

**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 2 September 2010. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 16 March 2011 and our Company's principal place of business in Hong Kong is at 4105–4108, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Mr. Lai Ho Man, Dickson of Flat C, 16/F, Block T7, Yat Wing Mansion, 43 Tai Hong Street, Sai Wan Ho, Hong Kong, a Hong Kong resident, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the relevant laws of the Cayman Islands and to its constitutional documents, which comprise the Memorandum of Association and the Articles of Association. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles of Association is set out in Appendix V to this Prospectus.

**2. Changes in share capital of our Company**

As of the date of incorporation of our Company, its authorized share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

- (a) On 2 September 2010, our Company allotted and issued one fully paid Share to Codan Trust Company (Cayman) Limited, who is the initial subscriber, and such Share was subsequently transferred to Ho Born Investment on the same date.
- (b) 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.
- (c) On 16 March 2011, as the consideration for the acquisition of the 75% equity interests in Haosha Industry from Haosha H.K., our Company allotted and issued 72,000, 9,984, 10,016 and 8,000 Shares, credited as fully paid, to Ho Born Investment, Well Born Industrial, Zehui Investment and Yixin Investment, respectively, and such Shares rank *pari passu* in all respects with all other Shares then in issue. After such allotment and issue, Ho Born Investment, Well Born Industrial, Zehui Investment and Yixin Investment held 144,000, 19,968, 20,032 and 16,000 Shares (which constituted the then entire issued share capital of our Company) in our Company, respectively.
- (d) On 7 June 2011, the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of 9,962,000,000 Shares of HK\$0.01 each.

Immediately after completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised, the authorized share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 1,600,000,000 Shares will be issued

fully paid or credited as fully paid, and 8,400,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue our Shares referred to in the paragraph headed “— Written resolutions of our Shareholders passed on 7 June 2011” in this Appendix, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made to effectively alter the control of our Company.

Save as disclosed in this Prospectus, there has been no alteration in the share capital of our Company since its incorporation.

### **3. Changes in share capital of our subsidiaries**

The following alterations in the share capital or registered capital of our subsidiaries took place within the two years immediately preceding the date of this Prospectus:

#### ***Haosha Industry***

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 RMB30.38 million. The consideration was determined with reference to the paid-in registered capital represented by such equity interests.

On 14 January 2011, Hosa Group and Haosha H.K. also 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 which 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.

After the equity transfers, Haosha Industry became an indirectly wholly-owned subsidiary of our Company.

#### ***Hosa Group***

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. After the share transfer, Hosa Group became an indirectly wholly-owned subsidiary of our Company.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Prospectus.

**4. Written resolutions of our Shareholders passed on 7 June 2011**

Pursuant to the written resolutions of our Shareholders entitled to vote at general meetings of our Company, which were passed on 7 June 2011:

- (a) the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of 9,962,000,000 shares of HK\$0.01 each which rank *pari passu* in all respects with our Shares in issue as of the date of passing of the written resolutions;
- (b) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued (pursuant to the Global Offering, the Capitalization Issue, the Over-allotment Option, the Pre-IPO Share Option Scheme and the Share Option Scheme) as mentioned in this Prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:
  - (i) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK\$11,198,000 and apply towards paying up in full at par 1,119,800,000 Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company as of the close of business on 29 June 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions) to its (their) then existing shareholdings in our Company and such Shares to be allotted and issued pursuant to the written resolutions shall rank *pari passu* in all respects with the existing issued Shares;
  - (ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this Prospectus and in the relevant Application Forms and our Directors be authorized to do all things and execute all documents in connection with or incidental to the Global Offering and the Over-allotment Option with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
  - (iii) the rules of the Pre-IPO Share Option Scheme, the principal terms of which are set out in the paragraph headed “— Pre-IPO Share Option Scheme” in this Appendix, were approved and adopted and our Directors were authorized to take all such actions as they consider necessary and/or desirable to implement and give effect to the Pre-IPO Share Option Scheme and to grant options to subscribe for Shares thereunder and to issue, allot and deal with Shares pursuant to the exercise of options granted thereunder;

- (iv) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by our Board were authorized, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify or amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme; and (vii) sign the Share Option Scheme offer letters;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately after completion of the Global Offering and the Capitalization Issue but before any exercise of the Over-allotment Option or any options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognized regulatory body or any stock exchange applicable to our Company);

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company

in issue immediately after completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option or any options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme;

- (e) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately after completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option was approved; and
- (f) the Memorandum of Association and the Articles of Association were conditionally approved and adopted with effect from the Listing Date.

Each of the general mandates referred to in paragraphs (c), (d) and (e) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our next annual general meeting is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- (3) the passing of an ordinary resolution by our Shareholders in our general meeting varying or revoking the authority given to our Directors.

## **5. Repurchase of our Shares**

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this Prospectus concerning such repurchase.

### **(a) *Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

#### **(i) *Shareholders' approval***

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on 7 June 2011 by all our Shareholders, a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately after completion of the Global Offering (without taking into account the exercise of the Over-allotment Option), further details of which have been described above in the paragraph headed “— Written resolutions of our Shareholders passed on 7 June 2011” of this Appendix to this Prospectus.

(ii) *Source of funds*

Any repurchase of Shares by us must be paid out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully paid-up.

**(b) *Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

**(c) *Funding of repurchases***

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company’s current financial position as disclosed in this Prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this Prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has a present intention to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No connected person (as defined in the Listing Rules) has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## **B. CORPORATE REORGANIZATION**

In order to rationalize our corporate structure and business, our Group underwent the Corporate Reorganization. Please see the sub-section headed "History and Corporate Structure — Corporate Reorganization" in this Prospectus for details.

