
HISTORY AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

Our Hosa Indoor Sportswear Business

We are principally engaged in the design, manufacture and sale of indoor sportswear products under our *Hosa*TM brand. Our history can be traced back to October 1996 when Haosha Garments was established and primarily engaged in the manufacture and sale of swimwear, fitness wear and accessories. At the time of its establishment, the interests of Haosha Garments were owned as to 10% by the Residential Committee of Huashan Village Shenhu County of Jinjiang City (晉江市深滬鎮華山村村民委員會) (the “Committee”), and 90% by Mr. Shi Hongyan who was also a beneficial owner and held such equity interests in his name on trust for his two brothers Mr. Shi Hongliu and Mr. Shi Huangpao, his father Mr. Shi Yangqiao and his brother-in-law Mr. Wu Changda. As the Committee neither actually paid for its proportional capital contribution nor was involved in the operation of Haosha Garments, on 15 March 2000, the Committee and all the beneficial owners entered into a shareholder agreement in which the Committee agreed to transfer its equity interests in Haosha Garments at nil consideration to Mr. Shi Hongyan who acted as the trustee. Consequently, Haosha Garments was beneficially owned as to 35% by Mr. Shi Hongliu, 25% by Mr. Shi Hongyan, 20% by Mr. Wu Changda, 10% by Mr. Shi Yangqiao and 10% by Mr. Shi Huangpao. The trust arrangement existed because each of beneficial owners believes that it would be easier for one person, namely, Mr. Shi Hongyan, to act on their behalf in all negotiation and communication with the Committee and handle all the affairs of Haosha Garments. Our PRC legal advisers, Jingtian & Gongcheng, have confirmed that the trust arrangement did not violate any PRC laws and regulations and was valid and binding among the parties involved. In January 2000, Haosha Garments introduced a new product category of sports underwear to capture the huge market potential in China. On 28 April 2000, the five beneficial owners were registered with Jinjiang Administration Bureau for Industry and Commerce (晉江市工商行政管理局) as the recorded shareholders of Haosha Garments. On 1 September 2010, Mr. Wu Changda transferred his 20% equity interests in Haosha Garments to Mr. Shi Hongliu pursuant to an equity transfer agreement at a consideration determined with reference to paid-in registered capital represented by such equity interests in Haosha Garments.

From 1996 to 2002, Haosha Garments marketed its products under the Chinese brand name 浩沙 and/or English brand name *Haosha*. In March 2002, to differentiate the branding of its products from the products of other domestic competitors and to reflect the international styling, Haosha Garments stopped using *Haosha* as its English brand name and marketed its products under the English brand name *Hosa*TM. The *Hosa*TM brand has won numerous awards. For further details, please refer to the paragraph headed “— Business Milestones” in this section of this Prospectus.

Prior to 2006, Haosha Garments operated the *Hosa*TM indoor sports wear business and sold substantially all *Hosa*TM brand products to end-consumers through concessionary retail outlets at department stores. Such retail outlets were directly operated by three retail management companies, namely Beijing Aiya, Shanghai Xingchi and Guangzhou Huayuan, that were then owned by Mr. Shi Hongliu, Mr. Shi Hongyan and/or Ms. Xu Jinfeng, the spouse of Mr. Shi Hongyan. As such, Haosha Garments was of the view that it was conducting “direct sales” of *Hosa*TM brand products through such three retail management companies. In 2006, Haosha Garments also began to develop and engage third-party distributors in second- and third-tier cities in China to further extend the reach of *Hosa*TM brand products. Prior to late 2007, all sales of *Hosa*TM indoor sportswear products were made by Haosha Garments through direct sales or to distributors.

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Establishment of Haosha Industry

