BUSINESS DEVELOPMENT

Mr. Chan, the Company's chairman, and his two brothers, Mr. Chen Yunan and Mr. Chen Minwen, all executive Directors of the Company, began their business in managing and distributing international high-end and luxury-branded goods in China in the 1990s before starting our business. The Chan Brothers were first introduced to the distributor of two well-known French apparel/accessories brands through their personal network in or about 1994 and subsequently engaged in the sales and distribution business of international menswear and accessories brands. During the period from 1998 to 2000, the Chan Brothers were primarily engaged in the sale and distribution of the two above mentioned French apparel/accessories brands, and during the same period, Evergreen Asia was used as a channel of procurement of materials and products relating to the sale and distribution of these two brands. Through these earlier business ventures, our key management personnel have accumulated extensive experience in, and exposure to, the distribution of international brands, and have built up personal networks and business relationships with distributors of menswear, reputable department stores and shopping malls in the PRC, and members of the advertising and media industries in the PRC.

Leveraging their experience and networks, the Chan Brothers developed and launched our ***V.E. DELURE*** brand in 2000 when Guangzhou Dilai was established. During the period from 2000 to 2005 until the establishment of Guangzhou Changyue, the business activities of ***V.E. DELURE*** were primarily conducted through Guangzhou Dilai. Upon the establishment of Guangzhou Changyue in 2005, Guangzhou Dilai's business was gradually assumed by Guangzhou Changyue.

Guangzhou Dilai was a company established under the laws of the PRC on 28 July 2000 with an initial registered capital of RMB1,000,000 and was initially held by Chen Han Bin, first cousin once removed of Mr. Chan, as to 60% and Chen Mianna, sister of Mr. Chan, as to 40%. When Guangzhou Dilai was set up in 2000, the Chan Brothers were still involved in the sale and distribution of the two French apparel/accessories brands and at the same time, also focused on the business development aspect of our newly launched ***V.E. DELURE*** business. In order to focus on the above and for the purpose of reducing administrative burden of the procedural steps and other administrative tasks that were required to be carried out by the registered holders and/or legal representative in establishing and running a PRC company, Chen Yunan and Chen Minwen decided to rely on their sister, Chen Mianna, and other relatives to carry out such tasks. In 2003, when Chen Han Bin left Guangzhou Dilai to pursue his own business interests, he ceased to hold interests in, and resigned as a legal representative of, Guangzhou Dilai and Chen Mianna was appointed as the legal representative of Guangzhou Dilai. Chen Han Bin's registered interests were transferred to Jiang Yi Hong, a cousin of Mr. Chan. After injection of RMB1,800,000 in the capital of Guangzhou Dilai by Chen Mianna (on behalf of Chen Yunan) and RMB200,000 by Jiang Yi Hong (on behalf of Chen Minwen), the registered capital of Guangzhou Dilai was RMB3,000,000, which was held by Chen Mianna as to 80% and Jiang Yi Hong as to 20% on trust for Chen Yunan and Chen Minwen respectively. On 5 April 2004, the ownership percentage of Chen Mianna and Jiang Yi Hong in Guangzhou Dilai was changed to 88.75% and 11.25% respectively. Changes in Chen Mianna's and Jiang Yi Hong's registered interests in Guangzhou Dilai reflected the respective change in the actual investment amount in Guangzhou Dilai contributed by Chen Yunan and Chen

Minwen. On 3 January 2008, Chen Mianna, due to family commitments and personal health problems, gave up her role as legal representative to Jiang Yi Hong. At the same time, Chen Yunan and Chen Minwen agreed to have Jiang Yi Hong hold on trust for them their respective interest in Guangzhou Dilai and Jiang Yi Hong became the sole interest holder of Guangzhou Dilai. During the Track Record Period, (i) Chen Mianna has been a director of Evergreen Guangdong, Guangzhou Changyue and Guangzhou Changzhuxing; (ii) Chen Han Bin has been working in the warehouses of Guangzhou Changyue; and (iii) Jiang Yi Hong has been working in the finance department of Guangzhou Dilai. The roles of Chen Mianna, Chen Han Bin and Jiang Yi Hong within the Group will remain the same after Listing.

Beginning with Guangzhou Dilai's establishment, the Chan Brothers were responsible for its overall strategic planning, management and business development and operational work until its business was assumed by Guangzhou Changyue. Chen Mianna was responsible for managing its purchasing team until 2008 when she left her position in Guangzhou Dilai due to family commitments and personal health problems. After the transfer of its business to Guangzhou Changyue, and up to its deregistration in 2010, its administrative work was carried out by Jiang Yi Hong.