## **C. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of the material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this Prospectus and are or may be material:

- (1) an equity transfer agreement in Chinese and its supplemental agreement in Chinese dated 30 July 2010 entered into by Haosha Industry and Ms. Shi Fenglian, pursuant to which Haosha Industry transferred the entire equity interests of Beijing Yasha to Ms. Shi Fenglian at a consideration of RMB5.0 million;
- (2) an equity transfer agreement in Chinese and its supplemental agreement in Chinese dated 30 July 2010 entered into by Haosha Industry and Mr. Xu Tianshi, pursuant to which Haosha Industry transferred the entire equity interests of Shanghai Haote to Mr. Xu Tianshi at a consideration of RMB5.0 million;



- (3) an equity transfer agreement in Chinese and its supplemental agreement in Chinese dated 30 July 2010 entered into by Haosha Industry, Mr. Xu Liangang and Ms. Shi Qingli, pursuant to which Haosha Industry transferred the entire equity interests of Guangzhou Yingchang to Mr. Xu Liangang and Ms. Shi Qingli at considerations of RMB3.05 million and RMB0.03 million, respectively;
- (4) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1293226 registered in its name in the PRC to Haosha Industry at nil consideration;
- (5) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1130836 registered in its name in the PRC to Haosha Industry at nil consideration;
- (6) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1761057 registered in its name in the PRC to Haosha Industry at nil consideration;
- (7) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1765326 registered in its name in the PRC to Haosha Industry at nil consideration;
- (8) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1692654 registered in its name in the PRC to Haosha Industry at nil consideration;
- (9) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1128673 registered in its name in the PRC to Haosha Industry at nil consideration;
- (10) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1700486 registered in its name in the PRC to Haosha Industry at nil consideration;
- (11) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1335954 registered in its name in the PRC to Haosha Industry at nil consideration;



- (12) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1692039 registered in its name in the PRC to Haosha Industry at nil consideration;
- (13) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1708350 registered in its name in the PRC to Haosha Industry at nil consideration;
- (14) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1148647 registered in its name in the PRC to Haosha Industry at nil consideration;
- (15) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1134018 registered in its name in the PRC to Haosha Industry at nil consideration;
- (16) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1712884 registered in its name in the PRC to Haosha Industry at nil consideration;
- (17) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1744576 registered in its name in the PRC to Haosha Industry at nil consideration;
- (18) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1298493 registered in its name in the PRC to Haosha Industry at nil consideration;
- (19) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1132332 registered in its name in the PRC to Haosha Industry at nil consideration;
- (20) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 1266215 registered in its name in the PRC to Haosha Industry at nil consideration;

- (21) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Garments transferred the trademark with the registration number of 991285 registered in its name in the PRC to Haosha Industry at nil consideration;
- (22) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905983 registered in its name in the PRC to Haosha Industry at nil consideration;
- (23) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905972 registered in its name in the PRC to Haosha Industry at nil consideration;
- (24) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4861827 registered in its name in the PRC to Haosha Industry at nil consideration;
- (25) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905992 registered in its name in the PRC to Haosha Industry at nil consideration;
- (26) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4653318 registered in its name in the PRC to Haosha Industry at nil consideration;
- (27) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905979 registered in its name in the PRC to Haosha Industry at nil consideration;
- (28) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 3297649 registered in its name in the PRC to Haosha Industry at nil consideration;
- (29) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4653319 registered in its name in the PRC to Haosha Industry at nil consideration;

- (30) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905982 registered in its name in the PRC to Haosha Industry at nil consideration;
- (31) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905977 registered in its name in the PRC to Haosha Industry at nil consideration;
- (32) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905981 registered in its name in the PRC to Haosha Industry at nil consideration;
- (33) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905978 registered in its name in the PRC to Haosha Industry at nil consideration;
- (34) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905996 registered in its name in the PRC to Haosha Industry at nil consideration;
- (35) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905994 registered in its name in the PRC to Haosha Industry at nil consideration;
- (36) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 6613790 registered in its name in the PRC to Haosha Industry at nil consideration;
- (37) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 3106644 registered in its name in the PRC to Haosha Industry at nil consideration;
- (38) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905995 registered in its name in the PRC to Haosha Industry at nil consideration;




- (39) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4905988 registered in its name in the PRC to Haosha Industry at nil consideration;
- (40) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 4742871 registered in its name in the PRC to Haosha Industry at nil consideration;
- (41) a trademark transfer agreement in Chinese dated 5 September 2010 entered into by Haosha Industry and Haosha H.K., pursuant to which Haosha H.K. transferred the trademark with the registration number of 3297650 registered in its name in the PRC to Haosha Industry at nil consideration;
- (42) an assignment dated 1 December 2010 entered into by Hosa Group and Haosha H.K., pursuant to which Haosha H.K. agreed to transfer the trademark with the registration number of 1060073 registered in Australia, the trademark with the registration number of TMA 674,828 registered in Canada, the trademark with the registration number of 004426871 in the European Union, the trademark with the registration number of 4932224 registered in Japan, the trademark with the registration number of 40-0681645 registered in South Korea, the trademark with the registration number of 01196517 registered in Taiwan, the trademark with the registration number of 3353479 registered in the United States, the trademark with the registration number of 300252161 registered in Hong Kong, the trademark with the registration number of 300433160 registered in Hong Kong and the trademark with the registration number of 300686223 registered in Hong Kong, all of which are registered in the name of Haosha H.K., to Hosa Group at nil consideration;
- (43) an asset transfer confirmation agreement in Chinese dated 10 December 2010 entered into by Haosha Industry and Haosha Garments, in which Haosha Industry and Haosha Garments confirmed that, among other things, Haosha Industry had transferred certain machinery and equipment to Haosha Garments and ceased to carry out its fabric business on 31 July 2010 at a consideration of RMB2.02 million;
- (44) a sale and purchase agreement in Chinese dated 24 December 2010 entered into by Haosha Industry and Haosha Garments, pursuant to which Haosha Industry agreed to acquire a piece of land of approximately 17,151 sq.m. and premises of approximately 30,736.4 sq.m. situated on such land in Jinjiang from Haosha Garments at a consideration of RMB32.9 million;
- (45) a sale and purchase agreement in Chinese dated 24 December 2010 entered into by Haosha Industry and Jinjiang Sanxie, pursuant to which Haosha Industry agreed to acquire a piece of land and premises situated on such land in Jinjiang from Jinjiang Sanxie at a consideration of RMB7.98 million;