In order to further develop our *Hosa*TM brand in China, Haosha Industry, our sole operating subsidiary in China, was established on 25 October 2005 by Haosha H.K. and Haosha Garments as a Sino-foreign equity joint venture with the registered capital of RMB121.5 million, which was able to enjoy the then preferential PRC corporate tax rates for foreign-invested enterprises. Since its establishment and up to immediately prior to the Corporate Reorganization, the entire equity interests of Haosha Industry were held as to 75% by Haosha H.K. and 25% by Haosha Garments. At the time of the establishment of Haosha Industry, the registered shareholders of Haosha H.K. were Mr. Shi Hongliu and Ms. Lam Yau Yung (the spouse of Mr. Shi Hongliu). Pursuant to a trust agreement dated 15 April 1997, Haosha H.K. is beneficially owned as to 40.870% by Mr. Shi Hongliu, 21.507% by Mr. Shi Hongyan, 19.607% by Mr. Wu Changda, 10.016% by Mr. Xu Zehui and 8.0% by Mr. Zeng Shaoxiong. Mr. Xu Zehui and Mr. Zeng Shaoxiong have been acquainted with Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Wu Changda since their childhood and both of them shared the same goal with Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Wu Changda to create a well-known indoor sportswear brand. In 1993, Mr. Xu Zehui and Mr. Zeng Shaoxiong joined Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Wu Changda to bring their abundant local connections and management expertise to our Group. As such, Mr. Xu Zehui and Mr. Zeng Shaoxiong became beneficial owners of Haosha Industry through their shareholdings in Haosha H.K. prior to the Corporate Reorganization and they are also beneficial owners of our Company after the Corporate Reorganization. In addition, Mr. Zeng Shaoxiong had held management positions in Haosha Garments from 2004 and in Haosha Industry from 2007 and is an executive Director of our Company. The trust agreement was entered into for the purpose of facilitating the incorporation of Haosha H.K. as Ms. Lam Yau Yung is a permanent resident in Hong Kong and Mr. Shi Hongliu can travel easily to HK to sign the documents and handle the affairs of this company. Our PRC legal advisers, Jingtian & Gongcheng, have confirmed that Mr. Shi Hongliu, Mr. Shi Hongyan and Mr. Wu Changda, Mr. Xu Zehui and Mr. Zeng Shaoxiong did not violate any PRC laws and regulations by entering into such trust agreement. Haosha H.K. was engaged in distributing the *Hosa*TM branded products overseas and other unrelated business activities. While, Haosha Garments was owned as to 35.0% by Mr. Shi Hongliu, 25.0% by Mr. Shi Hongyan, 20.0% by Mr. Wu Changda, 10.0% by Mr. Shi Yangqiao and 10.0% by Mr. Shi Huangpao.

In 2007, Haosha Industry entered into a series of transactions with Haosha Garments to acquire the *Hosa* indoor sportswear and fabric business. In October 2007, Haosha Industry entered into a lease agreement with Haosha Garments, pursuant to which Haosha Garments agreed to lease certain properties, including office buildings, plants and storage space, to Haosha Industry for its operational purpose. By June 2008, Haosha Garments completed the transfer to Haosha Industry the apparel and fabric production facilities which was at a consideration of RMB2.94 million, determined with reference to the then net value of such facilities. After the above transactions, Haosha Garments stopped *Hosa* indoor sportswear and fabric business operation and focused on providing fabric printing and dyeing services to Haosha Industry and other apparel manufacturers in China. Haosha Industry has since served as the principal manufacturing and marketing entity within our Group. Haosha Industry manufactured and continued to sell *Hosa*TM brand products through the three retail management companies and third-party distributors, and it was also responsible for implementing marketing strategies and managing the overall *Hosa* sales network. The fabric products manufactured by Haosha Industry were either utilized for in-house production of *Hosa*TM branded products or sold to other apparel manufacturers, who are Independent Third Parties. However, as we intend to focus our efforts and resources on our overall brand-building and management, Haosha Industry ceased to carry out its fabric business and disposed of fabric production facilities to Haosha Garments in July 2010.

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As we sought to improve the management and accelerate the development of our sales network, we considered adopting a formal distributorship business model. As trial operations of our new distributorship business model, Haosha Industry established three subsidiaries, Beijing Yasha, Shanghai Haote and Guangzhou Yingchang in 2008 with the registered capital of RMB5.0 million, RMB5.0 million and RMB3.08 million, respectively, to act as our distributors to develop and operate Hosa retail outlets. As our trial operations turned to be successful, we decided to fully transit to a distributorship business model and our distributor subsidiaries Beijing Yasha and Guangzhou Yingchang gradually took over parts of the operations of the retail management companies Beijing Aiya and Guangzhou Huayuan, respectively. The retail operations of Beijing Aiya were transferred to Beijing Yasha by January 2010 by way of Beijing Aiya selling its unsold inventories to Beijing Yasha at book value and discontinuing its business relationship with retail outlets under its control, after which Beijing Yasha commenced business with the majority of such retail outlets. In 2009, Beijing Aiya changed its registered business scope and shifted its focus to the operations of the Hosa Fitness Gyms. To eliminate connected transactions, Mr. Shi Hongliu, Mr. Shi Hongyan and/or Ms. Xu Jinfeng disposed of their interests in Shanghai Xingchi and Guangzhou Huayuan to Independent Third Parties in July 2010 at considerations of the paid-in registered capital of RMB1.5 million and RMB1.0 million, respectively. Based on our understanding and as advised by Mr. Shi Hongliu, Mr. Shi Hongyan and Ms. Xu Jinfeng, Mr. Shi Hongliu, Mr. Shi Hongyan and Ms. Xu Jinfeng recorded gains of approximately RMB0.15 million and RMB6.7 million in relation to their disposal of equity interests in Shanghai Xingchi and Guangzhou Huayuan, respectively, primarily attributable to the retail networks possessed by Shanghai Xingchi and Guangzhou Huayuan at the time of the transactions. Given the majority of the management team and personnel of Shanghai Xingchi and Guangzhou Huayuan remained unchanged after such disposals, there has not been any material disruption of the operation of these two companies after the disposals. The transfer of retail operations from Guangzhou Huayuan to Guangzhou Yingchang and other third-party distributors, was completed by 31 December 2010. Shanghai Xingchi continued to be our distributor after Mr. Shi Hongliu and Mr. Shi Hongyan disposed of their interests in such company to Independent Third Party in 2010. Shanghai Haote did not commence actual operations since its establishment and after our disposal of interest in it. By the end of July 2010, we concluded our trial operations of the distributorship business model. For more details, please refer to the section headed “Business — Sales and distribution” in this Prospectus. The three distributor subsidiaries, however, were disposed to Independent Third Parties during the Corporate Reorganization as our distributorship business model matured and we decided to streamline our management and sales network, with the view to minimize our administration costs and to focus on developing our distributorship business model. Given the majority of the management team and personnel of Beijing Yasha and Guangzhou Yingchang remained unchanged after such disposal, there has not been any material disruption of the operation of these two companies after the disposal. For further details, please refer to the paragraph headed “— Corporate Reorganization” in this section.

