 which was determined with reference to the registered capital of Shanghai Shining at that time. Pursuant to a termination of trust agreement (終止股權代持協議) dated 26 April 2006, the trust relationship between Guangzhou Shining and the Huang Brothers was terminated. Pursuant to another trust agreement (股權代持協議) dated 26 April 2006, Ms. Li Minhua had been holding the 60% interest in Shanghai Shining in her personal capacity for and on behalf of the Huang Brothers. On 8 May 2006, the change in equity interest in Shanghai Shining was approved by 上海市工商行政管理局嘉定分局 (Jiading Branch of Shanghai Administration for Industry and Commerce*). As a result, the equity interest in Shanghai Shining was registered to be owned as to 60% by Ms. Li Minhua and as to 40% by Ms. Zhuo Meijuan. As confirmed by the Company's PRC legal advisor, Jingtian & Gongcheng, such trust arrangement did not violate any laws or regulations in the PRC. The reason for the Huang Brothers to select Ms. Li Minhua as the nominee since she was a management member of Shanghai Shining and it would be more convenient from the administrative perspective. Therefore, the Huang Brothers arranged Guangzhou Shining to transfer the 60% equity interest in Shanghai Shining to Ms. Li Minhua who would hold the 60% equity interest in Shanghai Shining for and on behalf of the Huang Brothers.

The shareholders of Guangzhou Shining at the relevant time (Mr. Cheuk and Mr. Wong Yung) passed resolutions to dissolve Guangzhou Shining on 23 May 2006 as it had no active operation after the transfer of equity interest in Shanghai Shining to Ms. Li Minhua.

On 26 February 2009, the shareholders of Shanghai Shining passed resolutions to increase the registered capital of Shanghai Shining from RMB500,000 to RMB1,000,000. Further capital contribution of RMB500,000 was made through Ms. Li Minhua to the registered capital of Shanghai Shining. As a result, Shanghai Shining was registered to be owned as to 80% by Ms. Li Minhua and 20% by Ms. Zhuo Meijuan. Pursuant to a supplemental trust agreement (股權代持補充協議) dated 26 February 2009 between the Huang Brothers and Ms. Li Minhua, the additional registered capital of Shanghai Shining was contributed by the Huang Brothers and

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therefore, Ms. Li Minhua and Ms. Zhuo Meijuan have been holding their 80% and 20% equity interests in Shanghai Shining in their personal capacity for and on behalf of the Huang Brothers. As confirmed by the Company's PRC legal advisor, Jingtian & Gongcheng, such trust arrangement did not violate any laws or regulations in the PRC.

Our PRC legal advisor, Jingtian & Gongcheng, confirmed that the said additional registered capital of Shanghai Shining in the amount of RMB500,000 had been fully paid up.

Shanghai Shining is principally engaged in the apparel retail business.

