This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

We are a leading and fast-growing developer and retailer of children's products in China. Children's products consist of children's apparel, children's household products and children's fast moving consumable goods, according to Frost & Sullivan, an independent market research firm. We ranked first in terms of total revenue in the mid to high end children's product market in China in 2009, according to Frost & Sullivan. Mid to high end children's products represented approximately 22.6%, 22.8% and 23.0% of the total children's product market in China for the years ended December 31, 2007, 2008 and 2009, respectively, and our products accounted for approximately 4.0% of the total children's products in the mid to high end children's product market in China in 2009, according to Frost & Sullivan. We design, source and market children's apparel, footwear, accessories and other children's products under our proprietary brands, Boshiwa, Baby^2 and Dr. Frog, and our licensed brands, Harry Potter, Prince of Tennis and NBA. We also distribute a wide range of other children's products with well-known brands for Chinese and international manufacturers through our sales channels in China.

We have an integrated business model, where we participate in key stages of the product life cycle, such as product design and development, brand promotion and management, and sales and marketing. We outsource the manufacturing of all our products to domestic OEMs and overseas ODMs, which are Independent Third Parties. We believe that this strategy enables us to avoid direct exposure to operational and financial risks and expenses of operating production facilities and managing labor.

Based on data provided to us by Frost & Sullivan, our sales channels are more diversified compared with those of our competitors in China. In response to the different consumption levels and habits in different regions of China, we use a combination of sales channels to cover the market, including department store concessions, street shops, Boshiwa 365 stores, flagship stores and online stores. We have department store concessions in 140 cities in 28 provinces of China, including premium commercial locations in most of the provincial capital cities. Our street shops are primarily located near affluent residential neighborhoods where there is strong demand for high-quality children's products. Our Boshiwa 365 stores are located inside large shopping malls and carry products for children from newborn to three years of age. Our flagship stores are approximately 1,500 to 3,000 square meters in floor area and carry products for children from newborn to 14 years of age at one location. We conduct our sales either directly to retail customers through our self-managed retail outlets or on a wholesale basis to authorized third-party retailers and distributors, which are Independent Third Parties. As of June 30, 2010, we had 1,062 department store concessions, 24 street shops, 33 Boshiwa 365 stores and seven flagship stores.

Our strong product design and development capabilities represent one of our core competitive strengths. Our product design and development team gathers information on market trends and customer preferences to design and develop products under our self-owned and licensed brands. We believe that by leveraging our knowledge of market trends and customers' needs, we have been able to transform product concepts into commercially viable and popular products in an efficient and effective manner. This ability not only makes our self-owned brands highly competitive in the children's product market in China, but also helps us to continually attract new licensed brands and further strengthen our cooperation with our existing licensed brands.

We have achieved significant growth in revenue and net profit in recent years. Our revenue increased from RMB211.8 million for the year ended December 31, 2007 to RMB325.6 million for the year ended December 31, 2008 and to RMB630.2 million for the year ended December 31, 2009, representing a CAGR of 72.5% from 2007 to 2009. Our net profit increased from RMB17.8 million for the year ended December 31, 2007 to RMB63.3 million for the year ended December 31, 2008 and to RMB129.4 million for the year ended December 31, 2009, representing a CAGR of 169.8% from 2007 to 2009. Our revenue and net profit increased from RMB221.0 million and RMB40.9 million for the six months ended June 30, 2009 to RMB594.9 million and RMB146.2 million for the six months ended June 30, 2010, representing growth rates of 169.3% and 257.2%, respectively.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success:

- We are a leading developer and retailer of children's products in China and well-positioned to benefit from the fast-growing children's product market;
- Our nationwide sales network and diversified sales platform enable us to serve a broad customer base and meet growing and different customer demand;
- Our diversified product offerings with well-known brands enable us to cater to different customer needs and establish broad market coverage;
- Our strong product design and development capabilities enable us to lead market trends and transform product concepts into commercially viable products;
- Our integrated business model enables us to achieve maximum value from our business operations; and
- Our experienced management and staff have strong execution capabilities and a proven track record of generating growth for us.

OUR STRATEGY

We intend to strengthen our position as a leading developer and retailer of children's products in China and continue to grow our revenue and profit. To achieve this goal, we plan to pursue the following strategies:

- Further expand our sales network to cover additional geographic areas;
- Continue to focus on developing Boshiwa 365 stores and flagship stores, as well as innovative sales channels such as cartoon character retail complexes;
- Continue to promote our brands and to further diversify our product offerings;
- Further expand and enhance our market research and design and development capabilities in children's products;

- Further enhance our management information systems to support our rapid growth and lower our costs; and

- Pursue strategic alliances and acquisitions of brands and sales networks.

RISK FACTORS

There are certain risks relating to an investment in our Shares, which can be categorized into (i) risks relating to our business; (ii) risks relating to the children's product industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering. These risk factors are set out in the section headed "Risk Factors" in this prospectus and are summarized as follows.

Risks relating to our business

- We may not be able to manage the rapid growth of our retail network effectively.

- If we fail to anticipate and respond in a timely manner to rapid changes in consumer preferences and customer demand in the children's product market in the PRC, our sales may decline and our business, financial condition and results of operations may be materially and adversely affected

- We rely on our licensed brands for a significant portion of our revenue. If we are unable to renew our licenses upon expiration or if license royalties increase substantially, our business, financial condition and results of operations would be materially and adversely affected

- Failure to effectively maintain or enhance our brand recognition may materially and adversely affect our future success

- We may not be able to successfully integrate new brands into our business

- Authorized third-party retailers operate some retail outlets that primarily sell our branded products. If any authorized third-party retailer ceases to cooperate with us for any reason or fails to comply with our retail policies, our business and brand image may be materially and adversely affected

- We depend on our OEMs, ODMs and suppliers for all of our products. Any disruption in the supply of our products or unfavorable changes in the prices or quality of those products could have a material and adverse effect on our business, financial condition and results of operations

- We have a limited operating history under our current business model, and you should not place undue reliance on our historical financial performance

- Our gross profit margin from continuing operations for 2009 decreased from that for 2008

- Previous irregularities relating to our online sales through third-party websites could result in penalties by relevant government authorities

- We rely on a series of Structure Contracts to conduct our online sales business in the PRC

- Title defects affecting the property in the PRC that we lease could adversely affect our use of such properties

- We may fail to secure space for our self-managed retail outlets on commercially reasonable terms
- We may encounter difficulties when expanding into new markets
- Our revenue is subject to the concessionaire agreements with department stores containing revenue sharing terms
- Increases in commodity prices will increase purchasing costs for our products and may reduce our profitability as a result
- If we fail to adequately protect our intellectual property rights, our brands and our reputation could be materially and adversely affected
- The use of trademarks or brands that are same as or similar to our trademarks or brands by other parties may have a negative impact on the goodwill, value and images of our brands
- Our business could be materially and adversely affected by claims by third-parties for possible infringement of their intellectual property rights
- We have applied to register our logo as a trademark in Hong Kong, which has yet to be approved
- Our ability to obtain additional financing may be limited, which could delay or prevent the completion of one or more of our strategies
- We may fail to execute our growth strategy or maintain our growth rate if we cannot adequately increase internal resources to manage our expanding business
- We are heavily dependent on certain of our key executives, design and technical personnel. Our inability to attract, retain and motivate qualified personnel could materially and adversely affect our business and growth prospects. Potential labor disputes could also affect our operations
- Any material increase in delivery costs could have an adverse effect on our business and operating results
- Our business could be harmed by a failure of our information technology and administrative systems
- We may be exposed to product liability, property damage or personal injury claims, which may adversely affect our reputation and business

Risks relating to the Children's Product Industry

- We operate in a very competitive market and the intense competition we face may result in a decline in our market share and lower profit margins
- Our industry has historically experienced seasonality, which we expect to continue. This could cause our operating results to fluctuate

Risks relating to Conducting Business in the PRC

- Fluctuations in consumer spending caused by changes in macro economic conditions in the PRC may significantly affect our business and financial performance

- Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, growth strategies, operating results and financial condition

- Restrictions on foreign exchange conversion may limit our operating subsidiaries' ability to remit dividends and other payments to us and limit our ability to utilize our revenue and funds effectively