Guangzhou Dilai began the distribution of products under the ***V.E. DELURE*** brand in 2000. Evergreen Asia, a company controlled by Mr. Chan, imported raw materials and products to Guangzhou Dilai from overseas. In or about 2005, the Chan Brothers decided to restructure the business structure in order to have more flexibility in managing future licensed brands (if any) in addition to our self-operated brands. They considered that the first step of such restructuring was to differentiate the name of the brand from that of the company owning it. Since the Chinese name of the ***V.E. DELURE*** brand and the Chinese name of Guangzhou Dilai bear the same Chinese characters "迪萊", Guangzhou Changyue was established in 2005 to operate the ***V.E. DELURE*** brand and avoid confusion of the Chinese names.

After the establishment of Guangzhou Changyue, Guangzhou Dilai gradually stopped entering into new arrangements/contracts and subsequent new contracts with the then existing distributors, department stores and shopping malls were entered into by Guangzhou Changyue. However, in order to minimize the effects of such restructuring on the prior commitments with the distributors, department stores and shopping malls and to not affect the long-term relationship with them built by Guangzhou Dilai, our management took the view that during such transition period, prior arrangements/commitments with the distributors, department stores and shopping malls should be honoured by Guangzhou Dilai until all such prior arrangements/commitments expired or terminated. Therefore, even with the establishment of Guangzhou Changyue in 2005, Guangzhou Dilai did not promptly cease operation and was not deregistered in order to complete its prior arrangement/commitments with its customers and to allow time for Guangzhou Changyue to assume the then existing customers.

In 2007, as Guangzhou Dilai gradually reduced its business activities, it transferred to Guangzhou Changyue and Evergreen Guangdong certain fixed assets (mainly office equipment and motor vehicle) in the approximate amount of RMB575,000 and RMB953,000, respectively. As it gradually reduced its business, Guangzhou Dilai incurred losses during the Track Record Period.

Since Guangzhou Dilai finished all prior commitments in 2009 and has since remained inactive, Guangzhou Dilai was resolved to be deregistered. Guangzhou Dilai has been deregistered since 14 July 2010. As advised by the PRC Legal Advisor, the deregistration of Guangzhou Dilai will not result in any liability or obligation against the Directors and/or senior management of the Group.

The table below sets out the approximate transaction amounts of Evergreen Guangdong, Guangzhou Changyue, Guangzhou Changzhuxing and Guangzhou Dilai for the years ended 31 December 2005 to 2009:

		Transaction amounts for the Financial Year ended 31 December (approx. RMB)				
	Transaction type with Guangzhou Dilai	**2005**	**2006**	**2007**	**2008**	**2009**(Note 7)
Evergreen Guangdong	Purchase	473,000(Note 3)	–	159,000(Note 3)	–	–
	Sale	–	2,283,000(Note 1)	3,517,000(Note 1)	–	–
Guangzhou Changyue	Purchase	426,000(Note 2)	–	5,064,000(Note 2)	80,000(Note 2)	–
	Sale	–	–	50,000(Note 1)	–	–
Guangzhou Changzhuxing	Purchase	1,126,000(Note 4)	51,000(Note 4)	–	3,000 (Note 5)	–
	Sale	3,751,000(Note 6)	–	–	–	–

Notes:

1. During 2006 and 2007, Guangzhou Dilai, in order to complete its prior commitments to its remaining customers, depending on its then existing inventory type and level, would need to buy additional ***V.E. DELURE*** products such as shirts, T-shirts and shoes etc from the Group to fulfill such commitments. Depending on the type of stock required by Guangzhou Dilai, the actual products would then be sourced from Evergreen Guangdong and/or Guangzhou Changyue.

2. Upon the establishment of Guangzhou Changyue in June 2005, Guangzhou Dilai gradually stopped entering into new contracts with its then existing ***V.E. DELURE*** distributors and after ensuring its ability to meet the demand of its remaining customers including fulfilling any prior commitment to its existing customers, Guangzhou Dilai began to transfer to Guangzhou Changyue its remaining stock of ***V.E. DELURE*** products including shirts, jackets, suits, pants and other accessories as it gradually reduced its business activities.

3. Prior to the establishment of Evergreen Guangdong, depending on its specific needs and requirements, Guangzhou Dilai would outsource further processing or alteration work to external independent manufacturers. Upon the establishment of Evergreen Guangdong by the Group in May 2005 which is principally engaged in manufacturing and sale of clothing and clothing accessories, Guangzhou Dilai began to sell to Evergreen Guangdong its then existing inventory of ***V.E. DELURE*** apparel products which required further processing or alteration work, including but not limited to, refinement and adding of buttons, branding tags and/or other components in order to be sold to customers.

4. In 2005 and 2006, several ***TESTANTIN*** self-operated Stores of Guangzhou Changzhuxing offered promotional discounts to promote its ***TESTANTIN*** products. Guangzhou Dilai considered that it may also utilize such platform to sell some of its past seasons' ***V.E. DELURE*** apparel products including suits, jackets and sweaters.