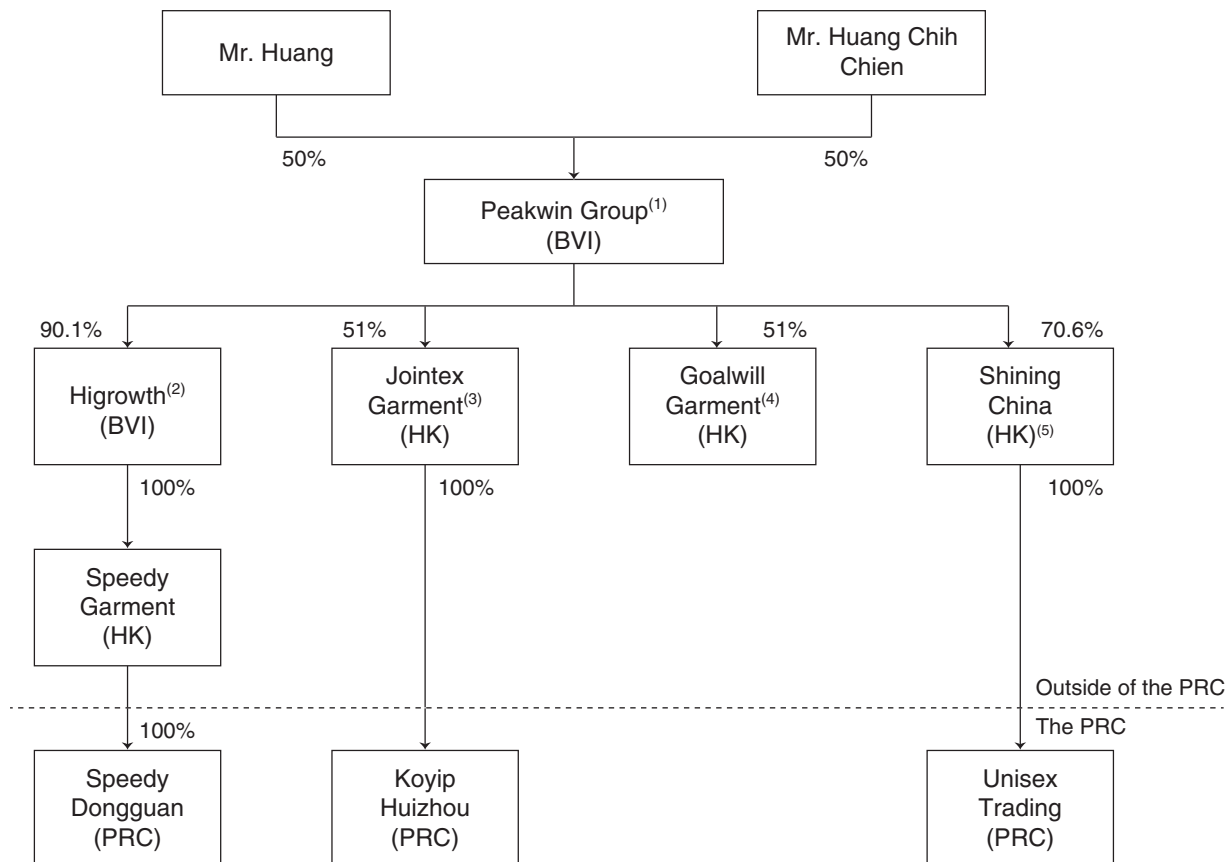
On 8 November 2011, a termination of trust agreement (終止股權代持協議) was entered into between Ms. Li Minhua and the Huang Brothers and another termination of trust agreement (終止股權代持協議) was entered into between Ms. Zhuo Meijuan and the Huang Brothers. Pursuant to the two termination of trust agreements, the trust relationships between Ms. Li Minhua, Ms. Zhuo Meijuan and the Huang Brothers in Shining China were terminated. On the same date, Ms. Li Minhua and Ms. Zhuo Meijuan completed the transfer of their respective 80% and 20% equity interests in Shanghai Shining to Unisex Trading at the instruction of the Huang Brothers.

As a result of the Reorganisation, the Company currently wholly owns the above subsidiaries. Please refer to the paragraph headed "Reorganisation" in this section of the prospectus for further details on the Reorganisation.

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REORGANISATION

Prior to the Reorganisation, our subsidiaries (save for Shanghai Shining) were held by Peakwin Group. The following chart sets forth the Group's corporate and shareholding structure immediately before the Reorganisation:

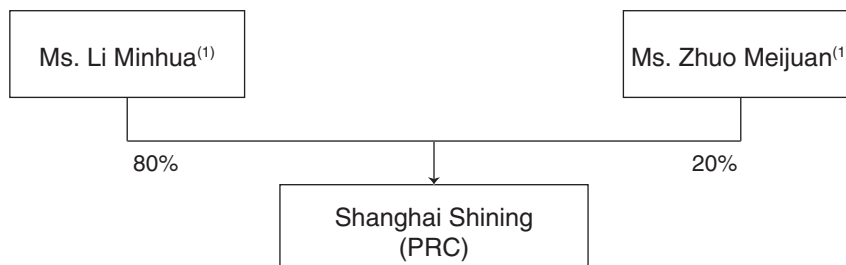


Notes:

- (1) Peakwin Group has been owned as to 50% by Mr. Huang and 50% by Mr. Huang Chih Chien since 27 March 2006.
- (2) Higrowth was owned as to 90.1% by Peakwin Group and 9.9% by Master Trend immediately before the Reorganisation. On 18 November 2011, Master Trend transferred 9.9% interest in Higrowth to Obvious Success.
- (3) Jointex Garment was owned as to 51% by Peakwin Group, 20% by Mr. Chan, 19% by Mr. Au and 10% by Vivach immediately before the Reorganisation.
- (4) Goalwill Garment was owned as to 51% by Peakwin Group, 20% by Mr. Chan, 19% by Mr. Au and 10% by Ms. Chang immediately before the Reorganisation.
- (5) Shining China was owned as to 70.6% by Peakwin Group, 10.4% by Mr. Cheuk and 19% by Smart Grain immediately before the Reorganisation.