- Fluctuations in foreign exchange rates may adversely affect our financial condition and results of operations

- We are a holding company that relies heavily on dividend payments from our subsidiary for funding

- We may be deemed as a PRC resident enterprise under the EIT Law and be subject to the PRC taxation on our worldwide income

- Gains on the sales of our Shares by foreign investors and dividends on our Shares payable to foreign investors may become subject to PRC income taxes

- It may be difficult to effect service of process on, or to enforce any judgments obtained outside the PRC against, our Directors or our senior management members who reside in the PRC

- The PRC legal system is not fully developed and has inherent uncertainties regarding the interpretation and enforcement of PRC laws and regulations which could limit the legal protections available to investors

- Our business could be materially and adversely affected by intellectual property rights disputes

- Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business

- Failure to comply with the SAFE regulations relating to the establishment of offshore special purpose companies by PRC residents may adversely affect our business operations

- PRC regulation of loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries

- New labor laws in the PRC may adversely affect our results of operations

Risks Relating to the Global Offering and our Shares

- There has been no prior public market for our Shares and an active trading market for our Shares may not develop

- The liquidity, trading volume and trading price of our Shares may be volatile, which could result in substantial losses for Shareholders

- The sale or availability for sale of substantial amounts of our Shares could materially and adversely affect their market price

- Prior dividends distributions are not an indication of our future dividend policy

- The interests of our Controlling Shareholders may not always coincide with our interests and our other Shareholders, and the Controlling Shareholders may exert significant control or substantial influence over us and may take actions that are not in, or may conflict with, public Shareholders' best interests

- Investors will experience immediate and substantial dilution as a result of the Global Offering

- Future sales or a major divestment of Shares by any major Shareholder could materially and adversely affect our Share price

- Shareholders' interests may be diluted as a result of additional equity fund-raising

- Investors should not place undue reliance on industry and market information and statistics from official government publications contained in this prospectus

- Investors should not place undue reliance on information derived from the research report contained in this prospectus

- The costs of share options to be granted under the Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in dilution to our Shareholders

- You may face difficulties in protecting your interests under Cayman Islands law

- Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

CHANGE IN CONTROL OF OUR PRINCIPAL PRC SUBSIDIARY

During the Track Record Period, there was a change in the shareholding control of Shanghai Boshiwa, our principal PRC operating subsidiary, as set out below:

(a) On January 25, 2008, pursuant to a share transfer agreement between Shanghai Shangshi and Great Dragon, Shanghai Shangshi agreed to transfer 40% of the equity interests in Shanghai Boshiwa to Great Dragon for a consideration of approximately RMB55.4 million. Upon completion of this transfer, Shanghai Boshiwa was owned as to 50% by Shanghai Haibo Investments, 40% by Great Dragon and 10% by Shanghai Zhixuan.

(b) On June 26, 2008, pursuant to a share transfer agreement between Shanghai Haibo Investments and Great Dragon, Shanghai Haibo Investments agreed to transfer 50% of the equity interests in Shanghai Boshiwa to Great Dragon for a consideration of approximately RMB74.73 million. The total consideration was received in full by Shanghai Haibo Investments on August 15, 2008. As a result, Great Dragon is deemed to have acquired majority control of Shanghai Boshiwa on August 15, 2008, which is considered the effective date of the change of shareholding control of Shanghai Boshiwa. Upon completion of this transfer, Shanghai Boshiwa was owned as to 90% by Great Dragon and 10% by Shanghai Zhixuan.

(c) On July 18, 2008, pursuant to a share transfer agreement between Shanghai Zhixuan and Great Dragon, Shanghai Zhixuan agreed to transfer 10% of the equity interests in Shanghai Boshiwa to Great Dragon for a consideration of approximately RMB14.95 million. Upon completion of this transfer, Shanghai Boshiwa was owned as to 100% by Great Dragon.

For details of the shareholding changes and the Corporate Reorganization of our Group after the share transfers described above, please refer to the "History and Corporate Structure" section in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL AND OPERATING DATA

As a result of the change in the majority shareholding of Shanghai Boshiwa on August 15, 2008, we have included in this prospectus one accountants' report for the period from January 1, 2007 through August 14, 2008 for Shanghai Boshiwa Group, our predecessor, as set forth in Appendix IB of this prospectus and one for our Group under our current corporate structure for the period from August 15, 2008 through June 30, 2010 as set forth in Appendix IA of this prospectus. We have also included a separate accountants' report of Shanghai Boshiwa, our principal entity, for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010 as set forth in Appendix IC of this prospectus. The accountants' reports have all been prepared in accordance with IFRS.

We set forth below (i) the selected comprehensive income statement information of Shanghai Boshiwa Group for the year ended December 31, 2007 and the period from January 1, 2008 to August 14, 2008 and its selected statement of financial position information as of December 31, 2007 and August 14, 2008, which is derived from the Accountants' Report included in Appendix IB and (ii) the selected comprehensive income statement information of our Group for the period from August 15, 2008 to December 31, 2008, the year ended December 31, 2009 and the six months ended June 30, 2009 and 2010 and its selected statement of financial position information as of December 31, 2008 and 2009 and June 30, 2010, which is derived from the Accountants' Report included in Appendix IA.

We have also set forth below selected comprehensive income statement information for Shanghai Boshiwa, our principal operating entity, as of and for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010, which is derived from the Accountants' Report included in Appendix IC. We believe that such information will help you compare our historical operating results before and after our change in control in August 2008. As such financial information only relates to Shanghai Boshiwa, it may not sufficiently reflect all aspects of our business during the three years ended December 31, 2009 and the six months ended June 30, 2010. In particular, the consolidated financial information of Shanghai Boshiwa does not fully reflect our operations and financial position under our current Group structure since the change in our majority shareholding on August 15, 2008. See "Financial Information—Basis of Preparation" for a summary of principal differences between the results of operations of our Group and those of Shanghai Boshiwa.

The selected financial information below is qualified in its entirety by reference to the relevant Accountants' Reports, including the notes thereto, and should be read in conjunction with them and with the "Financial Information" section of this prospectus.

Selected Comprehensive Income Statement Information

Shanghai Boshiwa Group

The table below sets forth the comprehensive income statement information of Shanghai Boshiwa Group for the year ended December 31, 2007 and the period from January 1, 2008 to August 14, 2008, which is derived from the Accountants' Report set forth in Appendix IB:

	Year ended December 31, 2007			For the period from January 1, 2008 to August 14, 2008		
	Discontinued operations[1]	Continuing operations	Total	Discontinued operations[1]	Continuing operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	118,269	93,505	211,774	80,631	110,464	191,095
Cost of sales	(97,435)	(44,245)	(141,680)	(77,845)	(38,708)	(116,553)
Gross profit	20,834	49,260	70,094	2,786	71,756	74,542
Other income	192	1,043	1,235	104	234	338
Distribution and selling expenses	(859)	(25,453)	(26,312)	(737)	(25,254)	(25,991)
Administrative and general expenses	(9,473)	(11,815)	(21,288)	(10,118)	(7,357)	(17,475)
Finance costs	(176)	(2,796)	(2,972)	(500)	(3,704)	(4,204)
Share of profits of associates	2,632	-	2,632	1,727	-	1,727
Profit (loss) before tax	13,150	10,239	23,389	(6,738)	35,675	28,937
Income tax expense	(2,409)	(3,197)	(5,606)	(140)	(9,718)	(9,858)
Profit (loss) after tax for the year/period and total comprehensive income for the year/period	10,741	7,042	17,783	(6,878)	25,957	19,079
Attributable to:						
Owners of the Company			14,230			22,988
Minority interests			3,553			(3,909)
			17,783			19,079

Note:

(1) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

Our Group

The table below sets forth the comprehensive income statement information of our Group under our current corporate structure for the period from August 15, 2008 to December 31, 2008 and the year ended December 31, 2009 and the six months ended June 30, 2009 and 2010, which is derived from the Accountants' Report set forth in Appendix IA.