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Business Milestones

The following table illustrates the major milestones and achievements in our Hosa indoor sportswear business:

Year	Event
2001	sponsoring the annual New Silk Road China Model Contest (新絲路中國模特大賽) from 2001 to 2009
2002	sponsoring the annual China Model Star Contest (中國模特之星大賽) from 2002 to 2010
2003	co-hosting and sponsoring the title of the annual Hosa Cup China Swimwear Design Contest (浩沙杯中國泳裝設計大賽) since 2003
	sponsoring the final contest of the annual China Professional Model Contest (中國職業模特大賽) since 2003
2004	HAOSHA 滂 was awarded “China Well-Known Trademark” (中國馳名商標)
	<i>Hosa</i> TM knitted thermal underwear products started being the Inspection-Exempt Products of China (中國免檢產品)
	exclusively sponsoring the apparel and title of the annual Hosa Cup National Sports Aerobics Contest (浩沙杯全國萬人健美操大賽) since 2004
	sponsoring the apparel of the annual Miss Tourism Queen International since 2004
2005	sponsoring the annual Miss Bikini International pageant since 2005
	sponsoring the annual Asia Super Model Contest (亞洲超級模特大賽) since 2005
	<i>Hosa</i> TM brand was recognized as one of “China’s Top Ten Knitted Underwear Brands” (中國針織內衣十強品牌)
2008	<i>Hosa</i> TM brand was recognized as one of “China’s 500 Most Valuable Brands” (中國500最具價值品牌) from 2008 to 2010
	becoming the exclusive provider of swimwear products at the National Aquatic Center (Water Cube)
	<i>Hosa</i> TM brand was recognized as an exemplary brand in China’s swimwear industry
2009	<i>Hosa</i> TM brand was recognized as one of “Top Ten Swimwear Brands” (泳裝十大品牌)
	sponsoring the annual Miss Asia Pageant since 2009