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Prior to the Reorganisation, Shanghai Shining was held as to 80% by Ms. Li Minhua (on trust for the Huang Brothers) and 20% by Ms. Zhuo Meijuan (on trust for the Huang Brothers). Ms. Li Minhua is a management member of Shanghai Shining and Ms. Zhuo Meijuan is a younger sister of Mr. Cheuk (the father-in-law of Mr. Huang). The following chart sets forth the equity holding structure of Shanghai Shining immediately before the Reorganisation:



Note:

(1) Ms. Li Minhua and Ms. Zhuo Meijuan held interests in Shanghai Shining on trust for the Huang Brothers.

In order to prepare for the Listing, we underwent the Reorganisation which involved the following steps:

(1) Step 1 — Incorporation of investment vehicle

In preparation for the Listing, Sky Halo was incorporated in the BVI on 14 September 2011 and one share was issued to Mr. Huang on the date of incorporation.

(2) Step 2 — Incorporation of the Company

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 28 September 2011 to act as the ultimate holding company of the Group. As at the date of incorporation of the Company, its authorised share capital was HK\$100,000 divided into 1,000,000 Shares of a par value of HK\$0.10 each, of which one Share was issued to an initial subscriber, which transferred the one Share to Sky Halo on the same date.

(3) Step 3 — Incorporation of the intermediate holding companies

- (a) On 25 October 2011, Rich Vast was incorporated in the BVI as an intermediate holding company of the Group. As at the date of its incorporation, the authorised share capital of Rich Vast was US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Accordingly, Rich Vast became a direct wholly-owned subsidiary of the Company.
- (b) On 25 October 2011, Mega Dollar was incorporated in the BVI as an intermediate holding company of the Group. As at the date of its incorporation, the authorised share capital of Mega Dollar was US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Accordingly, Mega Dollar became a direct wholly-owned subsidiary of the Company.

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- (c) On 25 October 2011, Halo Cypress was incorporated in the BVI as an intermediate holding company of the Group. As at the date of its incorporation, the authorised share capital of Halo Cypress was US\$50,000 divided into 50,000 shares of US\$1.00 each and one share was allotted and issued, credited as fully paid, to the Company. Accordingly, Halo Cypress became a direct wholly-owned subsidiary of the Company.

(4) Step 4 — Transfer of 29.4% shareholding interest in Shining China

On 1 November 2011, Peakwin Group acquired the remaining 29.4% shareholding in Shining China from Mr. Cheuk and Smart Grain for a consideration of HK\$294,000 which was determined with reference to the par value of the 294,000 shares in Shining China.

(5) Step 5 — Transfer of entire equity interest in Shanghai Shining

On 8 November 2011, Ms. Li Minhua and Ms. Zhuo Meijuan completed the transfer of their respective 80% and 20% equity interests in Shanghai Shining to Unisex Trading at the instruction of the Huang Brothers for a consideration of RMB1,000,000 which was determined with reference to the registered capital of Shanghai Shining. Upon completion of such equity transfer, Shanghai Shining became an indirect wholly-owned subsidiary of Peakwin Group.

(6) Step 6 — Subscription of shares in Sky Halo

On 12 December 2011, Mr. Huang, Mr. Huang Chih Chien, Mr. Chan, Mr. Au and Ms. Chang subscribed for 3,998.83 shares, 3,999.83 shares, 816.47 shares, 775.64 shares and 408.23 shares respectively in Sky Halo to hold their interests in the Company.

As a result, Sky Halo was owned by Mr. Huang as to approximately 40.00%, Mr. Huang Chih Chien as to approximately 40.00%, Mr. Chan as to approximately 8.16%, Mr. Au as to approximately 7.76% and Ms. Chang as to approximately 4.08%.