	For the period from August 15, 2008 to December 31, 2008				Six months ended June 30,	
	Discontinued operations[1]	Continuing operations	Total	Year ended December 31, 2009	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	1,417	133,089	134,506	630,178	220,956	594,934
Cost of sales	(1,350)	(66,748)	(68,098)	(363,853)	(131,015)	(332,041)
Gross profit	67	66,341	66,408	266,325	89,941	262,893
Other income	13,308[2]	379	13,687	6,845	6,749	20,124
Distribution and selling expenses	(22)	(19,853)	(19,875)	(71,910)	(31,111)	(63,435)
Administrative and general expenses	(302)	(2,721)	(3,023)	(24,118)	(8,175)	(37,128)
Finance costs	-	(2,698)	(2,698)	(6,365)	(2,800)	(11,427)
Profit before tax	13,051	41,448	54,499	170,777	54,604	171,027
Income tax expense	(4)	(13,822)	(13,826)	(49,483)	(15,404)	(54,842)
Profit after tax for the period/year and total comprehensive income for the period/year	13,047	27,626	40,673	121,294	39,200	116,185
Attributable to owners of the Company	13,047	27,626	40,673	121,294	39,200	116,185

Notes:

(1) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

(2) Other income from discontinued operations for the period from August 15, 2008 to December 31, 2008 primarily included gain on disposal of our subsidiaries that had operated our discontinued operations.

Shanghai Boshiwa

The table below sets forth the comprehensive income statement information of Shanghai Boshiwa for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010, which is derived from the Accountants' Report set forth in Appendix IC.

	Year ended December 31,							Six months ended June 30,	
	2007		2007	2008		2008	2009	2009	2010
	Discontinued operations[(1)]	Continuing operations	Total	Discontinued operations[(1)]	Continuing operations	Total			
	(RMB'000)							RMB'000 (unaudited)	RMB'000
Revenue	118,269	93,505	211,774	82,048	243,553	325,601	630,178	220,956	594,934
Cost of sales	(97,435)	(44,245)	(141,680)	(79,195)	(105,456)	(184,651)	(363,853)	(131,015)	(332,041)
Gross profit	20,834	49,260	70,094	2,853	138,097	140,950	266,325	89,941	262,893
Other income	192	1, 043	1,235	13,412	613	14,025	6,922	6,749	19,542
Distribution and selling expenses	(859)	(25,453)	(26,312)	(759)	(45,107)	(45,866)	(71,910)	(31,111)	(63,435)
Administrative and general expenses	(9,473)	(11,815)	(21,288)	(10,420)	(10,078)	(20,498)	(22,679)	(8,175)	(19,420)
Finance costs	(176)	(2,796)	(2,972)	(500)	(6,402)	(6,902)	(5,765)	(2,800)	(4,634)
Shares of profits of associates	2,632	-	2,632	1,727	-	1,727	-	-	-
Profit before tax	13,150	10,239	23,389	6,313	77,123	83,436	172,893	54,604	194,946
Income tax expense	(2,409)	(3,197)	(5,606)	(144)	(20,008)	(20,152)	(43,462)	(13,674)	(48,764)
Profit after tax and total comprehensive income for the year/period	10,741	7,042	17,783	6,169	57,115	63,284	129,431	40,930	146,182
Attributable to:									
Owners of Shanghai Boshiwa			14,230			67,193	129,431	40,930	146,182
Minority interests			3,553			(3,909)	-	-	-

Note:

(1) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

Selected Financial Position Information

Shanghai Boshiwa Group

The table below sets forth the financial position information of Shanghai Boshiwa Group as of December 31, 2007 and August 14, 2008, which is derived from the Accountants' Report set forth in Appendix IB.

	As of December 31, 2007	As of August 14, 2008
	RMB'000	RMB'000
Non-current assets	106,818	42,172
Current assets	182,457	311,884
Current liabilities	121,412	200,850
Net current assets	61,045	111,034
Total assets less current liabilities	167,863	153,206
Capital and reserves		
Paid-in capital	99,463	99,463
Capital and other reserves	12,020	12,020
Retained earnings	39,677	29,598
Total equity attributable to owners of Shanghai Boshiwa	151,160	141,081
Minority interests	16,703	12,125
Total equity	167,863	153,206

Our Group

The table below sets forth the financial position information of our Group under our current corporate structure as of December 31, 2008 and 2009 and June 30, 2010, which is derived from the Accountants' Report set forth in Appendix IA.

	As of December 31,		As of June 30,
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Non-current Assets	91,420	258,079	235,002
Current Assets	288,639	539,175	750,094
Current Liabilities	194,733	446,397	663,126
Net Current Assets	93,906	92,778	86,968
Total Assets Less Current Liabilities	185,326	350,857	321,970
Capital and Reserves			
Paid-in capital/share capital	99,463	1	1
Capital and other reserves	12,060	159,738	307,301
Retained earnings	70,271	181,565	14,668
Total equity attributable to owners of the Company	181,794	341,304	321,970
Non-current Liabilities			
Deferred tax liabilities	3,532	9,553	-
Total Equity and Non-current Liabilities	185,326	350,857	321,970

Shanghai Boshiwa

The table below sets forth the financial position information of Shanghai Boshiwa as of December 31, 2007, 2008 and 2009 and June 30, 2010, which is derived from the Accountants' Report set forth in Appendix IC.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets	106,818	91,420	258,079	235,002
Current Assets	182,457	288,639	535,686	748,990
Current Liabilities	121,412	194,733	372,515	579,190
Net Current Assets	61,045	93,906	163,171	169,800
Total Assets Less Current Liabilities	167,863	185,326	421,250	404,802
Capital and Reserves				
Paid-in capital	99,463	99,463	208,758	345,307
Capital and other reserves	12,020	12,060	19,258	46,208
Retained earnings	39,677	73,803	193,234	13,287
Total equity attributable to owners of Shanghai Boshiwa	151,160	185,326	421,250	404,802
Minority interests	16,703	-	-	-
Total Equity	167,863	185,326	421,250	404,802

Other Selected Financial and Operating Data

The following table shows the number of our self-managed retail outlets, authorized third-party retail outlets by type of sales channel and their respective total floor areas for the periods indicated:

	Year ended December 31,												Six months ended June 30,			
	2007				2008				2009				2010			
	Self-managed	Third-party managed	Total	Total Areas (m^2)	Self-managed	Third-party managed	Total	Total Areas (m^2)	Self-managed	Third-party managed	Total	Total Areas (m^2)	Self-managed	Third-party managed	Total	Total Areas (m^2)
Department store concessions	115	126	241	8,616	326	250	576	20,169	390	469	859	31,099	501	561	1,062	38,315
Street shops	-	-	-	0	-	-	-	0	5	7	12	3,319	8	16	24	6,151
Boshiwa 365 stores	4	0	4	1,100	9	0	9	2,010	16	0	16	4,668	21	12	33	10,206
Flagship stores	-	-	-	0	-	-	-	0	1	2	3	6,600	2	5	7	13,600

The following table sets forth our revenue derived from our self-managed retail outlets, authorized third-party retail outlets, wholesale distribution, online stores, others and discontinued operations, respectively, for the period indicated:

	Year ended December 31,						Six months ended June 30,			
	2007	% of Revenue	2008	% of Revenue	2009	% of Revenue	2009	% of Revenue	2010	% of Revenue
							(unaudited)			
	(RMB'000 except percentages)									
Self-managed retail outlets	43,704	20.6	131,421	40.4	247,485	39.3	96,949	43.9	226,518	38.1
Authorized third-party retail outlets	49,797	23.6	99,760	30.6	322,316	51.1	107,687	48.8	317,925	53.4
Wholesale distribution	-	-	11,763	3.6	49,477	7.9	13,133	5.9	38,774	6.5
Online stores	-	-	596	0.2	10,880	1.7	3,183	1.4	11,717	2.0
Others(1)	4	0.0	13	0.0	20	0.0	4	0.0	-	-
Discontinued operations(2)	118,269	55.8	82,048	25.2	-	-	-	-	-	-
Total	**211,774**	**100.0**	**325,601**	**100.0**	**630,178**	**100.0**	**220,956**	**100.0**	**594,934**	**100.0**

Notes:

(1) Others primarily include sales of sample products provided by our OEM service providers.