- (46) an equity transfer agreement in Chinese dated 14 January 2011 entered into by Hosa Group and Haosha Garments, pursuant to which Haosha Garments agreed to transfer its 25% equity interests in Haosha Industry to Hosa Group at a consideration of RMB30.38 million;
- (47) an equity transfer agreement in Chinese dated 14 January 2011 entered into by Hosa Group and Haosha H.K., pursuant to which Haosha H.K. agreed to transfer its 75% equity interests in Haosha Industry to Hosa Group, in consideration of which our Company agreed to allot and issue 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;
- (48) a sale and purchase agreement dated 16 March 2011 entered into by Ms. Lam Yau Yung, Mr. Shi Hongliu, Mr. Shi Hongyan, Mr. Wu Changda, Mr. Xu Zehui, Mr. Zeng Shaoxiong and Hosa Investment, pursuant to which Ms. Lam Yau Yung, Mr. Shi Hongliu, Mr. Shi Hongyan, Mr. Wu Changda, Mr. Xu Zehui and Mr. Zeng Shaoxiong agreed to transfer the entire share capital in Hosa Group to Hosa Investment at a consideration of HK\$1.0;
- (49) a trademark license agreement dated 11 June 2011 entered into by Hosa Group and Haosha H.K., pursuant to which Haosha H.K. granted an irrevocable, non-exclusive and royalty free license to Hosa Group to use the relevant trademarks;
- (50) a cornerstone investment agreement dated 14 June 2011 entered into among our Company, SD Family Fund L.P. and the Sole Global Coordinator, pursuant to which SD Family Fund L.P. agreed to subscribe for such number of Shares as may be subscribed for with an amount of US\$10 million at the Offer Price (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) (rounded down to the nearest board lot of Shares) in the International Placing;
- (51) the Deed of Non-Competition;
- (52) the Hong Kong Underwriting Agreement; and
- (53) the Deed of Indemnity.

## 2. Intellectual property rights of our Group

### *Trademarks*

As of the Latest Practicable Date, we were the registered owner of the following trademarks:

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Expiry Date</u>
	Hosa Group	Australia	25	1060073	11 June 2015
	Hosa Group	Canada	—	TMA674,828	12 October 2021
	Hosa Group	European Union	9, 25	004426871	6 June 2015











Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
	Hosa Group	Japan	25	4932224	24 February 2016
	Hosa Group	South Korea	25	40-0681645	13 October 2016
	Hosa Group	United States	25	3353479	11 December 2017

As of the Latest Practicable Date, we were in the process of applying for the transfer of the following trademarks registered by Haosha H.K. and Haosha Garments to our Group and were granted with irrevocable licenses to use these trademarks by Haosha H.K. and Haosha Garments at nil consideration until the date of completion of such transfer.


Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
	Haosha H.K.	PRC	03	4905988	20 April 2019
	Haosha H.K.	PRC	09	4905992	6 September 2018
	Haosha H.K.	PRC	14	4905994	13 February 2019
	Haosha H.K.	PRC	17	4905996	20 December 2019
	Haosha H.K.	PRC	18	4742871	20 February 2019
	Haosha H.K.	PRC	20	4905977	13 February 2019
	Haosha H.K.	PRC	21	4905978	13 February 2019
	Haosha H.K.	PRC	22	4905979	6 May 2019
	Haosha H.K.	PRC	24	4905981	20 April 2019
	Haosha H.K.	PRC	26	4905982	6 May 2019
	Haosha H.K.	PRC	27	4905983	20 April 2019
	Haosha H.K.	PRC	28	4861827	6 October 2019
	Haosha H.K.	PRC	40	4905972	13 May 2019
	Haosha H.K.	PRC	16	4905995	13 February 2019
	Haosha H.K.	PRC	25	4653319	20 December 2019
	Haosha H.K.	PRC	25	4653318	6 January 2019

Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
	Haosha H.K.	PRC	25	3297650	6 April 2014
HOSA	Haosha H.K.	PRC	25	3106644	13 July 2013
	Haosha H.K.	PRC	25	3297649	6 April 2014
好莎	Haosha H.K.	PRC	25	6613790	20 July 2020
HAOSHA 	Haosha Garments	PRC	03	1708350	6 February 2012
HAOSHA 	Haosha Garments	PRC	14	1765326	13 May 2012
HAOSHA 	Haosha Garments	PRC	17	1692039	6 January 2012
HAOSHA 	Haosha Garments	PRC	21	1761057	6 May 2012
HAOSHA 	Haosha Garments	PRC	22	1700486	20 January 2012
HAOSHA 	Haosha Garments	PRC	24	1692654	6 January 2012
HAOSHA 	Haosha Garments	PRC	40	1744576	6 April 2012
	Haosha Garments	PRC	09	1266215	20 April 2019
	Haosha Garments	PRC	18	1130836	27 November 2017
	Haosha Garments	PRC	24	1293226	13 July 2019
	Haosha Garments	PRC	26	1132332	6 December 2017
	Haosha Garments	PRC	28	1134018	13 December 2017



<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Expiry Date</u>
	Haosha Garments	PRC	25	1335954	20 November 2019
	Haosha Garments	PRC	25	1148647	6 February 2018
	Haosha Garments	PRC	25	991285	27 April 2017
	Haosha Garments	PRC	25	1128673	20 November 2017
	Haosha Garments	PRC	16	1712884	13 February 2012
	Haosha Garments	PRC	25	1298493	27 July 2019
	Haosha H.K.	Taiwan	25	01196517	15 February 2016
	Haosha H.K.	Hong Kong	25	300252161	19 July 2014
	Haosha H.K.	Hong Kong	25	300433160	3 June 2015
	Haosha H.K.	Hong Kong	25	300686223	23 July 2016

As of the Latest Practicable Date, we had made application to register the following trademark:

<u>Trademark</u>	<u>Applicant</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Application Number</u>	<u>Application Date</u>
	Haosha Industry	PRC	25	8793380	29 October 2010

#### *Domain Names*

As of the Latest Practicable Date, we had registered the following domain names:

<u>Registered Owner</u>	<u>Domain Name</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
Haosha Industry	hosa.cn	19 November 2004	19 November 2011
Haosha Industry	hosa.com.cn	19 November 2004	19 November 2011
Haosha Industry	浩沙.網絡	8 June 2005	8 June 2015
Haosha Industry	浩沙.公司	8 June 2005	8 June 2015
Haosha Industry	浩沙.中國	11 December 2008	11 December 2018
Haosha Industry	浩沙.cn	11 December 2008	11 December 2018
Haosha Industry	浩沙.com	21 June 2009	21 June 2012
Haosha Industry	hosa.mobi	4 January 2009	4 January 2014