(7) Step 7 — Transfer of entire equity interests of offshore companies

- (a) Pursuant to a share swap agreement dated 29 December 2011 and entered into among the Company, Sky Halo, Mr. Huang, Mr. Huang Chih Chien, Mr. Chan, Mr. Au and Ms. Chang (the “**Management Share Swap Agreement**”), Peakwin Group, Mr. Chan, Mr. Au and Ms. Chang transferred their respective 51%, 20%, 19% and 10% interests in Jointex Garment to Rich Vast. As the consideration of such transfers, Rich Vast allotted and issued 1,000 shares, credited as fully paid, to the Company at the direction of the respective transferors. Upon completion of the share transfer on 30 December 2011, Jointex Garment became an indirect wholly-owned subsidiary of the Company.
- (b) Pursuant to the Management Share Swap Agreement, Peakwin Group, Mr. Chan, Mr. Au and Ms. Chang transferred their respective 51%, 20%, 19% and 10% interests in Goalwill Garment to Mega Dollar. As the consideration of such transfers, Mega Dollar allotted and issued 1,000 shares, credited as fully paid, to the Company at the direction of the respective transferors. Upon completion of the share transfer on 30 December 2011, Goalwill Garment became an indirect wholly-owned subsidiary of the Company.
- (c) Pursuant to the Management Share Swap Agreement, Peakwin Group transferred its 100% interest in Shining China to Halo Cypress. As the consideration of such transfer, Halo Cypress allotted and issued 1,000 shares, credited as fully paid, to the

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Company at the instruction of the Huang Brothers. Upon completion of the share transfer on 30 December 2011, Shining China became an indirect wholly-owned subsidiary of the Company.

- (d) Pursuant to a share swap agreement dated 16 December 2011 and entered into among the Company, Sky Halo, Peakwin Group and Obvious Success (the “**Speedy Share Swap Agreement**”), Peakwin Group and Obvious Success transferred their respective 90.1% and 9.9% interests in Higrowth to the Company. As the consideration of such transfers, the Company allotted and issued 944,842 Shares and 55,157 Shares, credited as fully paid, to Sky Halo and Obvious Success, an indirect wholly-owned subsidiary of Giordano, respectively at the direction of the respective transferors. Upon completion of the share transfer on 2 January 2012, Higrowth became a direct wholly-owned subsidiary of the Company and Sky Halo and Obvious Success own approximately 94.48% and 5.52% in the Group. Giordano and its associates also agreed to terminate the joint venture agreement dated 24 May 2004 (as amended from time to time), the shareholders’ agreement dated 24 December 2008 and other related agreements such that the Group shall not be subject to any further obligations and liabilities thereunder, subject to the terms and conditions thereof.

The basis for determining the interests of various ultimate shareholders in the Company as mentioned above was according to the estimated net profits after tax of each of Higrowth Group, Jointex and Goalwill Group and Shining China Group attributable to each of the ultimate shareholders in 2011. Pursuant to the Speedy Share Swap Agreement and the Management Share Swap Agreement, the shareholdings of Sky Halo and Obvious Success in the Company and the shareholdings of Mr. Huang, Mr. Huang Chih Chien, Mr. Chan, Mr. Au and Ms. Chang in Sky Halo were subject to a one-time upward or downward adjustment. The adjustment was based on the difference between the estimated and actual net profits after tax of each of Higrowth Group, Jointex and Goalwill Group and Shining China Group in 2011. The aforementioned adjustment mechanism was put in place due to the possibility that the estimated and actual net profits after tax of each of Higrowth Group, Jointex and Goalwill Group and Shining China Group in 2011 might be different.

Pursuant to the above adjustment mechanism, the percentage of shareholdings of Sky Halo and Obvious Success in the Company was adjusted to approximately 91.54% (taking into account the 2% interest in the Company transferred to Mr. Cheng) and approximately 6.46% respectively and the percentage of shareholdings of Mr. Huang, Mr. Huang Chih Chien, Mr. Chan, Mr. Au and Ms. Chang in Sky Halo was adjusted to approximately 39.72% (taking into account the approximately 1.87% interest in Sky Halo transferred to Ms. Tang), approximately 39.72% (taking into account the approximately 1.87% interest in Sky Halo transferred to Ms. Tang), approximately 6.86%, approximately 6.52% and approximately 3.43% respectively immediately after the Reorganisation and pre-ipo investment but before the Global Offering.

Pursuant to a supplemental share swap agreement dated 14 May 2012 and entered into among the respective parties of the Management Share Swap Agreement, if the parties agree to distribute the profits available for distribution in Jointex and Goalwill Group and Shining China Group accumulated before completion of the Management Share Swap Agreement to the respective shareholders, it shall be distributed according to their then shareholdings in the Jointex and Goalwill Group and Shining China Group before completion of the Management Share Swap Agreement. Jointex Garment and Goalwill Garment declared and distributed dividends of HK\$20,535,000 and HK\$6,000,000 in around September 2012 and November 2011 respectively.