(2) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

The following table sets forth our revenue by sales channel for the period indicated:

	Year ended December 31,						Six months ended June 30,	
	2007		2008		2009		2010	
	Revenue (RMB' 000)	% of revenue (%)	Revenue (RMB' 000)	% of revenue (%)	Revenue (RMB' 000)	% of revenue (%)	Revenue (RMB' 000)	% of revenue (%)
Department store concessions	84,034	39.7	194,763	59.8	474,390	75.3	287,501	48.3
Street shops	-	-	-	-	20,432	3.2	61,964	10.4
Boshiwa 365 stores	9,467	4.5	36,418	11.2	68,826	10.9	99,528	16.7
Flagship stores	-	-	-	-	6,153	1.0	95,450	16.1
Wholesale distribution	-	-	11,763	3.6	49,477	7.9	38,774	6.5
Online sales	-	-	596	0.2	10,880	1.7	11,717	2.0
Others(1)	4	0.0	13	0.0	20	0.0	-	-
Discontinued operations(2)	118,269	55.8	82,048	25.2	-	-	-	-
Total	**211,774**	**100.0**	**325,601**	**100.0**	**630,178**	**100.0**	**594,934**	**100.0**

Notes:

(1) Others primarily include sales of sample products.

(2) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

The following tables set forth our revenue, gross profit and gross profit margin by product mix for the period indicated:

	Year ended December 31,						Six months ended June 30,			
	2007	% of Revenue	2008	% of Revenue	2009	% of Revenue	2009 (unaudited)	% of Revenue	2010	% of Revenue
	(RMB'000 except percentages)									
Product category										
Children's apparel, footwear and accessories	93,501	44.2	227,555	69.9	569,115	90.3	200,309	90.7	449,339	75.5
Other children's products	-	-	15,985	4.9	61,043	9.7	20,643	9.3	145,595	24.5
Others(1)	4	0.0	13	0.0	20	0.0	4	0.0	-	-
Discontinued operations(2)	118,269	55.8	82,048	25.2	-	-	-	-	-	-
Total	**211,774**	**100.0**	**325,601**	**100.0**	**630,178**	**100.0**	**220,956**	**100.0**	**594,934**	**100.0**

Notes:

(1) Others primarily include sales of sample products provided by our OEM service providers.

(2) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009 (unaudited)		2010	
	Gross profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB '000)	(%)	(RMB '000)	(%)	(RMB '000)	(%)	(RMB '000)	(%)	(RMB '000)	(%)
Product category										
Children's apparel, footwear and accessories	49,256	52.7	133,942	58.9	253,799	44.6	87,686	43.8	221,580	49.3
Other children's products	-	-	4,142	25.9	12,514	20.5	2,251	10.9	41,313	28.4
Others(1)	4	100.0	13	100.0	12	60.0	4	100.0	-	-
Discontinued Operations(2)	20,834	17.6	2,853	3.5	-	-	-	-	-	-
Total	**70,094**	**33.1**	**140,950**	**43.3**	**266,325**	**42.3**	**89,941**	**40.7**	**262,893**	**44.2**

Notes:

(1) Others primarily include gross profit relating to our sales of sample products.

(2) Discontinued operations primarily include our manufacturing business and driver training services, which we disposed of in 2008.

Amounts in the above four tables are based on revenue of Shanghai Boshiwa. See "Financial Information—Basis of Preparation."

In August, September and October 2008, we disposed of our subsidiaries that were engaged in our manufacturing business and driver training business and began to focus our resources on the design, procurement and sales and marketing of children's products. We opened 147 retail outlets in 2007, 348 retail outlets in 2008, 317 retail outlets in 2009 and 236 retail outlets in the six months ended June 30, 2010. The significant expansion of our sales network helped increase our sales volume. Our sales per square meter improved each year during the Track Record Period. Our product portfolio and brand portfolio expanded significantly, which helped increase our sales. Our sales channels became more diversified. As of June 30, 2010, we had 1,062 concessions in 407 department stores, 24 street shops, 33 Boshiwa 365 stores and seven flagship stores in 28 provinces in China, serving customers with different consuming habits. Our diversified product offerings and extensive sales network enable us to cater to different customer needs and establish broad market coverage.

DIVIDENDS

We declared dividends of approximately RMB2.8 million and RMB257.0 million on July 15, 2009 and June 30, 2010, respectively. We intend to pay the declared dividends to our Shareholders prior to the Listing. As of July 31, 2010, the amount of our unpaid but declared dividend was approximately RMB148.0 million, of which approximately RMB40.0 million is expected to be paid with bank loans we may borrow under the RMB100.0 million credit line agreement with Bank of Communications Co., Ltd., and the remaining amount with cashflows generated from operating activities. We intend to use a portion of our net proceeds from the Global Offering to repay our existing bank borrowings. See "—Use of Proceeds" below.

As of June 30, 2010, we recorded approximately RMB236.8 million in dividends payable under our current liabilities. We expect this amount to be substantially reduced following our intended payment of all declared dividends prior to the Listing.

PROFIT FORECAST

Our Directors believe that, in the absence of unforeseen circumstances and on the basis and assumptions as set out in "Appendix III—Profit Forecast," our profit after taxation but before extraordinary items for the year ending December 31, 2010 is unlikely to be less than RMB250.0 million. The Directors are currently not aware of any extraordinary items which have arisen or are likely to arise in respect of the year ending December 31, 2010 that would affect the prospective financial information presented. On the basis of the prospective financial information and the weighted average number of Shares expected to be issued and outstanding during the current financial year of 2,000,000,000 Shares (assuming the Over-allotment Option is not exercised), the forecast earning per Share on a weighted average basis for the year ending December 31, 2010 is unlikely to be less than RMB0.125.

On a pro forma fully diluted basis and on the assumption that we had been listed since January 1, 2010 and a total of 2,000,000,000 Shares were issued and outstanding during the entire year (taking no account of any Shares which may be issued upon exercise of the Over-allotment Option, the forecast earnings per Share for the year ending December 31, 2010 is unlikely to be less than RMB0.125 representing a price/earnings multiple of 27.1 times and 34.8 times if the Offer Price is HK$3.88 per Share and HK$4.98 per Share, respectively).

The texts of letters from our reporting accountants, and from the Joint Sponsors in respect of the profit forecast are set out in "Appendix III—Profit Forecast".

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only and it may not give a true picture of our net tangible assets following the Global Offering. The following unaudited pro forma adjusted net tangible assets is set out here to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2010 as shown in the accountants' report, the text of which is set out in Appendix IA to this prospectus, and adjusted as described below. The unaudited pro forma adjusted net tangible assets statement does not form part of the accountants' report.

	Our audited consolidated net tangible assets as of June 30, 2010	Estimated net proceeds from the Global Offering	Unaudited pro forma net tangible assets	Unaudited pro forma net tangible assets per Share
	(RMB'000)	(RMB'000) (Note 1)	(RMB'000)	(RMB) (Note 2)
Based on an Offer Price of HK$3.88 per Share	311,501	1,594,840	1,906,341	0.95
Based on an Offer Price of HK$4.98 per Share	311,501	2,058,885	2,370,386	1.19

Notes:

(1) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.88 and HK$4.98 per Share, after deduction of the underwriting commission, incentive fee and other related expenses payable by us. No account has been taken of the Shares which may fall to be issued upon the exercise of the Over-allotment Option.

(2) The unaudited pro forma net tangible asset per Share is arrived at after the adjustment for the estimated net proceeds from the Global Offering payable to us as described in note (1) and on the basis that a total of 2,000,000,000 Shares were in issue immediately following completion of the Share Offer.