*Internet keyword*

As of the Latest Practicable Date, we had registered the following internet keyword:

<u>Registered Owner</u>	<u>Internet Keyword</u>	<u>Expiry Date</u>
Haosha Industry	浩沙	12 September 2015

**3. Further information about our PRC establishment***Haosha Industry*

- |   |  |
|---|--|
| (i) nature of the company:                | wholly foreign-owned enterprise  |
| (ii) term of business operation:          | from 25 October 2005 to 24 October 2055  |
| (iii) total investment:                   | RMB128.16 million  |
| (iv) registered capital:                  | RMB121.5 million (fully paid)  |
| (v) attributable interest of our Company: | 100%   |
| (vi) scope of business:                   | High quality fabric weaving and finishing process; manufacturing top grade underwear, swimwear, fitness wear and other apparel and accessories, sports products, rubber and wrapping products (excluding bleaching and dyeing categories and categories under export quota license administration) |

**D. FURTHER INFORMATION ABOUT OUR DIRECTORS****1. Directors' service contracts**

Each of our Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The notice shall not expire until after the fixed term.

Each of our Directors is entitled to the respective basic salary (subject to an annual adjustment at the discretion of our remuneration committee). Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all our executive Directors in respect of any financial year of our Company may not exceed 5% of our audited consolidated or combined net profit (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional items) in respect of that financial year. A Director may not vote on any resolution of our Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him.

The current basic annual salaries of our Directors are as follows:

<u>Name</u>	<u>Annual Salary</u>
	RMB'000
Mr. Shi Hongliu . . . . .	1,040
Mr. Shi Hongyan. . . . .	910
Mr. Zeng Shaoxiong . . . . .	650
Mr. Zhao Yan. . . . .	650
Mr. Mak Kin Kwong . . . . .	400
Mr. Sun Ruizhe. . . . .	180
Mr. Yao Ge . . . . .	180

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

## 2. Directors' remuneration during the Track Record Period

For the three years ended 31 December 2008, 2009 and 2010, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was RMB507,000, RMB596,000 and RMB2,192,000, respectively.

Save as disclosed in this Prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2008, 2009 and 2010 by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2011 will be approximately RMB3.63 million.

## E. DISCLOSURE OF INTERESTS

### 1. Disclosure of interests

#### (a) *Interests and short positions of our Directors in the share capital of our Company and our associated corporations following the Global Offering and Capitalization Issue*

Immediately after completion of the Global Offering and Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of our Directors and the chief executive in our Shares, underlying Shares and debentures of our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant

to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the Shares, underlying Shares and debentures and associated corporations:

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Number of Shares subject to options granted under the Pre-IPO Share Option Scheme</u>	<u>Percentage of enlarged issued share capital of our Company after full exercise of the Pre-IPO Share Option<sup>(1)</sup></u>
Mr. Shi Hongliu . . .	Interest in control corporations <sup>(2)</sup>	983,808,000	N/A	60.710%
Mr. Zeng Shaoxiong	Interest in control corporation/Beneficial owner	96,000,000 <sup>(3)</sup>	2,610,000 <sup>(4)</sup>	6.085%
Mr. Zhao Yan . . . . .	Beneficial owner	N/A	3,800,000 <sup>(5)</sup>	0.2345%

*Notes:*

- (1) The relevant percentages are calculated based the Shares in issue on the Listing Date immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme or the Share Option Scheme.
- (2) Ho Born Investment and Well Born Industrial are beneficially owned as to 49.851% by Mr. Shi Hongliu. Mr. Shi Hongliu is therefore deemed to be interested in 983,808,000 Shares held by Ho Born Investment and Well Born Industrial, respectively.
- (3) Yixin Investment is wholly owned by Mr. Zeng Shaoxiong and Mr. Zeng Shaoxiong is therefore deemed to be interested in 96,000,000 Shares held by Yinxin Investment.
- (4) Mr. Zeng Shaoxiong has been granted an option for 2,610,000 Shares under the Pre-IPO Share Option Scheme.
- (5) Mr. Zhao Yan has been granted an option for 3,800,000 Shares under the Pre-IPO Share Option Scheme.

**(b) *Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO***

Immediately after completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as our Directors are aware, the following persons are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3

of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Interests and short positions in our Shares and underlying Shares:

<u>Name</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding<sup>Note</sup></u>
Ho Born Investment. . . .	Beneficial owner	864,000,000	54%
Well Born Industrial . . .	Beneficial owner	119,808,000	7.488%
Mr. Shi Hongliu . . . . .	Interest in the controlled corporations	983,808,000	61.488%
Zehui Investment. . . . .	Beneficial owner	120,192,000	7.512%
Mr. Xu Zehui . . . . .	Interest in a controlled corporation	120,192,000	7.512%
Yixin Investment. . . . .	Beneficial owner	96,000,000	6%
Mr. Zeng Shaoxiong . . .	Interest in a controlled corporation	96,000,000	6%

*Note:* Assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

## 2. Disclaimers

Save as disclosed in this Prospectus:

- (a) save as disclosed in the paragraph headed “— Disclosure of interests” in this Appendix, our Directors are not aware of any person (not being our Director or chief executive officer) who will, immediately after completion of the Global Offering (taking no account of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme and to be granted the Share Option Scheme and the Capitalization Issue), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings;
- (b) save as disclosed in the paragraph headed “— Disclosure of interests” in this Appendix, none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered

in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;

- (c) none of our Directors nor any of the parties listed in the paragraph headed “— Other information — Consents of experts” of this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “— Other information — Consents of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “— Other information — Consents of experts” in this Appendix:
  - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of our Directors or their respective associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

## **F. PRE-IPO SHARE OPTION SCHEME**

### **1. Summary of terms**

The purpose of the Pre-IPO Share Option Scheme is to give our Directors, senior management, employees and distributors an opportunity to have a personal stake in our Company and help motivate them to optimize their performance and efficiency to our Company and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with our Directors, senior management, employees and distributors who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group. The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of our Shareholders dated 7 June 2011, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the subscription price per Share under the Pre-IPO Share Option Scheme shall be at a 20% discount to the Offer Price;