5. In 2008, Guangzhou Dilai sold to Guangzhou Changzhuxing a small amount of accessory products so that Guangzhou Changzhuxing could put them on sale in its ***TESTANTIN*** self-operated Stores to help Guangzhou Dilai to further reduce its inventory as it continued to gradually reduce its business activities.

6. Guangzhou Changzhuxing sold ***TESTANTIN*** products to Guangzhou Dilai for about RMB3.8 million in 2005 because three customers of Guangzhou Dilai that distributed ***V.E. DELURE*** products during that time were also interested in exploring the sale of ***TESTANTIN*** products during the initial launch of our ***TESTANTIN*** brand in 2005. Therefore such sale was conducted through Guangzhou Dilai on a trial basis for the above-mentioned customers of Guangzhou Dilai. When our ***TESTANTIN*** brand became more established, such customers subsequently became customers of and bought directly from Guangzhou Changzhuxing for sale of our ***TESTANTIN*** products. Therefore, since 2006 onwards, there has been no more sale from Guangzhou Changzhuxing to Guangzhou Dilai.

7. Since 2009, there have been no more sale and purchase transactions between Guangzhou Dilai and any member of our Group.

To restructure our corporate structure, the following companies of the Group were established in 2004 and 2005, with Evergreen Guangdong being primarily responsible for our material sourcing and production functions, Guangzhou Changyue being primarily responsible for the sale and distribution of products of our ***V.E. DELURE*** brand and Guangzhou Changzhuxing being primarily responsible for licensed distribution of other brands of products such as Harmont & Blaine and CARTIER and the sale and distribution of products of our later established ***TESTANTIN*** brand. On 18 August 2007, Mr. Chan, through Evergreen Guangdong, acquired all the equity interests of Guangzhou Changyue and Guangzhou Changzhuxing to consolidate his interest in us. For details, please refer to the below subsection headed "Corporate Development and Structure."

As at 30 June 2010, there were 202 ***V.E. DELURE*** Stores, consisting of, one Store in Hong Kong and 201 Stores in 121 cities in 27 provinces/municipals/autonomous regions of the PRC.

Due to the increasing consumption power in the PRC, we believed that the potential demand for casual menswear is strong, we anticipated that it was the appropriate time to expand into this market segment. In order to broaden our brand and product offerings and customer base, we launched the ***TESTANTIN*** brand in 2005. The number of ***TESTANTIN*** Stores has since grown to 66 as at 30 June 2010, consisting of 2 Stores in Hong Kong and remaining Stores in 49 cities in 14 provinces/municipals/autonomous regions of the PRC. Our Directors believe that our ***TESTANTIN*** and ***V.E. DELURE*** dual-brand strategy allows us to segment our target menswear markets with unique brand names that cater and appeal to different consumer groups of different ages, disposable income levels, fashion tastes and preferences.

From August 2004 to August 2009, we acted as the sole distributor for an Italian menswear brand, Harmont & Blaine, in the PRC. Our distributorship agreement for the Harmont & Blaine brand expired in August 2009. By mutual agreement, both parties decided not to renew the licensing arrangement. Since the termination of the arrangement, we have been focusing our efforts on our self-owned menswear brands. We are also an authorized dealer of CARTIER's accessories sold in three CARTIER Stores in Fuzhou, Xiamen and Nanning, all of which are operated by us.

Since the 1990s, we have successfully evolved from a distributor of international brands to a menswear enterprise in the PRC with our own middle-upper and high-end menswear brands while also strategically engaging in selective licensed brand distribution for renowned international brand.

CORPORATE DEVELOPMENT AND STRUCTURE

Evergreen International was incorporated on 18 August 2004 in Hong Kong. The authorized share capital of Evergreen International was HK$1.0 million divided into 1,000,000 shares of HK$1.00 each and was wholly-owned by Mr. Chan until the Reorganization as described below.

Evergreen Guangdong was established as a sino-foreign enterprise in the PRC on 12 May 2005 and held as to 70% by Evergreen International and as to 30% by Guangzhou Dilai. The initial registered capital of Evergreen Guangdong was HK$12.0 million and was contributed proportionally by Evergreen International and Guangzhou Dilai. On 14 December 2006, Guangzhou Dilai transferred its 30% equity interest in Evergreen Guangdong to Evergreen International for a consideration of HK$4.0 million, determined based on the net asset value of Evergreen Guangdong as at 31 July 2006 of RMB12.7 million. As at 14 December 2006, Evergreen Guangdong was wholly-owned by Evergreen International and became a wholly-foreign owned enterprise (WFOE) in the PRC. Evergreen Guangdong is primarily responsible for our sourcing of materials, management of production outsourcing and sampling, packaging, production and post-finished processing products.