HISTORY AND CORPORATE STRUCTURE

Pursuant to another supplemental share swap agreement dated 14 May 2012 and entered into among the respective parties of the Speedy Share Swap Agreement, if the parties agree to distribute the profits available for distribution in Higrowth Group accumulated before completion of the Speedy Share Swap Agreement to the respective shareholders, it shall be distributed according to their then shareholdings in the Higrowth Group before completion of the Speedy Share Swap Agreement. The Higrowth Group declared and distributed dividends of HK\$10,000,000, HK\$40,000,000 and HK\$21,891,000 in around August 2011, January 2012 and June 2012 respectively.

The two supplemental share swap agreements shall lapse upon the Listing.

PRE-IPO INVESTMENT

Our Pre-IPO Investors

(1) *Ms. Tang*

Pursuant to a sale and purchase agreement dated 30 December 2011 and entered into among Mr. Huang, Mr. Huang Chih Chien and Ms. Tang ("**Sky Halo SPA**"), Mr. Huang Chih Chien transferred 185.36 shares in Sky Halo to Ms. Tang and Mr. Huang transferred 185.36 shares in Sky Halo to Ms. Tang representing in aggregate approximately 3.70% of the total issued share capital of Sky Halo. The consideration of the share transfers was HK\$12,000,000 which was determined with reference to the aggregate estimated net profits after tax of Higrowth Group, Jointex and Goalwill Group and Shining China Group in 2011, which was estimated on the same basis under the Speedy Share Swap Agreement, multiplied by the price to earning ratio ("**P/E ratio**") of 5 times and the effective shareholding percentage in the Company. As a result, Sky Halo was held by Mr. Huang as to approximately 38.15%, Mr. Huang Chih Chien as to approximately 38.15%, Mr. Chan as to approximately 8.16%, Mr. Au as to approximately 7.76%, Ms. Chang as to approximately 4.08% and Ms. Tang as to approximately 3.70% immediately before the share adjustment arising from the Reorganisation. Ms. Tang does not have any special rights. Ms. Tang is an executive Director and primarily responsible for market and business development, product development, supply chain management, production and operation management of the Group. As a management member of the Group, Ms. Tang would like to make a long term investment in the Group together with other management members. Therefore, she invested in Sky Halo instead of the Company. Ms. Tang, an executive Director, is a connected person of the Company and the Shares held by her will not be included as part of the Company's public float (within the meaning of Rule 8.24 of the Listing Rules) upon the Listing.

Pursuant to the Sky Halo SPA, in case the shareholding of Sky Halo in the Company is adjusted pursuant to the Speedy Share Swap Agreement, the parties of the Sky Halo SPA agreed to transfer shares in Sky Halo to each other without payment of any consideration so that Ms. Tang's effective interest in the Company shall remain as 3.4286% immediately before the Listing. Since the shareholding adjustment mechanism under Speedy Share Swap Agreement was triggered, the percentage of shareholdings of Mr. Huang, Mr. Huang Chih Chien and Ms. Tang in Sky Halo was further adjusted to approximately 39.72%, approximately 39.72% and approximately 3.75% respectively in order to keep Ms. Tang's effective interest in the Company unchanged.

(2) Mr. Cheng

Pursuant to a sale and purchase agreement dated 30 December 2011 and entered into between Sky Halo and Mr. Cheng ("**Speedy Global SPA**"), Mr. Cheng purchased from Sky Halo a total of 20,000 Shares (representing 2% of the total issued share capital of the Company prior to the Capitalisation Issue and the Global Offering) at a consideration of HK\$7,000,000. The consideration was determined by reference to the aggregate estimated net profits after tax of Higrowth Group, Jointex and Goalwill Group and Shining China Group in 2011, which was estimated on the same basis under the Speedy Share Swap Agreement, multiplied by the P/E ratio of 5 times and the shareholding percentage in the Company. As a result, the Company was held by Sky Halo as to approximately 92.48%, Obvious Success as to approximately 5.52% and Mr. Cheng as to 2% immediately before the share adjustment arising from the Reorganisation. Mr. Cheng does not have any special rights.

Mr. Cheng is the owner of a group of companies which carries on catering business (including operating the Itamae and Itacho Japanese-style sushi shops) in Hong Kong. Mr. Cheng is a friend of Mr. Huang. With an understanding of our operations and seeing the growth potential of the Group, Mr. Cheng decided to invest in the Company as a passive investor. Since Mr. Cheng is not a connected person of the Company and the Shares held by him will be regarded as part of the Company's public float upon the Listing.