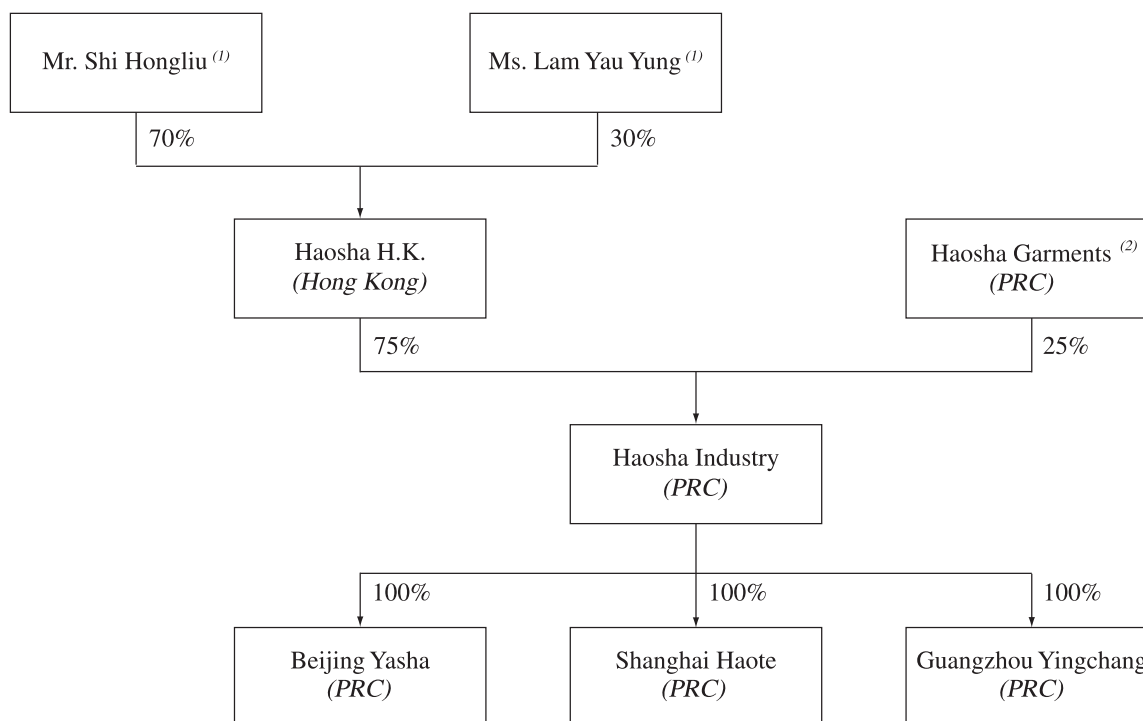
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<u>Year</u>	<u>Event</u>
	sponsoring the draft and release of the “National Standards for Fitness Routines” (3rd version) (全國健美操大眾鍛鍊標準)
	sponsoring the National Fitness Walk (全民健身萬里行) from 2009 to 2010
2010	<i>Hosa</i> TM tight-fitting fitnesswear was recognized as one of “China’s Top Ten Innovative Sports Products” (十大體育用品最具創新產品)
	<i>Hosa</i> TM brand was recognized as one of “Top Ten Swim Goggles Brands” (泳鏡十大品牌)
	receiving the “Special Contribution Award for China’s Knitting Industry” (中國針織行業特別貢獻獎) for the years from 2006 to 2010
	nominated for the Public Award of the “Jack 7th China Apparel Brands Annual Award” (杰克·第七屆中國服裝品牌年度大獎)
	sponsoring the annual Miss Leisure World since 2010
2011	received “Consumers’ Most Favorite Brand Award” (最受消費者喜愛品牌獎) during the 2011 China International Underwear Culture Week (2011中國國際內衣文化周)
	sponsoring the China-Tianjin regional contest for the 61st Miss World Pageant
	sponsoring global final contest for the 2011 World Super Model Contest
	sponsoring the final contest for the China Super Model Contest (中國超級模特大賽)
	sponsoring the Sanya Women’s Open for the 2011 World Beach Volleyball Tournament
	sponsoring the China-Shanghai Jinshan Open for the 2011 Swatch — Fivb World Beach Volleyball Tournament (2011 Swatch — Fivb 世界沙灘排球巡迴賽)
	sponsoring the Beijing station for the Swatch 2011 International Beach Volleyball League Grand Slam (Swatch 2011 國際排聯沙灘排球世界大滿貫)

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GROUP STRUCTURE PRIOR TO THE CORPORATE REORGANIZATION

The corporate chart below illustrates the beneficial shareholders and subsidiaries of our Group immediately prior to the Corporate Reorganization:



Notes:

- (1) Pursuant to a trust agreement dated 15 April 1997, Mr. Shi Hongliu and Ms. Lam Yau Yung (who is the spouse of Mr. Shi Hongliu) agreed to act as the registered shareholders of Haosha H.K. and Mr. Shi Hongliu and Ms. Lam Yau Yung would hold 70% and 30% of the equity interests in Haosha H.K., respectively. As of the Latest Practicable Date, the actual percentage of the equity interests in Haosha H.K. held by each of the beneficial owners is set out below:

Name of the shareholder	Actual percentage of the shareholdings in Haosha H.K.
Mr. Shi Hongliu	40.870%
Mr. Shi Hongyan.	21.507%
Mr. Wu Changda.	19.607%
Mr. Xu Zehui	10.016%
Mr. Zeng Shaoxiong	8%

- (2) As of the Latest Practicable Date, the percentage of the equity interests in Haosha Garments held by each of the shareholders is set out below:

Name of the shareholder	Actual percentage of the shareholdings in Haosha Garments
Mr. Shi Hongliu	55%
Mr. Shi Hongyan.	25%
Mr. Shi Yangqiao	10%
Mr. Shi Huangpao	10%

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CORPORATE REORGANIZATION

In order to rationalize our corporate structure and business, our Group underwent the Corporate Reorganization prior to the Listing which involved the following steps:

(1) Disposal of the entire equity interests in Beijing Yasha, Shanghai Haote and Guangzhou Yingchang by Haosha Industry

As our distributorship business model became mature and we engaged more distributors to distribute our *Hosa*TM products, we thereby decided to streamline our management and sales network by way of disposing of the entire equity interests in Beijing Yasha, Shanghai Haote and Guangzhou Yingchang, with the view to minimize our administration costs and to focus on developing our distributorship business model.