Guangzhou Changyue was established on 8 June 2005 in the PRC and held as to 60% by Chen Yunan and as to 40% by Chen Minwen, both brothers of Mr. Chan. The registered capital of Guangzhou Changyue was RMB1.0 million and was contributed proportionally by Chen Minwen and Chen Yunan. To consolidate Mr. Chan's control of Guangzhou Changyue under the Group, on 18 August 2007, Evergreen Guangdong acquired 100% of the equity interest in Guangzhou Changyue from Chen Minwen and Chen Yunan for an aggregate consideration of RMB1.38 million, determined based on an independent asset valuation of Guangzhou Changyue as at 31 December 2006 of approximately RMB1.3 million. No intangible assets were separately identified during the acquisition. For details of the acquisition, please refer to note 27 "Business Combination" to the Accountants' Report in Appendix I. Since 18 August 2007, Guangzhou Changyue was wholly owned by Evergreen Guangdong. Guangzhou Changyue is primarily responsible for the sale and distribution of our products under the ***V.E. DELURE*** brand in the PRC.

Guangzhou Changzhuxing was established on 15 January 2004 in the PRC and held as to 60% by Chen Jiachang and as to 40% by Jiang Shunzhu, parents of Mr. Chan. The initial registered capital of Guangzhou Changzhuxing was RMB1.0 million and was contributed proportionally by Chen Jiachang and Jiang Shunzhu. On 24 March 2005, the registered capital of Guangzhou Changzhuxing was increased to RMB5.0 million in such proportion by Chen Jiachang and Jiang Shunzhu so as to result in the registered capital of Guangzhou Changzhuxing being held as to 72% by Chen Jiachang and 28% by Jiang Shunzhu. To consolidate Mr. Chan's control of Guangzhou Changzhuxing under the Group, on 18 August 2007, Evergreen Guangdong acquired 100% of the equity interest in Guangzhou Changzhuxing from Chen Jiachang and Jiang Shunzhu for an aggregate consideration of RMB4.8 million, determined based on an independent asset valuation of Guangzhou Changzhuxing as at 31 December 2006 of approximately RMB 4.8 million. No intangible assets (other than goodwill) were separately identified during the acquisition. For details of the acquisition, please refer to note 27 "Business Combination" to the Accountants' Report in Appendix I to this prospectus. As at 18 August 2007, Guangzhou Changzhuxing was wholly-owned by Evergreen Guangdong. Guangzhou Changzhuxing is primarily responsible for the sale and distribution of our products under the ***TESTANTIN*** brand and the operation of our three CARTIER Stores. Chen Jiachang was a supervisor of Evergreen Guangdong during the Track Record Period and was a supervisor of Guangzhou Changyue and Guangzhou Changzhuxing since 28 November 2007. Jiang Shunzhu was a director of Evergreen Guangdong during the Track Record Period. The roles of Chen Jiachang and Jiang Shunzhu will remain the same after the Listing.

As advised by the PRC Legal Advisor, except for the remaining increased share capital of HK$47,923,900 of Evergreen Guangdong which is only required to be paid up before 14 July 2012, all the registered share capital and/or increased share capital of Evergreen Guangdong, Guangzhou Changyue and Guangzhou Changzhuxing, being the principal subsidiaries of the Group, have been properly paid up in accordance with applicable PRC laws. Evergreen International intends to use the dividend to be distributed by Evergreen Guangdong to pay up such required share capital before 14 July 2012.

On 13 July 1998, Mr. Chan acquired Evergreen Asia, then a shelf company, with one share (representing 50% of the issued share capital) held by Mr. Chan and one share (representing the other 50% of the issued share capital) held by Ms. Ng Yin Shan, wife of Mr. Chan. At the time of acquiring the then shelf company, Mr. Chan arranged for his wife to hold one share as nominee for him, as under the Companies Ordinance then in force, a Hong Kong company is required to have at least two registered shareholders. Such nominee arrangement was evidenced by a declaration of trust executed by Ng Yin Shan. On 13 October 2006, Ng Yin Shan transferred her one share in Evergreen Asia to Mr. Chan at par value of HK$1.00. On 9 October 2006, the authorized share capital of Evergreen Asia was increased to HK$10,000. Evergreen Asia was wholly owned by Mr. Chan from 13 October 2006 until the Reorganization as described below. Evergreen Asia is principally engaged in the import and export of materials, garment products and accessories.