- (b) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 20,500,000 Shares, representing approximately 1.2813% of the enlarged share capital of our Company immediately after completion of the Global Offering Issue and the Capitalization Issue (assuming that the Over-allotment Option is not exercised);
- (c) all options granted under the Pre-IPO Share Option Scheme can only be exercised in the following manner:

<u>Exercise period</u>	<u>Maximum percentage of options exercisable</u>
Any time after the first anniversary of the Listing Date . . . . .	30% of the total number of options granted
Any time after the second anniversary of the Listing Date . . . . .	30% of the total number of options granted
Any time after the third anniversary of the Listing Date . . . . .	40% of the total number of options granted

- (d) save for the options which had been granted as of the Latest Practicable Date, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date; and
- (e) each option granted under the Pre-IPO Share Option Scheme shall be exercised within a period of 5 years commencing from 7 June 2011.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the 20,500,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

## **2. Outstanding options granted**

As of the date of this Prospectus, options to subscribe for an aggregate of 20,500,000 Shares, representing approximately 1.2813% of the issued share capital of our Company immediately after completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon the exercise of any options which have been granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option) at an exercise price equal to a 20% discount to the Offer Price had been conditionally granted to 61 participants by our Company under the Pre-IPO Share Option Scheme. Each grant of all the options under the Pre-IPO Share Option Scheme was granted on 7 June 2011 at a consideration of HK\$1.0 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

A total of 61 employees, including two executive Directors and five members of the senior management of our Group (set out in the section headed “Directors and Senior Management” of this Prospectus), have been conditionally granted options under the Pre-IPO Share Option Scheme.



A full list of such grantees containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

Grantee	Position	Address	Number of shares to be issued upon full exercise of the Pre-IPO Share Option	Percentage of enlarged issued share capital of our Company after full exercise of the Pre-IPO Share Option (Note)
<i>Directors</i>				
Mr. Zhao Yan . . . . .	executive Director	Room 901, No. 17, Lane 91, South Jinhui Road, Shanghai, the PRC	3,800,000	0.2345%
Mr. Zeng Shaoxiong . . . . .	executive Director	Room 1006, Haofu Plaza 3/F, Zengkengduan, Northern part of Baqi Road, Shishi, Fujian Province, the PRC	2,610,000	0.1611%
<b>Sub-total: . . . . .</b>			<b>6,410,000</b>	<b>0.3956%</b>
<i>Senior management</i>				
Mr. Lai Ho Man, Dickson . . . . .	chief financial officer company secretary of our Company	Flat C, 16/F, Block T7, Yat Wing Mansion, 43 Tai Hong Street, Sai Wan Ho, Hong Kong	600,000	0.0370%
Mr. Chen Rui . . . . .	sales director of Haosha Industry	Room 2403, Tower C, Yuanyang International Center, No. 60 Dongsihuan Road Central, Chaoyang District, Beijing, the PRC	1,200,000	0.0740%
Mr. Zhang Dingxiong . . . . .	operation director of Haosha Industry	Room 1807, No. 14 Guanzhuangjingtongyuan, Chaoyang District, Beijing, the PRC	1,000,000	0.0617%
Mr. Liu Tongjie . . . . .	production director of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	300,000	0.0185%
Mr. Wen Quan . . . . .	product research and development director of Haosha Industry	No. 3 Huagong Road, Chaoyang District, Beijing, the PRC	300,000	0.0185%
<b>Sub-total: . . . . .</b>			<b>3,400,000</b>	<b>0.2097%</b>
<i>Other employees</i>				
Ms. Tang Danyu . . . . .	market director of Haosha Industry	Room 1003, Building No. 63, Yuanyangtiandi, Chaoyang District, Beijing, the PRC	500,000	0.0308%
Ms. Shi Lijun . . . . .	deputy chief financial officer of Haosha Industry	Room 504, No. 52 Jiashenghaoyuan, Siming District, Xiamen, Fujian Province, the PRC	1,560,000	0.0963%
Mr. Lin LEPAN . . . . .	regional manager of Haosha Industry	Room 501, No. 651 Lane Luocheng Road, Xuhui District, Shanghai, the PRC	560,000	0.0345%
Mr. Ouyang Wenxin . . . . .	regional manager of Haosha Industry	Room 402, Tower A1, Huananyujingyuan, No. 1402 Huaguan Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	660,000	0.0407%
Mr. Li Wenliang . . . . .	regional manager of Haosha Industry	No. 7-17, Dafabaidu Town, Yuefujie, Chengdu, Sichuan Province, the PRC	600,000	0.0370%
Ms. Liu Yanping . . . . .	regional manager of Haosha Industry	No. 205, Building A, Geoscience University Neighbourhood, Wuhan, Hubei Province, the PRC	300,000	0.0185%
Mr. Tian Xiaoguang . . . . .	regional manager of Haosha Industry	No. 15-1-6-3, Zhulin Neighbourhood, Dadong District, Shenyang, Liaoning Province, the PRC	300,000	0.0185%
Mr. Xu Lu . . . . .	regional manager of Haosha Industry	Room 3-302, Building No.10, Xinghaijiayuan, Xihong Men, Daxing District, Beijing, the PRC	300,000	0.0185%
Mr. Xia Liping . . . . .	regional manager of Haosha Industry	Room 12-2-602, Zijing Garden, Shimen Neighbourhood, Huaizhong Road, Shijiazhuang, Hebei Province, the PRC	440,000	0.0271%
Mr. Huang Chenxi . . . . .	regional manager of Haosha Industry	Room 1001, Floor 3, Jingcheng Garden, Ningguo Road South, Hefei, Anhui Province, the PRC	250,000	0.0154%
Mr. Lan Feng . . . . .	regional manager of Haosha Industry	Room 702, Floor 7, Block 1, Building No. 6, No. 2805 Jiefang Road, Jiangan District, Wuhan, Hubei Province, the PRC	150,000	0.0092%
Mr. Lu Xiaohua . . . . .	regional manager of Haosha Industry	No. 53-6-4-1, Gusaoshuzhayangang, Hankou, Wuhan, Hubei Province, the PRC	100,000	0.0062%