On 30 July 2010, Haosha Industry and Ms. Shi Fenglian (施鳳蓮), an Independent Third Party, entered into an equity transfer agreement, pursuant to which Ms. Shi Fenglian acquired the entire equity interests of Beijing Yasha from Haosha Industry at a consideration of RMB5.0 million, determined with reference to the paid-in registered capital of Beijing Yasha.

On 30 July 2010, Haosha Industry and Mr. Xu Tianshi (許天室), an Independent Third Party, entered into an equity transfer agreement, pursuant to which Mr. Xu Tianshi acquired the entire equity interests of Shanghai Haote from Haosha Industry at a consideration of RMB5.0 million, determined with reference to the paid-in registered capital of Shanghai Haote.

On 30 July 2010, Haosha Industry, Mr. Xu Liangang (許煉鋼) and Ms. Shi Qingli (施清麗), Independent Third Parties, entered into an equity transfer agreement, pursuant to which Mr. Xu Liangang acquired 99% and Ms. Shi Qingli acquired 1% of the entire equity interests of Guangzhou Yingchang from Haosha Industry at considerations of RMB3.05 million and RMB0.03 million, respectively. Each of the considerations mentioned above was determined with reference to the respective paid-in registered capital represented by such equity interests.

(2) Incorporation of Ho Born Investment, Well Born Industrial, Zehui Investment and Yixin Investment

On 10 August 2010, Ho Born Investment was incorporated in the BVI with an authorized share capital of US\$100,000 divided into 100,000 shares of US\$1.0 each. On the same date, Ho Born Investment allotted and issued 49,851 shares (49.851%) to Mr. Shi Hongliu, 26,233 shares (26.233%) to Mr. Shi Hongyan, 23,916 shares (23.916%) to Mr. Wu Changda, respectively.

On 10 August 2010, Well Born Industrial was incorporated in the BVI with an authorized share capital of US\$100,000 divided into 100,000 shares of US\$1.0 each. On the same date, Well Born Industrial allotted and issued 49,851 shares (49.851%) to Mr. Shi Hongliu, 26,233 shares (26.233%) to Mr. Shi Hongyan, 23,916 shares (23.916%) to Mr. Wu Changda, respectively.

On 10 August 2010, Zehui Investment was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each. On the same date, Zehui Investment allotted and issued one share to Mr. Xu Zehui, after which Zehui Investment became directly wholly-owned by Mr. Xu Zehui.

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On 10 August 2010, Yixin Investment was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.0 each. On the same date, Yixin Investment allotted and issued one share to Mr. Zeng Shaoxiong, after which Yixin Investment became directly wholly-owned by Mr. Zeng Shaoxiong.

(3) Incorporation of the intermediate holding companies and our Company

Hosa Group

On 30 August 2010, Hosa Group was incorporated under the laws of Hong Kong as an intermediate holding company of our Group. As of the date of its incorporation, the authorized share capital of Hosa Group was HK\$10,000 and divided into 100,000 shares of HK\$0.1 each. On the same date, Hosa Group allotted and issued 100,000 shares to Ms. Lam Yau Yung.

Pursuant to a declaration of trust dated 30 August 2010, Ms. Lam Yau Yung held the entire share capital of Hosa Group on trust for Mr. Shi Hongliu (as to 40.870%), Mr. Shi Hongyan (as to 21.507%), Mr. Wu Changda (as to 19.607%), Mr. Xu Zehui (as to 10.016%) and Mr. Zeng Shaoxiong (as to 8.000%). Our Company's legal adviser as to Hong Kong laws advised that this declaration of trust did not violate any laws or regulations in Hong Kong and is valid and legal.

The declaration of trust was entered into for the purpose of facilitating the incorporation of Haosha H.K. as Ms. Lam Yau Yung is a resident in Hong Kong resident and it would be more convenient for her to manage the corporate affairs of Hosa Group in Hong Kong.

Our Company

On 2 September 2010, our Company was incorporated under the laws of the Cayman Islands as an exempted company and the authorized share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same date, our Company allotted and issued one fully paid Share to Codan Trust Company (Cayman) Limited, which was subsequently transferred to Ho Born Investment on the same date.

On 2 September 2010, our Company allotted and issued 71,999, 9,984, 10,016 and 8,000 new Shares, credited as fully paid, to Ho Born Investment, Well Born Industrial, Zehui Investment and Yixin Investment, respectively.

Hosa Investment

On 1 September 2010, Hosa Investment was incorporated under the laws of the BVI as an intermediate holding company of our Group and its authorized share capital was US\$50,000 and divided into 50,000 shares of US\$1.0 each. On 2 September 2010, our Company subscribed for one share in Hosa Investment, after which Hosa Investment became a directly wholly-owned subsidiary of our Company.