SUMMARY OF PRINCIPAL TERMS OF CERTAIN AGREEMENTS AND ARRANGEMENTS

We set forth below an overview of the terms that are generally included in our (a) license agreements and arrangements for the brands of Harry Potter, Prince of Tennis, NBA, Barcelona, Juventus, Manchester United, Bob the Builder and Thomas and Friends; (b) concessionaire agreements with department stores; (c) distribution agreements with authorized third-party retailers or distributors; (d) agency or distribution agreements for our other children's products; (e) purchase contracts with our OEMs and ODMs; (f) Structure Contracts for our online sales and (g) lease agreements for the operations of our retail outlets:

(a) License agreements or arrangements for our licensed brands

Our revenue derived from our licensed brands was RMB50.2 million for 2007, RMB131.7 million for 2008, RMB216.8 million for 2009 and RMB163.2 million for the six months ended June 30, 2010, accounting for 23.7%, 40.5%, 34.4% and 27.4%, respectively, of the total revenue for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

We have been granted either exclusive or non-exclusive rights to develop, manufacture or sell a range of children's products in our retail outlets under the brands of Harry Potter, Prince of Tennis and NBA in the PRC (excluding Guangdong province for the Harry Potter brand). We have also been granted non-exclusive rights to design, manufacture and sell a range of children's products in our retail outlets under the brands of Barcelona, Juventus and Manchester United in the PRC, Hong Kong, Macau and Taiwan and under the brands of Bob the Builder and Thomas and Friends in the PRC. We are typically required to pay royalty fees or minimum guarantee fees to our licensors. The license agreements or arrangements generally have a term of three to five years which may be renewed subject to conditions.

(b) Concessionaire agreements with department stores

We are authorized to open our concessions under the brands of Boshiwa, Baby^2, Harry Potter, Prince of Tennis and NBA in the children's product section in department stores. In some cases, we are required to pay a deposit before entering into department stores, which is refundable after a period of time upon termination of the agreement, subject to certain conditions. The concession fees are typically calculated as a percentage of our monthly sales receipts. We are typically required to ensure the quality of our products. We are also typically required to ensure that our products do not infringe the intellectual property rights of others. We are typically required to obtain approval from the department stores for the design and layout of our department store concessions. We are typically required to actively participate in promotional events that are initiated by the department stores. The sharing percentage of the promotion costs are generally decided through consultation between the parties. We are generally required to obtain written approval from the department stores before we can conduct our own promotional events. The department stores are required to first collect the payment from and issue tax invoice to retail customers, and we settle our payment with the department stores on a monthly basis. The agreements generally have a term of one year and may be renewed subject to conditions. The agreements can generally be terminated upon mutual agreement between us and the department stores. In certain instances, the department store is entitled to terminate the concessionaire agreement if we fail to meet certain sales targets or if our products are defective.

(c) Distribution agreements with authorized third-party retailers and distributors

Authorized third-party retailers are authorized to sell products under one or more of our brands of Boshiwa, Baby^2, Harry Potter and Prince of Tennis and NBA to end-users under our distribution agreements. Our distributors are allowed to sell products of our Baby^2 brand and other authorized domestic and international brands on a wholesale basis to sub-distributors and end-users under our distribution agreements.

Distribution agreements with authorized third-party retailers

Authorized third-party retailers are typically authorized to operate retail outlets to sell our apparel, footwear, accessories and other children's products under one or more of our brands of Boshiwa, Baby^2, Harry Potter, Prince of Tennis and NBA within designated geographical areas. The annual minimum purchase requirement varies among the third party retailers depending on their size and sales capabilities. Authorized third-party retailers are generally entitled to various discount rates when purchasing products of our different brands. Authorized third-party retailers are typically required to pay in full for our products and are responsible for the sale of the products and accountable for their own profit or loss. Authorized third-party retailers are generally required to pay 20% of the purchase prices of the products they pre-order in our sales fairs as initial deposit, and pay the remaining amount prior to our delivery of the products to the designated geographical areas. Authorized third-party retailers are generally allowed to return defective products upon our written approval. We are entitled to terminate the agreements with authorized third-party retailers for their non-compliance with our sales and unified nationwide pricing policies. Authorized third-party retailers undergo mandatory training sessions at regular intervals provided by us. The agreements generally have a term of one year which may be renewed subject to conditions. Authorized third-party retailers are generally obligated to keep confidential any of our trade secrets known to or used by such authorized third-party retailers for two years following the termination of the agreements.

New sales arrangements with authorized third-party retailers

In 2010, we have introduced new sales arrangements with some authorized third-party retailers that manage our street shops, Boshiwa 365 stores and flagship stores, pursuant to which we reduce the size of our discounts to them by 5% to 20% and we enter into lease agreements with the lessors and are responsible for the rental. We are also responsible for the interior decoration expenses for the retail outlets the authorized third-party retailers operate. We believe that this new arrangement enables us to maintain a consistent style and store layout across our retail outlets. It also lowers our average cost of interior decoration as we purchase furniture, fixtures and interior decoration items for a larger number of retail outlets and are able to obtain volume discount. In addition, we believe that this new arrangement allows us to negotiate more favorable leases for those retail outlets, as many of the lessors have properties nationwide and we generally have better bargaining power with these lessors than our authorized third-party retailers because we have leases with them in a number of different locations. Furthermore, this new arrangement provides us with flexibility in selecting authorized third-party retailers. If for some reason a certain authorized third-party retailer does not meet our requirements, we can more easily select another one to take over the retail outlet as we now own the lease and interior decoration. We do not have any specific plan to recover the rental and interior decoration expenses we have paid for these authorized third-party retail outlets because we are the lessee and we own the interior decoration for these authorized third-party retail outlets instead of the relevant authorized third-party retailers. In 2010 and the foreseeable future periods, we expect that our rental expenses and depreciation relating to the furniture, fixtures and interior decoration for these authorized third-party retail outlets will increase. In addition, our capital expenditures relating to furniture, fixtures and interior decoration will increase as well.

Distribution agreements with our distributors

Distributors are generally authorized to sell our apparel products under our brands of Baby^2, and other children's products under our brands of Baby^2 and other authorized domestic and international brands within designated geographical areas. Distributors are typically required to provide general feedback to us on the market reception of our products and submit their sales and inventory reports to headquarters on a monthly basis. The minimum purchase order for the distributors is generally RMB5,000. Distributors are generally not allowed to return the products they have purchased from us apart from product defects caused by quality issues or changes in government laws or regulations. Distributors are generally entitled to various discount rates when purchasing products of our different brands. The distributors are typically required to pay in full for our products and are responsible for the sale of the products and accountable for their own profit or loss. Distributors are typically prohibited from distributing our products in any undesignated geographical areas or selling our products online under any circumstances without our prior consents. The agreements generally have a term of one year which may be renewed subject to conditions. We are entitled to terminate an agreement with a distributor for its non-compliance with the terms of the distribution agreement.

(d) Agency or distribution agreements for our other children's products

As of June 30, 2010, we had entered into agency agreements with eight international children's product brand owners in Japan and Australia, pursuant to which we are the sole agent for the brands of CHUCHU, PIP Baby and Slimwalk and authorized agent for the brands of Milk Baby, Curash, Armstrong, Marusan and Atopita, to market and sell other children's products in the PRC. We are typically authorized to obtain and maintain the necessary product registrations for importing baby cosmetics products to China under brands of Curash, Milk Baby and Atopita. We also enter into distribution agreements with and act as sub-distributor of authorized PRC distributors under specified international brands, such as the brands of Combi, Aprica, Pigeon, Nuk, Wakodo and Pampers, to sell a range of children's products in the PRC.

Our agency agreements

We are typically authorized to market and sell a range of other children's products under the brands of CHUCHU, Milk Baby, Curash, Armstrong, Marusan, PIP Baby, Atopita and Silmwalk in the PRC. We are typically authorized to obtain and maintain the necessary product registrations for importing cosmetic products to the PRC under the brands of Milk Baby, Curash and Atopita. We are required to complete a minimum sales target for the brands of CHUCHU, Milk Baby, PIP Baby and Silmwalk. In the event that we fail to achieve the minimum sales target, our suppliers may terminate the agreement with us. Prices of the purchased products shall be decided through consultation between the parties based on the written estimated quotations presented initially by the suppliers. We generally pay our suppliers by telegraphic transfer or establishing a letter of credit facility through banks four weeks prior to the shipment of our products. The suppliers shall deliver our products at the time and to the designated destination as decided through consultation between the parties. The agreements generally have a term of one year to four years which may be renewed subject to conditions. The suppliers are generally held liable and responsible for the damages and losses which arise out of or in connection with the supply of the products. We are generally allowed to return or exchange defective products upon written approval of our suppliers or through consultation between the parties.