The Sole Sponsor submits that they consider that the Sky Halo SPA and Speedy Global SPA are in compliance with the "Interim Guidance on Pre-IPO Investments" issued by the Listing Committee since the considerations under the Sky Halo SPA and Speedy Global SPA were settled on 3 January 2012, which was more than 28 clear days before the date of the first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing.

HISTORY AND CORPORATE STRUCTURE

The below table sets forth a summary of the investment the Pre-IPO investors made in the Company:

<u>Investor</u>	<u>Type of Investment</u>	<u>Date of Completion of Investment</u>	<u>Shares (after the Global Offering, but Assuming No Over-allotment Option is Exercised)</u>	<u>Investment Amount</u>	<u>Price per Share (on a Diluted Basis)</u>	<u>Premium over Mid-point of Offer Price Range</u>	<u>Use of Proceeds</u>
Ms. Tang ⁽¹⁾	Sale and purchase of shares in Sky Halo	3 January 2012	374.57 shares in Sky Halo (taking into account any adjustment) representing approximately 2.57% effective interest in the Company (which is equivalent to approximately 15,428,853 Shares)	HK\$12,000,000 ⁽³⁾	HK\$0.78	11.4%	Note (4)
Mr. Cheng ⁽²⁾	Sale and purchase of Shares in the Company	3 January 2012	9,000,000 Shares, representing 1.5% shareholding of the Company	HK\$7,000,000 ⁽³⁾	HK\$0.78	11.4%	Note (4)

Notes:

- (1) Ms. Tang is an executive Director of the Group.
- (2) Mr. Cheng is an Independent Third Party to the Group.
- (3) The funds were settled on 3 January 2012.
- (4) The proceeds from sale of shares in Sky Halo and Shares in the Company by the Controlling Shareholders were received by the Controlling Shareholders for their personal use.

Lock-up undertakings given by Ms. Tang and Mr. Cheng

Pursuant to the Sky Halo SPA and Speedy Global SPA, Ms. Tang and Mr. Cheng have agreed that save as pursuant to the Global Offering, the Capitalisation Issue and the Over-allotment Option, without the prior written consent of the Company, and unless in compliance with the applicable Listing Rules, that at any time in the six month period commencing on the Listing Date, each of them shall not:

- (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of Sky Halo (in respect of Ms. Tang) and the Company (in respect of Mr. Cheng) or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or