Shortly after the incorporation of Master (HK), then a shelf company, in January 2004, Mr. Chan also arranged for the accountant who assisted Mr. Chan in acquiring Master (HK), Mr. Leung Ka Wa, to hold one share as nominee for him. Such nominee arrangement was evidenced by a declaration of trust executed by Mr. Leung Ka Wa. The issued share capital of Master (HK) was HK$2.00. On 9 March 2005, Mr. Leung Ka Wa transferred the one share in Master (HK) back to Mr. Chan. Master (HK) was wholly owned by Mr. Chan until the Reorganization as described below. Master (HK) is principally engaged in the sale and distribution of our products under both the ***V.E. DELURE*** brand and the ***TESTANTIN*** brand in Hong Kong.

Richwood was incorporated on 1 July 2004 in the BVI and was wholly owned by Mr. Chan until the Reorganization as described below. The issued share capital of Richwood was US$1.0. Richwood holds our trademarks, other than those registered in France.

VEDS was incorporated on 22 October 2001 in France and was owned by Mr. Chan and his family members before the Reorganization as described below. The registered capital of VEDS amounted to 8,000 euros. VEDS holds certain of our trademarks that are registered in France.

PRC Government Approvals

Pursuant to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore 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) ("**Notice 75**") promulgated by SAFE on 21 October 2005 and effective on 1 November 2005, the establishment of offshore special purpose vehicles directly set up by or indirectly controlled by "domestic residents" must be registered with the local branch of SAFE (the "**Round-trip Investment**"). Further, the acquisition of shares or assets of domestic companies by such offshore special purpose vehicles must be registered with SAFE. Failure to complete such registration may result in difficulties in the foreign exchange transactions conducted by such domestic companies, including without limitation, those for the purpose of dividend repatriation. On 29 May 2007, SAFE promulgated the Notice on the Operational Rules for the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles (關於印發《國家外匯管理局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》操作規程的通知) ("**Notice 106**"). Notice 106 specifies the requirements of the Round-trip Investment that can be registered under Notice 75.

As advised by the PRC Legal Advisor, Notice 75 is not applicable to Mr. Chan, our ultimate controlling shareholder, since he is a Hong Kong permanent resident.

On 8 August 2006, MOC, the State Assets Supervision and Administration Committee (國務院國有資產監督管理委員會), the State Taxation Bureau (國家稅務總局), the State Administration of Industry and Commerce (國家工商行政管理總局), the China Securities Regulatory Committee (中國證券監督管理委員會) and SAFE jointly issued a set of new Rules on the Acquisition of Domestic Enterprises by Foreign Investors (as amended, re-promulgated and effective on 22 June 2009)《關於外國投資者併購境內企業的規定》(the "**Foreign Investors M&A Rules**"). The Foreign Investors M&A Rules require that an application shall be made to MOC for examination and approval of the acquisition of any company inside China affiliated with a domestic company, enterprise or natural person, which is made in the name of an overseas company lawfully established or controlled by such domestic company, enterprise or natural person. The Foreign Investors M&A Rules also provide that the overseas listing of a special purpose company controlled directly or indirectly by PRC companies or individuals on an overseas stock market must be approved by the China Securities Regulatory Committee.

As advised by the PRC Legal Advisor, since (i) our ultimate shareholder is a Hong Kong permanent resident, (ii) Evergreen Guangdong has been a foreign investment enterprise since the time of establishment, and (iii) the acquisitions of Guangzhou Changyue and Guangzhou Changzhuxing by Evergreen Guangdong are categorized as investments by foreign investment enterprise within the PRC, the Listing is not subject to the Foreign Investors M&A Rules and does not require the approval of the China Securities Regulatory Committee.

The Reorganization

We underwent the Reorganization to rationalize our structure in preparation for the Listing. As a result, the Company became our holding company. The major steps of the Reorganization are set out below:

(a) On 14 December 2006, Guangzhou Dilai transferred to Evergreen International 30% of the equity interest in Evergreen Guangdong, at a cash consideration of HK$4,000,000 which was settled on 16 April 2007.

(b) On 18 August 2007, Mr. Chen Yunan and Mr. Chen Minwen transferred to Evergreen Guangdong their respective 60% and 40% equity interests in Guangzhou Changyue at an aggregate cash consideration of RMB1,380,000, which was settled on 3 July 2008 and 29 April 2009.

(c) On 18 August 2007, Mr. Chen Jiachang and Ms. Jiang Shunzhu transferred to Evergreen Guangdong their respective 72% and 28% equity interests in Guangzhou Changzhuxing at an aggregate cash consideration of RMB4,800,000, which was settled on 20 June 2008.

(d) On 1 January 2008, (i) 255 shares of VEDS were transferred from Mr. Chen Yunan to Mr. Chan for cash at par value of the shares; and (ii) five shares of VEDS were transferred from Ms. Ng Yin Shan, the wife of Mr. Chan, to Mr. Chan for cash at par value of the shares.