Our distribution agreements

We are typically authorized to purchase a range of other children's products from authorized PRC agents of specified international brands, such as the brands of Combi, Aprica, Pigeon, Nuk, Wakodo, Pampers and Hello Kitty, and market and sell such products in our retail outlets in the PRC. We are generally required to purchase a minimum quantity of products from our various suppliers and are entitled to various discount rates when purchasing products of different brands. We are typically required to comply with the pricing policies of our suppliers. We are generally required to pay the full amount prior to the product delivery by our suppliers. We are generally not allowed to return the products we have purchased from our suppliers apart from product defects caused by quality issues or change of government laws or regulations, or products that may infringe intellectual property rights of a third party. Suppliers are generally required to deliver the products at the time and to the designated destination as decided through consultation between the parties. We may also collect the products from our suppliers. The agreements generally have a term of one year which may be renewed subject to conditions. Suppliers are generally held liable and responsible for the damages and losses which arise out of or in connection with the supply of the products.

(e) Purchase contracts for our outsourced productions

Purchase contracts with our domestic OEMs

OEMs are generally required to manufacture and pack our products in accordance with the standards set out in our handbook of quality inspection and packaging requirements. OEMs are typically required to provide quality inspection reports issued by a third-party quality inspection institution designated by a government authority. In the event that we are subject to claims by our retail customers relating to the quality of the products produced by OEMs, OEMs shall be liable and responsible for all our losses caused by such claims. OEMs shall deliver the finished products directly to our warehouses at the times agreed with us, failing which will result in penalty. We are required to pay 30% of the total contract value as an initial deposit after we inspect the sealed samples and before large-scale production takes place. We are required to pay the remaining amount within 90 days upon receiving the tax invoices from and confirming the quality and quantity of the finished products delivered by OEMs. OEMs are generally liable and responsible for the damages and losses which arise out of or in connection with the supply of the products.

Purchase contracts with our overseas ODMs

ODMs are generally required to manufacture the products in accordance with our agreed product specifications. Reasonable deviations relating to weight, measurements, design and color are allowed. We are generally required to file our claims relating to the product quality within 30 days upon the arrival of the products to the designated destination.

(f) The Structure Contracts for our online sales

The principal terms of the Structure Contracts with Shanghai Desheng and its shareholder are described below.

- ***Proxy Agreement***. Mr. Zhong has irrevocably agreed to authorize the individuals designated by Shanghai Boshiwa from time to time, as attorney-in-fact, to exercise the proxy right of the shareholder of Shanghai Desheng. Currently, Shanghai Boshiwa has designated Ms. Chen, who is a PRC citizen, to exercise the proxy right.

- ***Management and Operation Consulting Agreement***. Shanghai Boshiwa may provide guarantees to Shanghai Desheng of its contracts, agreements or transactions with third parties, to the extent permitted under PRC law. In return, Shanghai Desheng may be required to grant Shanghai Boshiwa a countersecurity over its assets, such as its accounts receivables. Shanghai Deshang and Mr. Zhong will also appoint persons recommended by Shanghai Boshiwa as the directors, officers and other senior management personnel of Shanghai Desheng, as well as accept the guidance of Shanghai Boshiwa regarding the day-to-day operations and management of Shanghai Desheng.

- ***Exclusive Technical Consulting and Services Agreement***. Shanghai Boshiwa provides Shanghai Desheng with exclusive technical support and related consulting and other services including without limitation development of software for Shanghai Desheng's business operations, maintenance of Shanghai Desheng's website and office network, design and operation of the website system, development and testing of new products and design of webpages. Shanghai Boshiwa is the exclusive provider of these services. Shanghai Desheng has agreed to pay Shanghai Boshiwa a yearly service fee comprising of an amount calculated by a formula based on the amount of time it takes Shanghai Boshiwa's technicians to provide the services times their respective charges at their experience levels, and an amount to be determined by the board of directors of Shanghai Boshiwa taking into account the revenue of Shanghai Desheng, the complexity, content and commercial value of the services provided by Shanghai Boshiwa and the market prices of similar services. Shanghai Boshiwa has the right to adjust the amount of service fees at any time.

- ***Exclusive Call Option Agreement.*** Under the Exclusive Call Option Agreement between Shanghai Boshiwa and Mr. Zhong, Shanghai Desheng's shareholder, Shanghai Boshiwa has an exclusive option to, by itself or through its designee, purchase from Mr. Zhong all or part of his equity interest in Shanghai Desheng at the highest amount among (1) the minimum amount as permitted under the applicable Chinese laws, (2) the consideration previously paid by Mr. Zhong for the acquisition of the relevant percentage of the equity interests of Shanghai Desheng, or (3) any amount otherwise agreed between the parties, to the extent permitted under the PRC law. Mr. Zhong has undertaken that he shall not increase or reduce the registered capital of Shanghai Desheng or dispose of any material assets of Shanghai Desheng without prior written consent of Shanghai Boshiwa. Unless the parties signed other agreements to the contrary, the Exclusive Call Option Agreement shall remain effective until all the equity interests in Shanghai Desheng are transferred to Shanghai Boshiwa and/or its nominees (to the extent permitted under the PRC law). We undertake to the Stock Exchange that Shanghai Boshiwa will exercise the option to acquire from Mr. Zhong all or part of his equity interest of Shanghai Desheng, to the extent permitted under the PRC law.

- ***Equity Interests Pledge Agreement.*** Mr. Zhong agreed to pledge his equity interests in Shanghai Desheng to secure the payment of the service fees by Shanghai Desheng under the Exclusive Technical Consulting and Services Agreement described above. If Shanghai Desheng breaches any of its obligations under the Equity Interests Pledge Agreement or fail to fully pay the service fees on time, Shanghai Boshiwa is entitled to claim sale of the equity interests held by Mr. Zhong in Shanghai Desheng and get repaid out of the sale proceeds on a priority basis.

(g) Lease agreements for the operations of our retail outlets

As of June 30, 2010, we leased 14 retail premises for our retail outlets. The following table sets forth details of the lease agreements for our retail outlets with fixed rental and retail outlets with profit sharing arrangements for the periods indicated:

	Details of lease agreements		
	Number	**Area (m^2)**	**Expiration year**
Retail outlets with fixed rental	2	160 to 670	January 1, 2011 to December 31, 2012
	3	340 to 800	January 1, 2013 to December 31, 2015
	5	300 to 2,880	January 1, 2016 to December 31, 2019
Retail outlets with profit sharing	1	699	September 30, 2010
	3	165 to 630	January 1, 2012 to December 31, 2015

INVESTMENT BY TB INTERNATIONAL, BOCOM HOLDINGS, HAMBO GROUP AND FAME TREND

(a) Investment by TB International

On May 30, 2008, TB International, Great Dragon and Chen Pei Qi entered into the 2008 Convertible Bonds Subscription Agreement and the 2008 Stock Subscription Agreement.

Pursuant to the 2008 Convertible Bonds Subscription Agreement, TB International agreed to subscribe for two tranches of bonds from Great Dragon. The first tranche, or the 2008 Convertible Bonds I, has an aggregate principal amount of RMB80 million and the second tranche, or the 2008 Convertible Bonds II, has an aggregate principal amount of RMB20 million (collectively, the "**2008 Convertible Bonds**"). Pursuant to the 2008 Stock Subscription Agreement, TB International agreed to subscribe for 12,500 common shares (the "**2008 Common Shares**") from Great Dragon for a consideration of RMB30 million, which represented 20% of equity interest of Great Dragon after the acquisition. The consideration was determined with reference to Shanghai Boshiwa's appraised net assets valuation as of June 30, 2007.

The proceeds of the 2008 Convertible Bonds and the 2008 Common Shares were used by Great Dragon for the acquisitions of 50% and 10% equity interests in Shanghai Boshiwa held by Shanghai Haibo Investments and Shanghai Zhixuan, respectively, and also for the purpose of increasing the general working capital of Shanghai Boshiwa.

On July 6, 2009, TB International, Great Dragon and Chen Pei Qi entered into the 2009 Convertible Bonds Subscription Agreement, pursuant to which TB International agreed to subscribe for certain bonds from Great Dragon with a principal amount of RMB100 million (the "**2009 Convertible Bonds**"). The proceeds of the 2009 Convertible Bonds were used for the purpose of developing the business of Shanghai Boshiwa.