HISTORY AND CORPORATE STRUCTURE

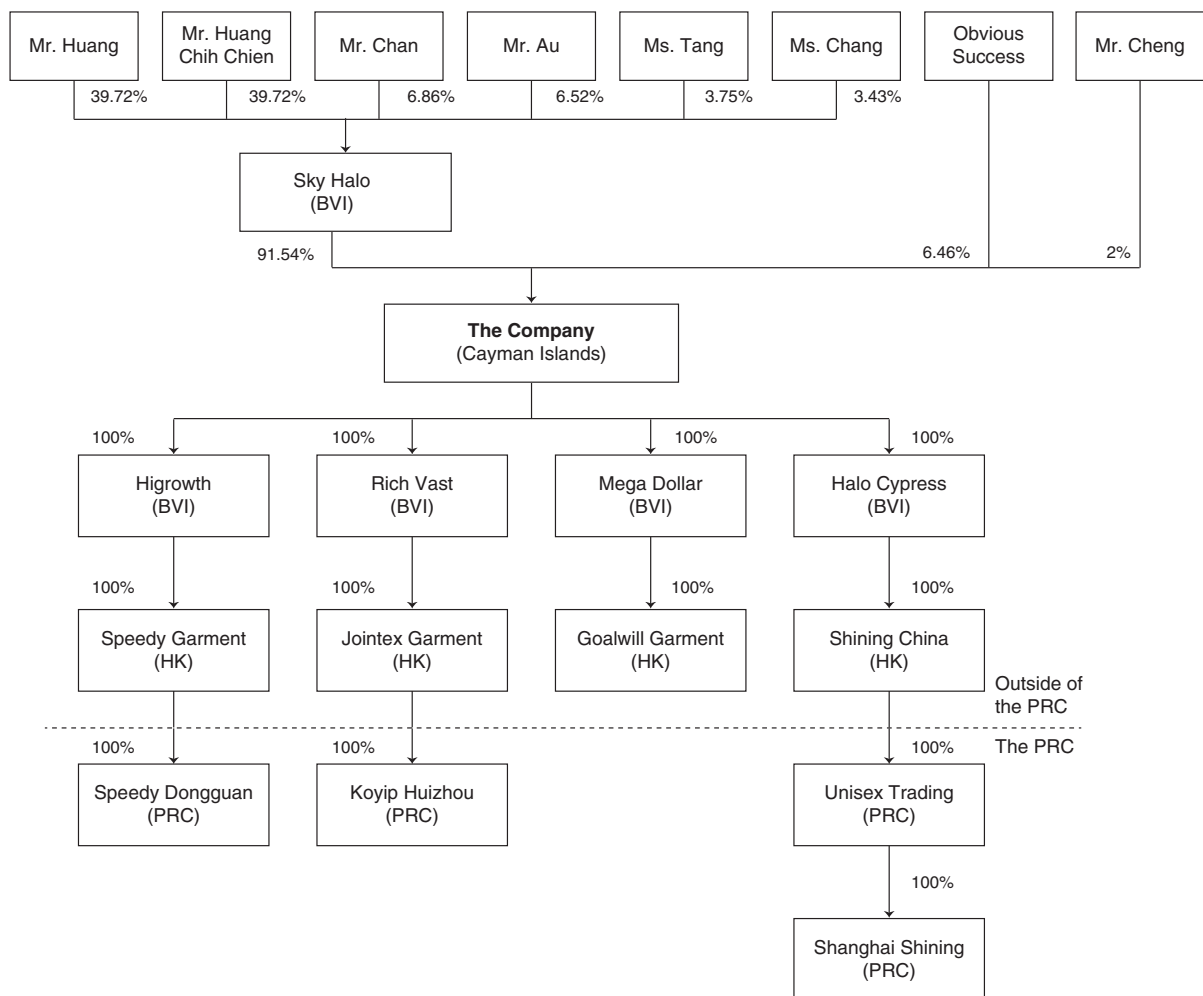
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above, whether any of the foregoing transaction is to be settled by delivery of such capital or such other securities, in cash or otherwise and, in each case, with respect to the interest in the Company beneficially held by Ms. Tang and Mr. Cheng as at the Listing Date.

Pursuant to the Sky Halo SPA and Speedy Global SPA, Ms. Tang and Mr. Cheng have further undertaken that they shall not apply for and shall procure all of their associates not to apply for any Shares under the Global Offering.

As a result of the Reorganisation and the pre-IPO investment (taking into account of any shareholding adjustments), the Company is held by Sky Halo as to approximately 91.54%, Obvious Success as to approximately 6.46% and Mr. Cheng as to 2% and Sky Halo is held by Mr. Huang as to approximately 39.72%, Mr. Huang Chih Chien as to approximately 39.72%, Mr. Chan as to approximately 6.86%, Mr. Au as to approximately 6.52%, Ms. Chang as to approximately 3.43% and Ms. Tang as to approximately 3.75%.