(e) On 16 April 2008, Sunsonic was incorporated under the laws of the BVI with an authorized share capital of US$50,000 divided into 50,000 shares of US$1.00 each.

(f) On 26 June 2008, the Company was incorporated under the laws of the Cayman Islands with an authorized share capital of US$50,000 of US$1.00 each, and one share of US$1.00 in its share capital was issued and allotted to the initial subscriber on the same day. On 18 July 2008, one share of the Company of US$1.00 was transferred from the initial subscriber to Pacific Success for cash at par value of the share.

(g) On 18 July 2008, one share of Sunsonic was allotted and issued to the Company.

(h) On 18 July 2008, one share of Richwood, representing its then entire issued share capital, was transferred from Mr. Chan to Sunsonic for cash at par value of the share.

(i) On 8 August 2008, 500 shares of VEDS of 16 euros each, representing its then entire issued share capital, were transferred from Mr. Chan to Richwood for cash at par value of the shares.

(j) On 29 August 2008, (i) 10,000 shares of Evergreen Asia, representing its then entire issued share capital, were sold by Mr. Chan to Sunsonic for cash at par value of the shares; (ii) two shares of Master (HK), representing its then entire issued share capital, were transferred from Mr. Chan to Sunsonic for cash at par value of the shares; and (iii) one share of Evergreen International was transferred from Mr. Chan to Sunsonic for cash at par value of the shares.

(k) On 16 September 2008, 999,999 shares of Evergreen International were transferred by Mr. Chan to Sunsonic for cash at par value of the shares. Following the aforesaid transfer, Sunsonic owned the then entire issued share capital of Evergreen International.

(l) On 11 February 2010, the authorized share capital of the Company was increased from US$50,000 to the aggregate of US$50,000 and HK$1,000,000 by the creation of an additional 1,000,000,000 Shares.

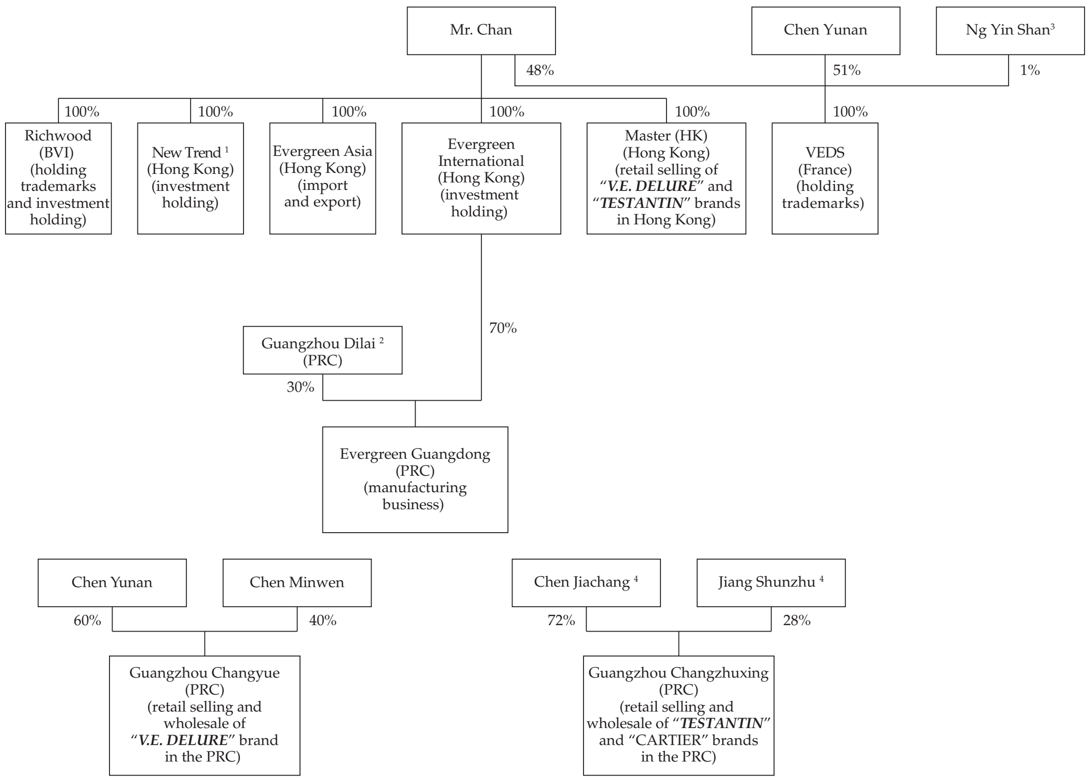
(m) On 11 February 2010, 600,000,000 Shares were issued and allotted to Pacific Success at par value of the Shares.

(n) On 11 February 2010, the one share of US$1.00 of the Company held by Pacific Success was repurchased by the Company at par value of the share.