Grantee	Position	Address	Number of shares to be issued upon full exercise of the Pre-IPO Share Option	Percentage of enlarged issued share capital of our Company after full exercise of the Pre-IPO Share Option (Note)
Mr. Zhu Chenhui . . . . .	manager of Haosha Industry	Room 241, No. 5 Xinhua Neighbourhood, Gucheng Road East, Tongzhou District, Beijing, the PRC	50,000	0.0031%
Mr. Wu Dong . . . . .	manager of Haosha Industry	Room 404, No. 3 Furongyuan, Changsha, Hunan Province, the PRC	50,000	0.0031%
Mr. Li Xiongbing . . . . .	manager of Haosha Industry	Room 1503, Ren Ai Building, Hanlai Square, Wuhan, Hubei Province, the PRC	50,000	0.0031%
Mr. Ouyang Chunlong . . . . .	manager of Haosha Industry	Room 1-2-17A-2, Meiyu Garden, Guanshui Road, Nanming District, Guiyang, Guizhou Province, the PRC	50,000	0.0031%
Mr. Zhou Qing . . . . .	manager of Haosha Industry	Floor 6, Unit 1, Building No. 4, No. 71 Gongyuan Road North, Xincheng District, Xian, Shaanxi Province, the PRC	50,000	0.0031%
Mr. Shen Ran . . . . .	manager of Haosha Industry	Room 506, Building No. 8, Tianfujiayuan, Changchun, Jilin Province, the PRC	50,000	0.0031%
Mr. Wang Jun . . . . .	manager of Haosha Industry	Room 1908, Building No. 32, Nanding Village, Fengtai District, Beijing, the PRC	50,000	0.0031%
Ms. Xu Xiuqiong . . . . .	product manager of Haosha Industry	Room 522, No. 8 Hualianjinyuan, Tongzhou District, Beijing, the PRC	100,000	0.0062%
Mr. Qi Xiaokai . . . . .	product manager of Haosha Industry	Room 706, Building No. 7, Xuantejiayuan, No. 1 Shilibao, Chaoyang District, Beijing, the PRC	100,000	0.0062%
Ms. Ma Junxiu . . . . .	product manager of Haosha Industry	No. 11, Gate 1, Building No. 221, Jingsongqu, Chaoyang District, Beijing, the PRC	50,000	0.0031%
Ms. Li Jing . . . . .	training manager of Haosha Industry	Room 5095, Building No. 2, Jinxing Garden, Taiyangxingcheng, Chaoyang District, Beijing, the PRC	100,000	0.0062%
Mr. Song Ming . . . . .	engineering manager of Haosha Industry	Room 2303, No. 15 Yiyuan, Yanchang Road, Yanjiao Development Zone, Sanhe, Hebei Province, the PRC	100,000	0.0062%
Mr. Peng Danrong . . . . .	promotion manager of Haosha Industry	Room 704, No. 70, Lane No. 530 Gubei Road, Shanghai, the PRC	200,000	0.0123%
Mr. Shi Yangda . . . . .	procurement manager of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	100,000	0.0062%
Mr. Wang Shanting . . . . .	technician of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	30,000	0.0019%
Mr. Cheng Jun . . . . .	technician of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	30,000	0.0019%
Ms. Guo Liyu . . . . .	designer of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	30,000	0.0019%
Ms. Chen Xiaolin . . . . .	designer of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	30,000	0.0019%
Ms. Chen Yu . . . . .	HR manager of Haosha Industry	Room 305, Building 28, Nongguang Road South, Chaoyang District, Beijing, the PRC	200,000	0.0123%
Mr. Qiu Shuang . . . . .	administration manager of Haosha Industry	Room 1202, Tower A, Beiyuan Garden 1, Tongzhou District, Beijing, the PRC	50,000	0.0031%
Mr. Li Xiongshui . . . . .	HR administration manager of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	100,000	0.0062%
Ms. Zhu Sha . . . . .	marketing financial manager of Haosha Industry	Room 301, Building No. 3, Gongfusucun No. 101, Baoshan District, Shanghai, the PRC	260,000	0.0160%
Mr. Hong Weidong . . . . .	factory financial manager of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	660,000	0.0407%
Ms. Pu Yujun . . . . .	cost manager of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	50,000	0.0031%
Ms. Liu Youhong . . . . .	factory accounting director of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	80,000	0.0049%
Mr. Qiu Rongfang . . . . .	information director of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	100,000	0.0062%
Ms. Lin Caihong . . . . .	management accounting director of Haosha Industry	Room 3-101, Building No. 1, Xiaobeiguanli, Chaoyang District, Beijing, PRC	50,000	0.0031%
Mr. Kong Linghao . . . . .	quality control manager of Haosha Industry	Huashan Industrial Zone, Shenhu, Jinjiang, Fujian, the PRC	100,000	0.0062%