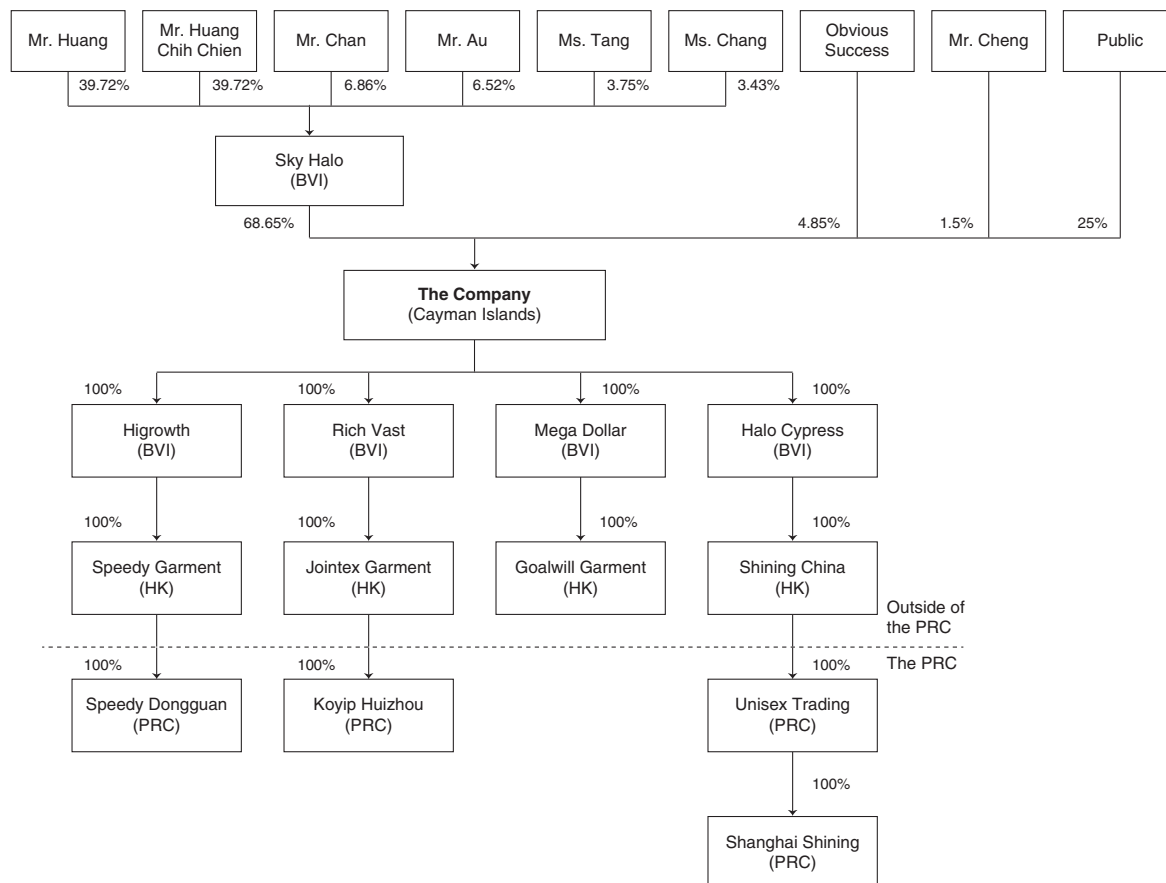
HISTORY AND CORPORATE STRUCTURE

The corporate structure of the Group after the Reorganisation and pre-ipo investment and the transfer of shares among the shareholders of Sky Halo after the Reorganisation:



HISTORY AND CORPORATE STRUCTURE

The following chart sets forth our shareholding structure immediately following completion of the Global Offering and Capitalisation Issue (taking into no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme):



M&A RULES

The rules on the Merger with and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) were jointly promulgated by six agencies, including MOFCOM, the China Securities Regulatory Commission and State Administration of Foreign Exchange on 8 August 2006 and became effective on 8 September 2006. Pursuant to the M&A Rules, a foreign company lawfully established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval of MOFCOM prior to acquisition of domestic enterprises related to such domestic company, enterprise or natural person. The Company’s PRC legal advisor, Jingtian & Gongcheng, has considered that Speedy Dongguan, Koyip Huizhou and Unisex Trading are directly established foreign invested enterprises, and that Mr. Huang and Mr. Huang Chih Chien, the Controlling Shareholders of the Company, are permanent residents of Hong Kong but not domestic natural person. Therefore, the M&A Rules are not applicable to the Global Offering and the Listing, and we are not required to obtain the approval from MOFCOM.

CIRCULAR NO. 75

Pursuant to SAFE’s Notice on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and Roundtrip Investment via Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (“**Circular No. 75**”) promulgated on 21 October 2005 and became effective on 1 November 2005, domestic residents who establish or control overseas special purpose vehicles (“**SPV**”) shall apply to the local branch of foreign exchange administration for foreign exchange registration of overseas investments. Where a domestic resident contributes his or her assets or shareholding of a domestic enterprise into a SPV, or engages in overseas shareholding financing after contributing assets or shareholding into a SPV, he or she shall go through procedures for the changes of foreign exchange registration of overseas investments with regards to the net asset interests held in the SPV and their changes. The Company’s PRC legal advisor, Jingtian & Gongcheng, has considered that Mr. Huang, Mr. Huang Chih Chien, Mr. Chan and Mr. Au are permanent residents of Hong Kong while Ms. Chang is a Hong Kong resident holding Taiwan passport. They are not domestic residents under Circular No. 75. Accordingly, they are not subject to Circular No. 75 nor required to go through the foreign exchange registration procedures of overseas investment.