(o) On 11 February 2010, the authorized but unissued share capital of the Company was reduced by the cancellation of 50,000 shares of US$1.00 each.

Group Structure

The following chart sets out the Group's structure immediately before the commencement of the Reorganization:



Notes:

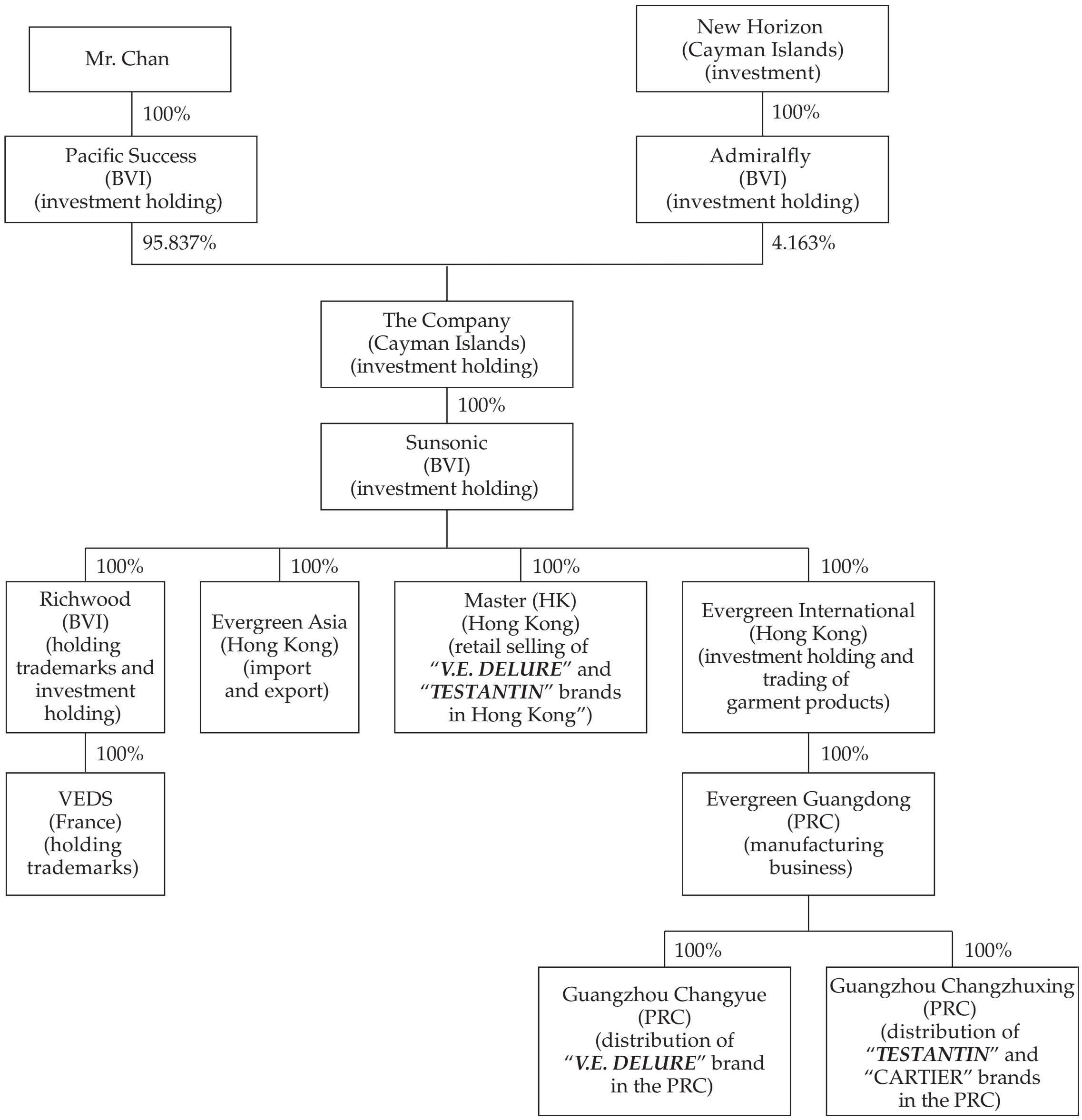
1. Not a member of the Group for the Global Offering. It conducted no business activity following the transfer of all trademarks to Richwood and is therefore not included in the Group.