(4) Acquisition of trademarks from Haosha Garments and Haosha H.K.

Pursuant to the trademark transfer agreements dated 5 September 2010, Haosha Garments agreed to transfer 18 trademarks registered in its name in the PRC related to our business operations to Haosha Industry at nil consideration in the view that the promotion of the *Hosa*TM brand had been paid by us.

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Pursuant to the trademark transfer agreements dated 5 September 2010, Haosha H.K. agreed to transfer 20 trademarks registered in its name in the PRC related to our business operations to Haosha Industry at nil consideration.

Pursuant to the trademark assignment dated 1 December 2010, Haosha H.K. agreed to further transfer 10 trademarks registered in its name in different jurisdictions related to our business operations to Hosa Group at nil consideration.

(5) Cessation of fabric business by Haosha Industry

As we believe that the *Hosa*TM branded products offer greater business potential and we intend to focus our efforts and resources on the overall brand-building and management, on 31 July 2010, Haosha Industry ceased to carry out its fabric business and disposed of its fabric production facilities to Haosha Garments at a consideration of RMB2.02 million, determined with reference to the then net value of such facilities.

(6) Acquisition of land and premises from Haosha Garments and Jinjiang Sanxie by Haosha Industry

On 24 December 2010, Haosha Industry and Haosha Garments entered into a sale and purchase agreement, pursuant to which Haosha Industry acquired a piece of land of approximately of 17,151 sq.m. and premises of approximately 30,736.4 sq.m. situated on such land from Haosha Garments in view that the relevant land and premises are crucial to Haosha Industry's operation after its acquisition of Hosa indoor sportswear business from Haosha Garments. The consideration of the purchase is RMB32.9 million, determined with reference to an asset valuation conducted by an independent PRC valuer.

On 24 December 2010, Haosha Industry and Jinjiang Sanxie entered into a sale and purchase agreement pursuant to which Haosha Industry acquired a piece of land of approximately 7,092 sq.m. and premises of approximately 6,026 sq.m. situated on such land from Jinjiang Sanxie at a consideration of RMB7.98 million, determined with reference to an asset valuation conducted by an independent PRC valuer.

(7) Acquisition of the entire equity interests in Haosha Industry by Hosa Group

On 14 January 2011, Hosa Group and Haosha Garments entered into an equity transfer agreement, pursuant to which Hosa Group acquired the 25% equity interests in Haosha Industry from Haosha Garments at a consideration of RMB30,375,000, determined with reference to the paid-in registered capital represented by such equity interests. On 14 January 2011, Hosa Group and Haosha H.K. entered into an equity transfer agreement, pursuant to which Hosa Group acquired the 75% equity interests in Haosha Industry from Haosha H.K. In consideration of such transfer, on 16 March 2011, our Company allotted and issued 72,000, 9,984, 10,016 and 8,000 new Shares, credited as fully paid, to Ho Born Investment, Well Born Industrial, Zehui Investment and Yixin Investment, respectively.