Grantee	Position	Address	Number of shares to be issued upon full exercise of the Pre-IPO Share Option	Percentage of enlarged issued share capital of our Company after full exercise of the Pre-IPO Share Option <i>(Note)</i>
Ms. Wang Zhiyun . . . .	deputy manager of technology Department of Haosha Industry	Huashan Industrial Zone, Shenhui, Jinjiang, Fujian, the PRC	50,000	0.0031%
Ms. Gao Zishu . . . . .	sub-production manager of Haosha Industry	Huashan Industrial Zone, Shenhui, Jinjiang, Fujian, the PRC	50,000	0.0031%
<b>Sub-total: . . . . .</b>			<b>8,690,000</b>	<b>0.5364%</b>
<i>Shareholders of our distributors</i>				
Mr. Shi Wenzhong . . . .	N/A	Room 701, Changqingbeili No. 74, Siming District, Xiamen, Fujian Province, the PRC	200,000	0.0123%
Mr. Shi Jiande . . . . .	N/A	Room 602, Block 1, Building 31, Wansongyuanjie Neighbourhood, Wuhan, the PRC	200,000	0.0123%
Mr. Wu Changhang . . .	N/A	No. 14, Maliandao Road, Xuanwu District, Beijing, the PRC	200,000	0.0123%
Mr. Shi Wenxi . . . . .	N/A	Unit 4, Building No. 2, No. 50 Guiwangqiao Road South, Chengdu, Sichuan Province, the PRC	200,000	0.0123%
Ms. Shi Fenglian . . . .	N/A	No. 181 Dongzhimen Road, Dongcheng, Beijing, the PRC	300,000	0.0185%
Mr. Xu Tianshi . . . . .	N/A	No. 192, North Longhuting, Longyu Village, Longhu Town, Jinjiang, Fujian Province, the PRC	200,000	0.0123%
Mr. Xu Liangang . . . .	N/A	No. 187, North Longhuting, Longyu Village, Longhu Town, Jinjiang, Fujian Province, PRC	200,000	0.0123%
Mr. Yang Guoxi . . . . .	N/A	Room 17-0903, Unit 2, Jinyuan Xinshiji A-17, Xi'an, Shaanxi Province, PRC	100,000	0.0062%
Mr. Zhao Gongmin . . .	N/A	No. 6, Unit 3, Building No. 13, No. 29 Economic and Technological Development Zone, Henan Province, PRC	100,000	0.0062%
Mr. Luo Liehong . . . .	N/A	Room 1502, Lvzhouzhixin, Chaohui Road, Hangzhou, Zhejiang Province, PRC	100,000	0.0062%
Mr. Wang Jiancheng . .	N/A	Room 1605, Deyuan Garden, No. 12 Beidajie, Chaoyang Men, Chaoyang District, Beijing, PRC	100,000	0.0062%
Mr. Zhou Ping . . . . .	N/A	Room 1601, Unit 3, Building No. 5, 5 Zu Tuan, Shanshuiqiancheng, Nanming District, Guiyang, Guizhou Province, PRC	100,000	0.0062%
<b>Sub-total: . . . . .</b>			<b>2,000,000</b>	<b>0.1233%</b>
<b>Total: . . . . .</b>			<b>20,500,000</b>	<b>1.2650%</b>

The total number of Shares to be issued under all options granted under the Pre-IPO Share Option Scheme represents approximately 1.2813% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised). If all options are exercised, this would have a dilutive effect on the shareholdings of our Shareholders of approximately 1.265% and a dilutive effect of approximately HK\$0.0026 on earnings per Share such that the forecast earnings per Share for the year ending 31 December 2011 will be diluted from approximately HK\$0.2062 to approximately HK\$0.2036. However, as the options are exercisable for a period of up to 5 years, any such dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

Our Directors have undertaken to our Company that they will not exercise the options granted under the Pre-IPO Share Option Scheme to such extent that the Shares held by the public (as defined in the Listing Rules) after completion of the Global Offering and the Capitalization Issue will fall below the required percentage set out in Rule 8.08 of the Listing Rules or such other percentage as approved by the Stock Exchange from time to time.

*Note:* Assuming that the Over-allotment Option is not exercised.

**G. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution of our Shareholders passed on 7 June 2011 and adopted by a resolution of our Board on 7 June 2011. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

**1. Purpose**

The purpose of the Share Option Scheme is to give the Eligible Persons (as mentioned in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimize their future performance and efficiency to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

**2. Who may join**

Our Board may, at its absolute discretion, offer options (“Options”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“Executive”), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“Employee”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect Shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (e) above.

(the persons referred to above are the “Eligible Persons”.)

### 3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, excluding Shares which may fall to be issued upon the exercise of any over-allotment option granted by our Company (the “Scheme Mandate Limit”) provided that:

- (a) Our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Company shall not exceed 10% of the Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;
- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules; and
- (c) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of our Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

### 4. Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our Company’s issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his associates abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription

price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of our Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

#### **5. Offer and grant of Options**

Subject to the terms of the Share Option Scheme, our Board shall be entitled at any time within 10 years from the adoption date to offer the grant of an Option to any Eligible Person as our Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as our Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

#### **6. Granting Options to connected persons**

- (a) Any Options to be granted to a Director, chief executive officer or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the Options).
- (b) Without prejudice to the generality of the sub-paragraph (a) above, if any Options to be granted to a substantial shareholder or independent non-executive Director of our Company, or any of their respective associates, would result in the total number of Shares issued and to be issued upon exercise of all the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant:
  - (i) representing in aggregate over 0.1% of the Shares in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by our Shareholders in general meeting and subject to the issue of a circular by our Company to its shareholders containing such information as required under sub-paragraph (c) below. All connected persons shall abstain from voting in favor at such general meeting, and any vote taken at such meeting must be taken on a poll.

- (c) The circular to be issued by our Company to our Shareholders pursuant to the above sub-paragraph (b) shall contain the following information:
  - (i) the details of the number and terms (including the exercise price) of the options to be granted to each participants, which must be fixed before the Shareholders' meeting and the date of our Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Directors who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

#### **7. Restriction on the time of grant of Options**

Our Board shall not grant any Option under the Share Option Scheme after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Options shall be granted during the period commencing one month immediately preceding the earlier of the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcements.

#### **8. Minimum holding period and vesting**

- (a) The Share Option Scheme does not contain any minimum period(s) for which an Option must be held before it can be exercised. However, at the time of grant of the Options, our Company may specify any such minimum period(s).
- (b) The Options granted will be subject to vesting periods of up to 10 years, which will vary from Option Holder to Option Holder. Upon the expiry of the vesting period, the Shares will become vested and the Option Holders will become entitled to exercise the Options in accordance with the terms of the Share Option Scheme. No performance target needs to be achieved by the grantee before the Option can be exercised.

#### **9. Offer Period and Number Accepted**

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of our Company of HK\$1 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date not later than 28 days after the Offer Date (the "Acceptance Date"). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly



stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

#### **10. Amount payable for Options**

The amount payable on acceptance of an Option is HK\$1.0.

#### **11. Exercise price**

The amount payable for each Share to be subscribed for under an Option upon exercise shall be determined by our Board and notified to a proposed beneficiary at the time of offer of the Option and shall be not less than the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date, which must be a business day, of the date of grant;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

#### **12. Exercise of Option**

- (a) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option Period in the manner as set out in this Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.
- (b) The exercise of any Option may be subject to a vesting schedule to be determined by our Board in its absolute discretion, which shall be specified in the offer letter.
- (c) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.