2. Not a member of the Group for the Global Offering and has been deregistered since 14 July 2010.

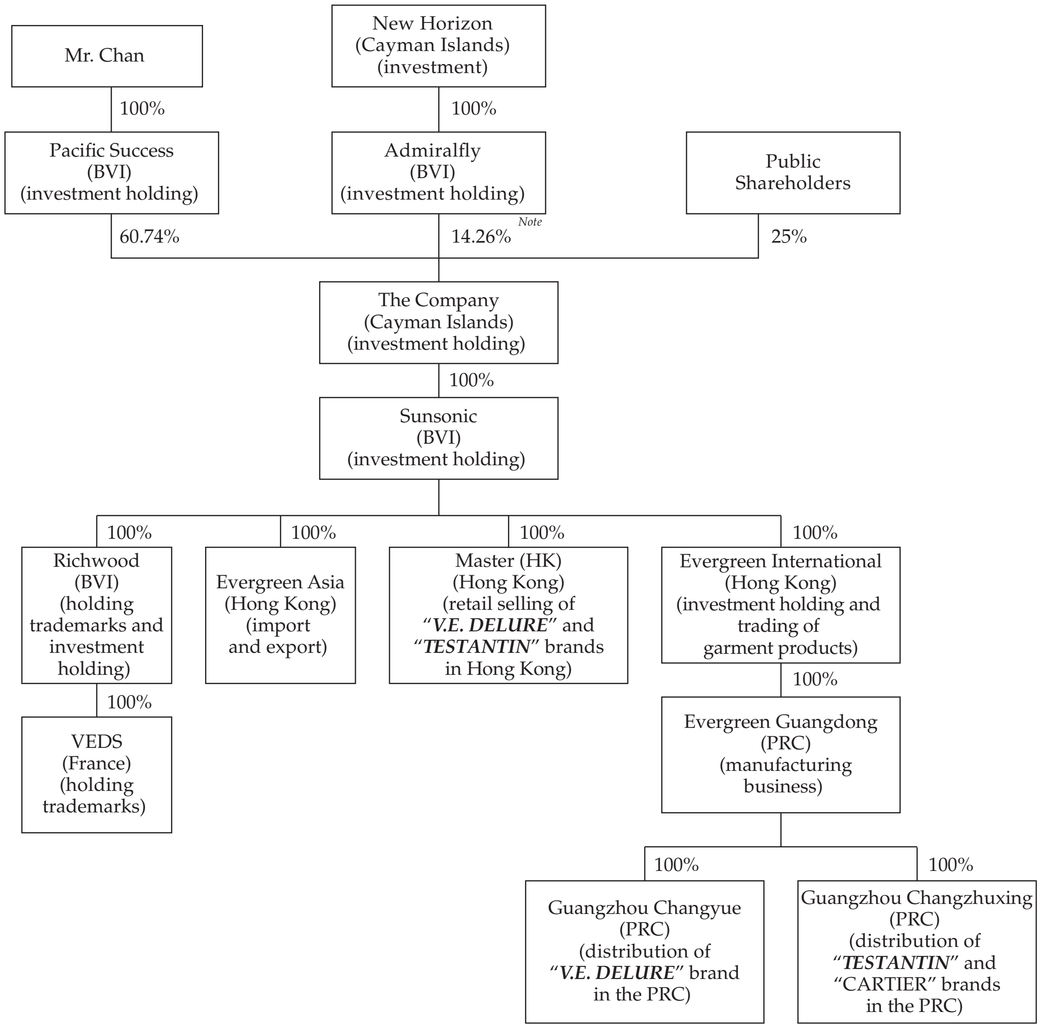
3. Mr. Chan's wife.

4. Mr. Chan's parents.

The following chart sets out the Group's structure after the Reorganization and the investment by New Horizon and immediately before the Global Offering:



The following chart sets out the Group's structure immediately following the Global Offering and the Conversion assuming the Over-allotment Option is not exercised:



Note: On the assumption that, in addition to the 4.163% of Shares acquired from Pacific Success on 25 May 2010, all the Redeemable Convertible Bonds in the aggregate principal amount of US$25,000,000 owned by Admiralfly will be automatically converted into Shares on the Listing Date. The proceeds from the Share Acquisition of US$5,000,000 were received by Pacific Success on 25 May 2010, while the proceeds of the Redeemable Convertible Bonds of US$25,000,000 were received by the Company on 24 May 2010. Admiralfly undertook that it would not, and would procure that its ultimate beneficial owner(s) would not, for a period commencing from the Listing Date and ending on the date which is six months from the Listing Date, directly or indirectly, offer, lend, sell, contract to sell, pledge, grant any option to purchase or otherwise transfer or dispose of any Shares acquired pursuant to the Shares Acquisition and the Converted Shares (both terms as defined in the section headed "Financial Investor") under the Subscription and SP Agreement. Upon the Listing, Admiralfly and New Horizon will become connected persons of the Company within the meaning of the Listing Rules. If there is any transaction between Admiralfly and/or New Horizon and any members of the Group after the Listing and which would constitute a connected transaction of the Company, the Company will comply with the applicable requirements under the Listing Rules.