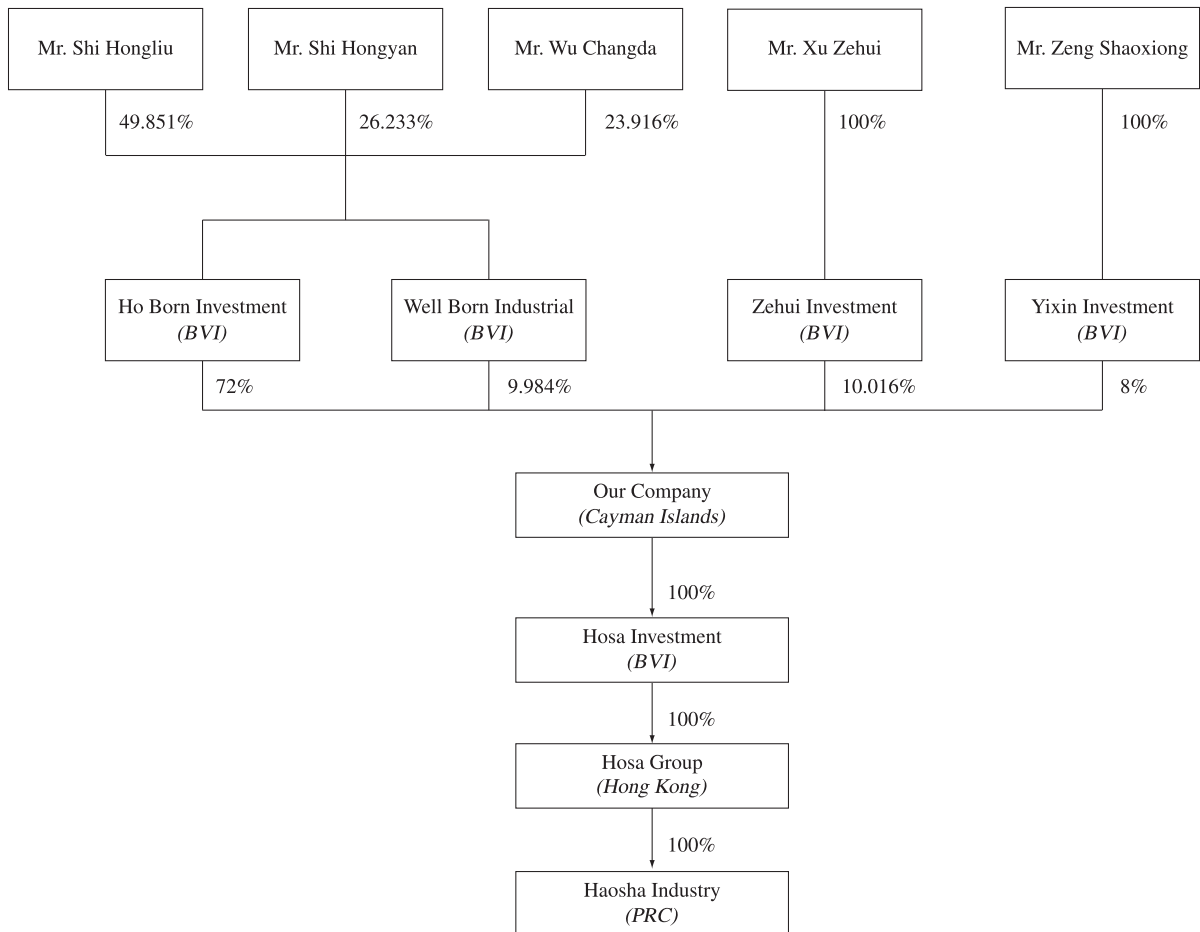
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(8) Acquisition of the entire share capital of Hosa Group by Hosa Investment

On 16 March 2011, Hosa Investment, Ms. Lam Yau Yung, Mr. Shi Hongliu, Mr. Shi Hongyan, Mr. Wu Changda, Mr. Xu Zehui and Mr. Zeng Shaoxiong entered into a sale and purchase agreement, pursuant to which Hosa Investment acquired the entire share capital of Hosa Group from Ms. Lam Yau Yung, Mr. Shi Hongliu, Mr. Shi Hongyan, Mr. Wu Changda, Mr. Xu Zehui and Mr. Zeng Shaoxiong at a consideration of HK\$1.0.