- (d) Subject as hereinafter provided:
- (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as our Board may determine;
  - (ii) in the event that the grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground of misconduct, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
  - (iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of Shareholders of our Company (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
  - (iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of:
    - (1) the "Option Period" (in respect of any particular Option, the period commencing immediately after the business day (as defined in the Listing Rules) on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and expiring on a date to be determined and notified by our Directors to each grantee provided that such period shall not exceed the period of 10 years from the date of the grant of a particular Option but subject to the provisions for early termination thereof contained in the Share Option Scheme);
    - (2) the period of two months from the date of such notice; or

- (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Option.
- (v) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

### **13. Life of Share Option Scheme**

Unless otherwise terminated by our Board or our Shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

### **14. Lapse of Share Option Scheme**

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of Option;
- (c) subject to the period mentioned in paragraph (d)(v) of “Exercise of Option” in this section, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgement, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts; or
- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in the Share Option Scheme; or

- (f) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

#### **15. Adjustment**

In the event of a Capitalization Issue, rights issue, sub-division or consolidation of Shares or reduction of our Company's share capital while any Option remains exercisable, but excluding, for the avoidance of doubt, any alteration in our Company's capital structure as a result of an issue of Shares as consideration in a transaction to which our Company is a party, the auditors or the financial adviser engaged by our Company for such purpose shall determine what adjustment is required to be made to the subscription price, the number of Shares to be issued on exercise of the Options (or any combination of the foregoing), provided that any such adjustments give the Option Holder the same proportion of our Company's equity capital and no adjustment may be made to the extent that Shares would be issued at less than their nominal value.

#### **16. Cancellation of Options not exercised**

Any Options granted but not exercised may be cancelled if the Option Holder so agrees and new Options may be granted to the same Option Holder provided such Options fall within the limits, specified in paragraph (3)(a) above and are otherwise granted in accordance with the terms of the Share Option Scheme.

#### **17. Ranking of Shares**

The Shares to be allotted and issued to an Option Holder upon the exercise of an Option shall be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Option Holder is registered on our Company's register of members. Prior to the Option Holder being registered on our Company's register of members, the Option Holder shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the Option.

#### **18. Termination**

Our Company, by ordinary resolution of our shareholders, or our Board, may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised and unexpired Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

#### **19. Transferability**

The Options are personal to the Option Holders and are not transferable, except for the transmission of an Option on the death of an Option Holder to his personal representative(s) on the terms of the Share Option Scheme.

## 20. Amendment

Subject to the terms set out in the paragraph below, our Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Option Holder at that date).

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Option Holders, and no changes to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of the shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the shareholders in general meetings, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

## 21. Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (a) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme; and
- (b) the commencement of dealings in the Shares on the Stock Exchange.

If any of the above conditions are not satisfied within two calendar months after the adoption date of the Share Option Scheme (or such later date as our Board may decide), the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme. Application has been made to the Stock Exchange for the listing of 160,000,000 Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

## H. OTHER INFORMATION

### 1. Estate duty, tax and other indemnity

Each of our Controlling Shareholders has entered into a Deed of Indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) to provide indemnities on a joint and several basis, in respect of, among other things:

- (a) any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or which are alleged to have, or which are deemed to be earned or accrued or received on or before the Listing Date;

- (b) any taxation claim which might be payable by any member of our Group under or by reason of any transfer of any property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the Listing Date; and
- (c) all damages, losses and liabilities arising from or in connection with any property claim and/or any other liability claim including but not limited to any breach or non-compliance with any applicable laws and regulations (including without limitation, any inter-enterprise lending or any advances made to a director of the Group that violates the General Regulation of Loans promulgated by the People's Bank of China) to the extent that the events leading to such damages, losses and liabilities occurred prior to the Listing Date and any such damages, losses and liabilities are not paid by the insurer under any relevant insurance policy (if any).

Each of our Controlling Shareholders will however not be liable under the Deed of Indemnity for taxation claim or liability to the extent that:

- (a) provision, reserve or allowance has been made for such taxation in the combined audited accounts of our Group for the three years ended 31 December 2010;
- (b) such taxation or liability is discharged by another person and that no member of our Group is required to reimburse such person in respect of the discharge of the taxation or liability;
- (c) our Company is primarily liable for such taxation or liability as a result of transactions entered into or pursuant to a legally binding commitment created in the ordinary course of business of any member of our Group after the Listing Date; or
- (d) such claim arises or is incurred as a consequence of any retrospective change in the law or regulation or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities of the PRC, Cayman Islands, BVI or any other authority in any part of the world coming into effect after the Listing Date or such claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

Each of the PRC Shareholders has entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) to provide indemnities on a joint and several basis, in respect of all damages, losses and liabilities arising from or in connection with their non-compliance with Circular 75.

## **2. Litigation**

As of the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

**3. Preliminary expenses**

Our estimated preliminary expenses are approximately HK\$113,470 and have been paid by us.

**4. Promoter**

There are no promoters of our Company.

**5. Sponsor**

The Sole Sponsor made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, the Shares to be issued pursuant to the Capitalization Issue and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, and the Shares that may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme and that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

**6. No material adverse change**

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 31 December 2010 (being the date to which our latest audited combined financial statements were made up).

**7. Binding effect**

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**8. Miscellaneous**

- (1) Save as disclosed in this Prospectus:
  - (a) within the two years immediately preceding the date of this Prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
  - (d) within the two years immediately preceding the date of this Prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;



- (e) within the two years preceding the date of this Prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
  - (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
  - (g) we have no outstanding convertible debt securities.
- (2) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this Prospectus.

### 9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice contained in this Prospectus:

<u>Name</u>	<u>Qualification</u>
Merrill Lynch Far East Limited (Sole Sponsor)	Licensed under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants
BMI Appraisals Limited	Independent professional property valuer
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	PRC legal adviser to our Company

### 10. Consents of experts

Each of Merrill Lynch Far East Limited, KPMG, BMI Appraisals Limited, Conyers Dill & Pearman and Jingtian & Gongcheng has given and has not withdrawn its consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

### 11. Bilingual prospectus

The English language and the Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).