On July 21, 2009, Great Dragon re-issued 12,500 Series A Preferred Shares in Great Dragon to TB International and cancelled the 2008 Common Shares held by TB International. On February 5, 2010, TB International converted its 2008 Convertible Bonds I into 8,442 Series A Preferred Shares in Great Dragon at RMB9,476.3025 per share and converted its 2008 Convertible Bonds II into 1,965 Series A Preferred Shares at RMB10,175.8282 per share. After the conversions, TB International held in total approximately 31.42% of the issued share capital of Great Dragon.

On March 10, 2010, TB International subscribed for 2,225 new Series A Preferred Shares, Joyork International subscribed for 5,340 new common shares and BOCOM Holdings subscribed for 445 new common shares in Great Dragon. TB International paid a consideration of RMB27,466,423, representing a purchase price of approximately RMB12,344.4597 per share. After the share subscriptions by the various parties, TB International's equity interest in Great Dragon was slightly diluted to 31.06%.

On March 16, 2010, TB International converted its 2009 Convertible Bonds into 8,101 Series A Preferred Shares in Great Dragon at a price of RMB12,344.4 per share, thereby increasing TB International's equity interest in Great Dragon to 37.33%.

On September 8, 2010, TB International converted all of the Series A Preferred Shares held by it in Great Dragon to 33,233 common shares of Great Dragon. After the conversion, TB International no longer held any Series A Preferred Shares in Great Dragon.

On September 8, 2010, our Company, Great Dragon, Joyork International, TB International, Hambo Group, Fame Trend and BOCOM Holdings entered into the Share Swap Agreement pursuant to which (i) all common shares in Great Dragon held by each of TB International, Hambo Group, Fame Trend and BOCOM Holdings were transferred to Joyork International; and (ii) as consideration, Great Dragon transferred 74,660 Shares, 24,580 Shares, 19,440 Shares and 1,000 Shares it held in our Company to each of TB International, Hambo Group, Fame Trend and BOCOM Holdings (the "**Share Swaps**"). Upon completion of the Share Swaps on September 8, 2010, each of TB International, Hambo Group, Fame Trend and BOCOM Holdings ceased to have any interest in Great Dragon and Great Dragon became wholly-owned by Joyork International. At the same time, each of TB International, Hambo Group, Fame Trend and BOCOM Holdings became a shareholder of the Company.

As of the Latest Practicable Date, TB International was holding a total of 74,660 Shares in our Company, which, on a fully diluted basis, constitute approximately 37.33% of equity interest in our Company upon Listing.

(b) Investment by BOCOM Holdings

On March 10, 2010, BOCOM Holdings subscribed for 445 new common shares in Great Dragon at the consideration of HK$7,000,000. After the share subscription, BOCOM Holdings held approximately 0.5% of the issued share capital of Great Dragon.

(c) Investment by Hambo Group and Fame Trend

On April 28, 2010, Chen Pei Qi transferred 10,936 and 8,656 common shares in Great Dragon to Hambo Group and Fame Trend, respectively, representing approximately 12.29% and 9.72% of the issued share capital of Great Dragon at that time. The total consideration represented certain amounts of personal loans owed by Chen Pei Qi to each of King Lion International (Hong Kong) Limited, the sole shareholder of Hambo Group, and Fame Trend since 2008 (the "**Amounts Payable**") in the amount of approximately US$2.9 million and US$1.95 million respectively, and the aforesaid transfers of shares of Great Dragon from Chen Pei Qi to each of Hambo Group and Fame Trend shall offset the Amounts Payable by Chen Pei Qi to each of King Lion International (Hong Kong) Limited and Fame Trend. The basis of consideration for the aforesaid transfers of shares of Great Dragon from Chen Pei Qi to each of Hambo Group and Fame Trend was with reference to Shanghai Boshiwa's net asset valuation as at June 30, 2007, as the Amounts Payable was accrued since 2008. Both Hambo Group and Fame Trend are investment holding companies. Hambo Group is wholly owned by King Lion International (Hong Kong) Limited. King Lion International (Hong Kong) Limited is wholly owned by Shanghai King Lion Co. Ltd., which is owned as to 75% by Wang Shi Ming and 25% by Wang Chun Xia, the daughter of Wang Shi Ming. Wang Shi Ming is one of the directors of Shanghai Boshiwa. Fame Trend is wholly owned by Wang Xiaofeng, an Independent Third Party.

LEGAL COMPLIANCE

Except for certain historical regulatory non-compliances as disclosed below, our PRC legal advisers, Haiwen & Partners, and our Directors have confirmed that we (including Shanghai Desheng) have complied with applicable PRC laws and regulations in all material aspects, and have obtained all material licenses, approvals, permits and certificates from appropriate regulatory authorities for our business operations in the PRC.

MOFCOM requirements regarding online sales

Pursuant to the Measures on the Administration of Foreign Investment in Commercial Sector (《外商投資商業領域管理辦法》) promulgated by the MOFCOM on April 16, 2004, a foreign invested enterprise or an enterprise established by a foreign invested enterprise engaging in the retail business other than through physical stores, such as retail of goods through either third-party websites or self-operated websites, is required to obtain the MOFCOM's approval regarding its relevant business scope. Shanghai Boshiwa and Boshiwa Enterprise conducted online sales business in China through online stores set up on third-party websites before June 28, 2010 without the MOFCOM's approval. As such, as advised by our PRC legal advisers, Haiwen & Partners, each of Shanghai Boshiwa and Boshiwa Enterprise may be subject to penalties including prohibition of illegal online sales, forfeiture of gains and a fine up to RMB500,000. As the total revenue derived from such online sales was not material to our total revenue during the Track Record Period, we do not believe that our business operations and financial position would be materially and adversely affected by such non-compliance.

Pursuant to the MOFCOM Notice issued on August 19, 2010, from the date of this notice, foreign invested enterprises that have been approved to conduct retail business may engage in retail business via Internet websites directly without applying for a separate approval from the MOFCOM or its local counterparts. We resumed our online sales in the PRC by Boshiwa Enterprise through third-party websites in September 2010 after the introduction of the MOFCOM Notice on August 19, 2010. In addition, pursuant to the MOFCOM Notice issued on August 19, 2010, a foreign invested enterprise may engage in the online sales business through its own Internet website if it has made an ICP filing with the relevant provincial counterparts of the MIIT and no ICP license would be required. As advised by our PRC legal advisers, Haiwen & Partners, as the MIIT, rather than the MOFCOM, is the ministry supervising the value-added telecommunications services industry in China, it is unclear whether the MIIT will affirm the MOFCOM's position. As of the Latest Practicable Date, the MIIT has not publicly announced its position. Given that the MOFCOM Notice was issued very recently, it remains unclear how this notice may be implemented in practice by relevant authorities. Currently, we plan to maintain the contractual arrangements under the Structure Contracts with Shanghai Desheng and its shareholder for the time being and to conduct our online sales business through Shanghai Desheng and through its self-owned websites upon the granting of the ICP license by Shanghai Communications Administration to Shanghai Desheng and completion of the registration formalities by Shanghai Desheng to include "Internet information services" into its business scope, which are expected to be obtained or completed by the end of 2010. As advised by our PRC legal advisers, Haiwen & Partners, pursuant to the MOFCOM Notice issued on August 19, 2010, it is legal for Boshiwa Enterprise to resume the online sales business through third-party websites in September 2010, and subject to the disclosure in the paragraph headed "We rely on a series of Structure Contracts to conduct our online sales business in the PRC" in the "Risk Factors" section of this prospectus, it is legal for us to conduct the online sales business through Shanghai Desheng and through its self-owned websites by way of the contractual arrangements under the Structure Contracts entered into with Shanghai Desheng and its shareholder. Further, we will closely follow any regulatory developments and evaluate the opportunities allowed under the MOFCOM Notice for Shanghai Boshiwa or Boshiwa Enterprise to engage in the retail business via its own Internet websites directly in the future. We undertake to the Stock Exchange that Shanghai Boshiwa will exercise the option to acquire from Mr. Zhong all or part of his equity interest of Shanghai Desheng, to the extent permitted under the PRC law.