GROUP STRUCTURE AFTER THE CORPORATE REORGANIZATION BUT PRIOR TO THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

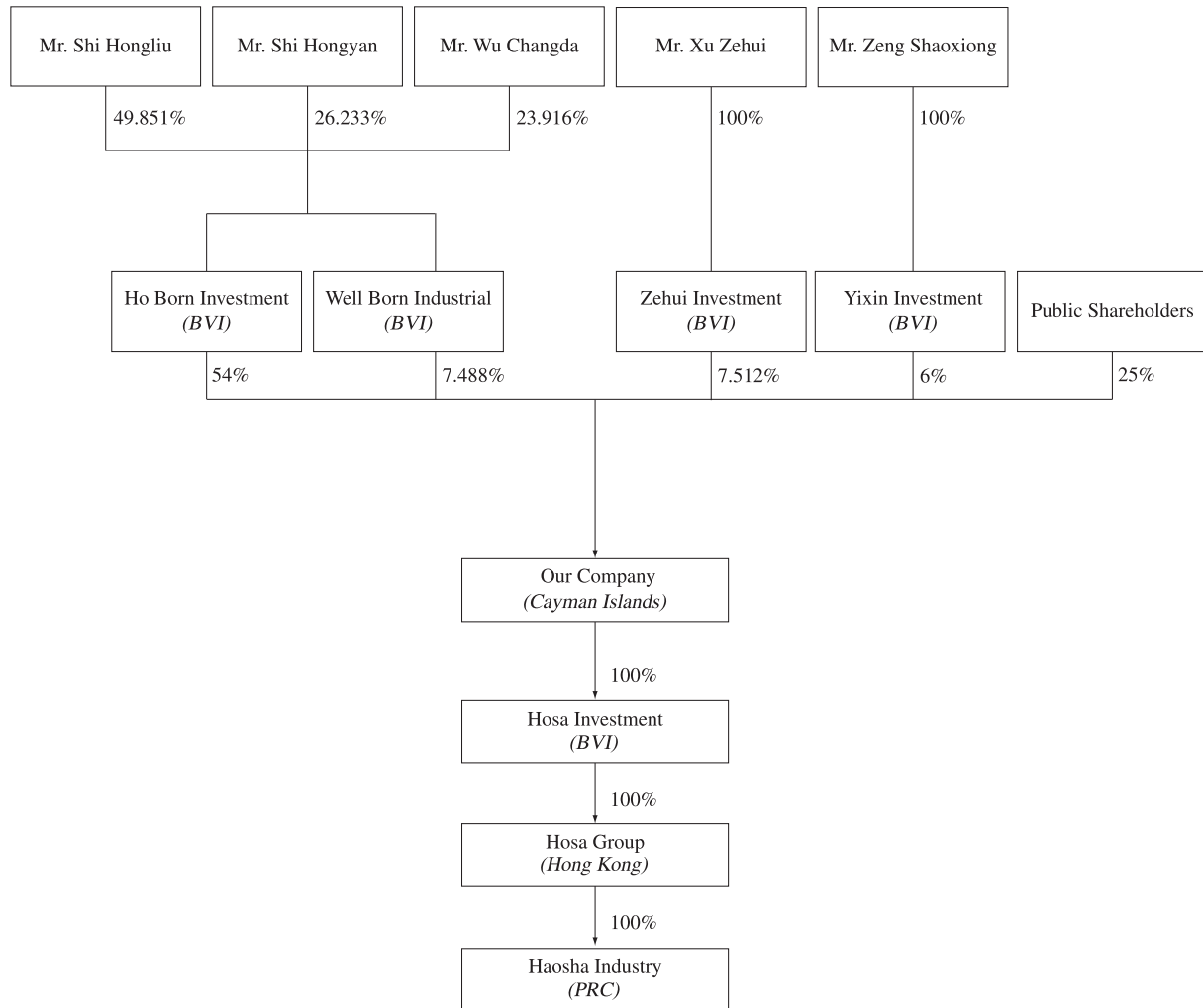
The corporate structure of our Group after the Corporate Reorganization but immediately prior to the Capitalization Issue and the Global Offering is set out below:



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GROUP STRUCTURE AFTER THE CORPORATE REORGANIZATION, THE CAPITALIZATION ISSUE AND IMMEDIATELY UPON LISTING

The corporate structure of our Group after completion of the Corporate Reorganization, and immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme are exercised) is set out below:



SAFE REGISTRATION

The Circular No. 75 issued by the SAFE, requires PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the Circular No. 75 as offshore special purpose companies. Further, PRC residents are required to file amendments to their registrations with the local SAFE branch if their offshore special purpose companies undergoes a material event involving changes in capital, such as changes in share capital, mergers and division, share transfers or exchanges, long-term equity or debt investments.

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The PRC Shareholders are domestic residents defined under the Circular 75. However, since the PRC Shareholders have not registered with the local SAFE branch in a timely manner before establishing and controlling offshore companies, each of them has been fined RMB50,000. As confirmed by the PRC Shareholders, all of them have paid the fine as required. As advised by our PRC legal advisers, Jingtian & Gongcheng, there is no any other legal consequence to the Group subsequent to the payment of fine. As of the Latest Practicable Date, the PRC Shareholders have completed the registrations as required under Circular 75 with Fujian branch of SAFE.

THE RULES ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

On 8 August 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated *the Provisions on the Acquisition of Domestic Enterprises by Foreign Investors* (關於外國投資者併購境內企業的規定) (the “M&A Regulation”), which became effective on 8 September 2006 and was revised and reissued by the MOFCOM in June 2009. Under the M&A Regulation, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into an foreign-invested enterprise, or subscribes for new equity via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. The acquisition shall be based on the appraisal result on the equity or assets to be acquired. According to Article 11 of the M&A Regulation, it is required that a PRC company, enterprise or individual who intends to take over its domestic affiliated company through a foreign company, which such company or individual establishes or controls, must obtain approval of MOFCOM. Avoiding this requirement by making investment through a PRC subsidiary of the foreign company or by other measures is not allowed. Article 40 of the M&A Regulation requires an offshore SPV formed for the purposes of an offshore listing and controlled directly or indirectly by PRC companies or individuals, to obtain CSRC approval prior to the listing and trading of the securities of such offshore SPV on an overseas stock exchange.

Our Company’s PRC legal advisers, Jingtian & Gongcheng, have confirmed that the M&A Regulation is not applicable to our Listing and it is not necessary for us to obtain approval from the CSRC because the foreign invested enterprise involved in our Listing, namely Haosha Industry, is established as the Sino-foreign equity joint venture before 8 September 2006.

Furthermore, our Company’s PRC legal advisers, Jingtian & Gongcheng, have confirmed that we have obtained all relevant approvals from PRC government authorities for the Corporate Reorganization.