As advised by our PRC legal advisers, Haiwen & Partners, a commercial operator of Internet information services is required to obtain an ICP license from the MIIT or its provincial counterpart. With regard to the online sales business conducted by Shanghai Boshiwa and Boshiwa Enterprise through third-party websites before June 28, 2010, the operators of those third-party websites would be required to obtain the ICP license, but Shanghai Boshiwa and Boshiwa Enterprise, as the users, did not need to obtain the ICP license.

Lending between non-financial enterprises

According to the Measures on Banning Illegal Financial Institutions and Illegal Financial Business (《非法金融機構和非法金融業務活動取締辦法》) issued by the State Council of the PRC on July 13, 1998 and the General Rules of Lending (《貸款通則》) issued by the PBOC on June 28, 1996, non-financial enterprises are not allowed to extend loans to each other.

During the Track Record Period, Shanghai Boshiwa extended loans to third-party suppliers and borrowed loans from third-party enterprises, which, as advised by our PRC legal advisers, Haiwen & Partners, were not in compliance with the above-mentioned PRC regulations. We made unsecured loans in 2009 to certain long-term suppliers, all of whom were our OEMs or ODMs and Independent Third Parties. For details of these loans to suppliers, see "Financial Information—Loan Receivables." In addition, we borrowed two unsecured loans from Shanghai King Lion Co., Ltd., which is controlled by Mr. Wang Shi Ming, one of the directors of Shanghai Boshiwa, in an aggregate amount of RMB35 million in 2008 for working capital purposes.

As all of our loan receivables and payables under these agreements had been settled in full as of June 30, 2010 and February 28, 2009, respectively, we believe that our business operations and financial position would not be materially affected by such non-compliance.

Approvals relating to our wholesale and retail business

Pursuant to the Measures on the Administration of Foreign Investment in Commercial Sector (《外商投資商業領域管理辦法》) promulgated by the MOFCOM on April 16, 2004 and related rules subsequently promulgated by the MOFCOM, approval of the MOFCOM or the provincial counterparts of the MOFCOM is required for a foreign invested enterprise or an enterprise established by a foreign invested enterprise to engage in the wholesale and retail business, or to open retail stores.

Shanghai Boshiwa opened retail stores without approval from the Shanghai Commerce Committee (上海市商務委員會), the provincial counterpart of the MOFCOM in Shanghai. In addition, Shanghai Boshiwa also conducted wholesale and retail business of third parties' products prior to June 6, 2008 and February 17, 2009, respectively, without the approval of the Shanghai Commerce Committee and beyond its then approved business scope as set out in its business license. In addition, Boshiwa Enterprise also conducted wholesale and retail business and opened retail stores prior to June 2010 without approval from the Shanghai Commerce Committee.

As of June 30, 2010, Shanghai Boshiwa and Boshiwa Enterprise had obtained the relevant approvals from the Shanghai Commerce Committee. As confirmed by our PRC legal advisers, Haiwen & Partners, the Shanghai Commerce Committee is the competent authority to grant such approval and by way of such approval, the above non-compliances have been rectified and Shanghai Boshiwa and Boshiwa Enterprise are now allowed to conduct wholesale and retail business and Boshiwa Enterprise is now allowed to operate the retail stores currently operated by it. See "Business—Legal Compliance and Proceedings" for details.

Tax registrations of branches of our PRC subsidiaries

Two branches of Shanghai Boshiwa and nine branches of Boshiwa Enterprise did not apply for proper tax registration certificates due to our misinterpretation of the relevant PRC tax laws and regulations. Shanghai Boshiwa and Boshiwa Enterprise have subsequently applied for the tax registration certificates for those branches and are expected to obtain the tax registration certificates in September 2010. See "Business—Legal Compliance and Proceedings" for details.

CAPITAL EXPENDITURE PLANS AND SOURCES OF FUNDING

Our capital expenditures amounted to RMB7.2 million, RMB51.1 million and RMB17.6 million for the years ended December 31, 2007, 2008 and 2009, respectively, which primarily included expenditures of interior decoration, purchase of furniture, fixtures and equipment for our retail outlets, and purchases of real estate, office equipment, motor vehicles and others for our corporate use. Going forward, we expect to incur capital expenditures primarily for our expansion of our retail network in 2010 and 2011, including purchases of fixtures, furniture and equipment for our new retail outlets. In particular, we intend to continue to focus on developing our Boshiwa 365 stores and flagship stores, as well as new sales channels such as cartoon characters retail complexes. Our budgeted capital expenditure for our expansion of retail network are estimated to be HK$27 million and HK$91 million for 2010 and 2011, respectively. In addition, our budgeted capital expenditures for the establishment of a research and development center are estimated to be HK$70 million in 2010. We expect to fund our capital expenditures with cash generated from our business operations, debt and equity financing activities and the net proceeds from the Global Offering.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses payable by us, are estimated to be approximately HK$2,089 million, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$4.43 per Share, being the mid-point of the proposed Offer Price range of HK$3.88 to HK$4.98 per Share. We intend to use the net proceeds as follows:

- Approximately HK$836 million, or 40% of our total estimated net proceeds, towards further expansion of our retail network by opening new retail outlets in the five years from 2010 to 2014. In the second half of 2010, we plan to open 239 self-managed and 238 authorized third-party department store concessions mainly in eastern China, northern China, central China and northeastern China; five self-managed and one authorized third-party street shops mainly in eastern China and three self-managed and two authorized third-party flagship stores mainly in eastern China, northern China and northeastern China. Our budgeted capital expenditures for our expansion of retail network are estimated to be HK$27 million and HK$91 million for 2010 and 2011, respectively. We also plan to allocate approximately HK$115 million to assist the establishment of authorized third-party retail outlets. We plan to rent retail premises at good locations for use by authorized third-part retailers. We also plan to pay for the interior decoration expenses for certain newly opened authorized third-party retail outlets whose leases are in our name.

- Approximately HK$209 million, or 10% of our total estimated net proceeds, towards advertising (including television commercials, Internet advertising, outdoor advertising, and advertisements in newspapers and magazines), and brand promotion and marketing activities (including sponsorship, establishment of Children's Health Foundation and participation in exhibitions) from the third-quarter of 2010 through 2011, including approximately HK$45 million towards advertising and approximately HK$50 million towards brand promotion and marketing activities.

- Approximately HK$209 million, or 10% of our total estimated net proceeds, towards expanding logistic facilities (including increasing warehouse capacity and building logistic centers in our sales regions), and upgrading our current information management system to a fully integrated ERP system (including improving our E-MAX and BI systems to improve our efficiency, improving internal controls, establishing connection between operational software and financial software), including approximately HK$100 million towards the expansion of logistic facilities and HK$30 million towards upgrading of information management system.

- Approximately HK$104 million, or 5% of our total estimated net proceeds, towards establishing a research and development center for children's apparel, footwear, accessories and other children's products, including recruitment of additional professional designers, engaging domestic and international design and consulting firms, and development of new materials. We also plan to purchase advanced software, high technological and quality control equipment to assist our research and development and improve our product quality. Our budgeted capital expenditure for the establishment of our research and development center is estimated to be HK$70 million.

- Approximately HK$313 million, or 15% of our total estimated net proceeds, towards implementing our expansion plan, including acquiring companies that are domestically and internationally well-recognized children's product brand owners or retailers, which will be able to offer products or services that are complementary to what we offer, or forming alliance with strategic partners. As of the Latest Practicable Date, we had not identified any targets.

- Approximately HK$209 million, or 10% of our total estimated net proceeds, towards repayment of our existing bank borrowings, which consist of (i) short term bank loans from Bank of Communications, Shanghai Bank and China Merchants Bank used for working capital purposes with interest rates ranging from 4.64% to 8.18% per annum and maturity periods ranging from six months to one year, and (ii) a bank loan in the aggregate amount of HK$110 million provided by BOCOM Holdings, which is used for working capital and other general corporate purposes. See "Financial Information—Loan from BOCOM Holdings" and "Underwriting—Sponsors' Independence".

- Approximately HK$209 million, or 10% of our total estimated net proceeds, towards providing funding for our working capital and other general corporate purposes.