OUR COMPANY

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 January 2011 in anticipation of the Listing. Our Group is principally engaged in the design and provision of a broad range of children care products, including skin care products, body and hair care products, oral care products and diaper products under our own brands in China. Leveraging on the sales network established by our 青蛙王子 (Frog Prince) brand, we also distribute our other products, such as household hygiene products under 雙飛劍 (Shuangfeijian) brand and 深呼吸 (Shenhuxi) brand. For further details of our products, please refer to the section headed "Business — Our Brands and Products" of this prospectus.

OUR ORIGIN

Our 青蛙王子 (Frog Prince) brand is a leading domestic brand of children care products in China with the largest market shares in terms of retail sales value in moisturising lotion products, bath and shampoo products and oral care products among all domestic brands in China in 2010. For further details, please refer to the section headed "Business — Overview" of this prospectus. Our history can be traced back to 1995 when Fujian Shuangfei was registered under Xindi residents' committee (新堤居民委員會) as a collective enterprise in PRC with an initial registered capital of RMB68,000 invested by Mr. Li, Mr. Xie and Mr. Chen Yaohua, Mr. Xie's brother-in-law. At the time of the establishment of Fujian Shuangfei, Mr. Li, Mr. Xie and Mr. Chen Yaohua contributed 50.0%, 25.0% and 25.0% of the registered capital of Fujian Shuangfei, respectively. Fujian Shuangfei was engaged in the production and sales of adult care products when it was established in 1995. As part of the Reorganisation, Fujian Shuangfei transferred its baby care business, children care business, adult care business and OEM business to Prince Frog (China). For further details, please refer to the paragraphs headed "History and Reorganisation — Reorganisation and Financial Investments" in this section of this prospectus.

In 1999, Fujian Shuangfei began to develop children care products with a view to capture the increasing market demand for children care products in PRC. Our 青蛙王子 (Frog Prince) brand was registered as a trademark by Fujian Shuangfei in PRC in 2000. Our children care products are distributed via a network of distributors, through which the products are distributed to their sub-distributors and/or ultimate retailers. We increased the number of our distributors steadily throughout the years since 1995, starting from about five in 1995 to 173 as at the Latest Practicable Date.

Leveraging on our market position and the sales network established by our 青蛙王子 (Frog Prince) brand, we also started to distribute other products by launching our insecticide products under 雙飛劍 (Shuangfeijian) brand in 2005, air freshener products under our 深呼吸 (Shenhuxi) brand in 2006, oral care products series under our adult care products categories under our 青蛙王子 (Frog Prince) brand in 2006, and diaper products series under our 青蛙王子 (Frog Prince) brand in 2009. We also started to conduct OEM business from 2004 for our overseas sales.

We implemented a series of marketing and promotional campaigns for our children care products. In order to capture the market for products based on popular cartoon series in PRC, in 2005, Fujian Shuangfei created an animation series based on the 青蛙王子 (Frog Prince) character of our brand. The first season of the animation series was televised on about 50 major domestic television channels, including the CCTV Children Channel, from 2006 to 2008. Leveraging on the success of the first season of this animation, we produced and later broadcasted our second season in 2010. Our Directors believe the strategy to produce our own animation series to promote our brand recognition differentiates us from our competitors, and has contributed to our success of being the top domestic brand of children care products in terms of brand awareness and consumer preference in China.

Set out below are the major milestones of our Group's business since the establishment of Fujian Shuangfei:

1995	Fujian Shuangfei was established as a collective enterprise in China by Mr. Li, Mr. Xie and Mr. Chen Yaohua.
1999	Fujian Shuangfei launched our 青蛙王子 (Frog Prince) brand of children care products in China.
2003	Fujian Shuangfei started to construct our own production lines with a gross floor area of approximately 14,000 square meters and completed the construction in 2004.
2004	Fujian Shuangfei started its overseas sales to expand to overseas market and started to produce OEM products for its overseas customers.
2005	Fujian Shuangfei created and produced an animation series based on a cartoon character named 青蛙王子 (Frog Prince). The first season of the 青蛙王子 (Frog Prince) animation series was televised on about 50 major domestic television channels, including the CCTV Children Channel, from 2006 to 2008.
	Fujian Shuangfei launched 雙飛劍 (Shuangfeijian) brand of insecticide products.
2006	Fujian Shuangfei launched our 深呼吸 (Shenhuxi) brand of air freshener products.
2009	Prince Frog (China) started to construct new production lines and office premises (three phases in total) with a gross floor area of approximately 144,000 square meters. The first phase of the new production lines with a gross floor area of 55,854 square meters was completed in March 2011 and put into operation in May 2011.
	Fujian Shuangfei was recognised as one of the provincial enterprise technology centres in Fujian (省級企業技術中心).
	Our Group underwent the Reorganisation and Prince Frog (China) became our operating subsidiary afterwards.
	We launched our 青蛙王子 (Frog Prince) brand of diaper products.
2010	The second season of the 青蛙王子 (Frog Prince) animation series was televised on CCTV Children Channel and Jiangsu Satellite TV Animation Channel in China and was awarded a prize for being one of the outstanding domestic animation in 2010 by the State Administration of Radio, Film and Television.
	CCBIAM, Joyful and Paramount invested in our Group as pre-IPO investors.

SHAREHOLDING HISTORY

(1) Shareholding history of Fujian Shuangfei

Fujian Shuangfei was registered under Xindi residents' committee (新堤居民委員會) on 19 January 1995 as a collective enterprise in PRC with an initial registered capital of RMB68,000 invested as to 50.0% by Mr. Li, 25.0% by Mr. Xie and 25.0% by Mr. Chen Yaohua. According to the capital verification report issued by Zhangzhou Xiangcheng Auditing Firm (漳州薌城審計事務所) ("**Xiangcheng Auditing Firm**") on 8 December 1994, the registered capital of RMB68,000 of Fujian Shuangfei was fully paid by Mr. Li, Mr. Xie and Mr. Chen Yaohua as of 8 December 1994.

Pursuant to a capital investment agreement (集資協議書) dated 11 June 1995 entered into among Mr. Li, Mr. Xie, Mr. Chen Yaohua and Xindi residents' committee (新堤居民委員會), the registered capital of Fujian Shuangfei was increased from RMB68,000 to RMB386,000 on

16 August 1995. After such increase, Fujian Shuangfei was held 50.0% by Mr. Li, 25.9% by Mr. Xie and 24.1% by Mr. Chen Yaohua. According to the capital verification report issued by Xiangcheng Auditing Firm on 6 July 1995, the increase in the registered capital of Fujian Shuangfei was fully paid by Mr. Li, Mr. Xie and Mr. Chen Yaohua as of 6 July 1995.

Pursuant to an agreement entered into by Mr. Xie and Mr. Chen Yaohua on 12 February 2001, Mr. Chen Yaohua agreed to transfer his equity interests in Fujian Shuangfei to Mr. Xie at a consideration of RMB93,000. The consideration was determined with reference to the then appraised value of Fujian Shuangfei and was paid by Mr. Xie to Mr. Chen Yaohua in February 2001. As confirmed by Mr. Xie and Mr. Chen Yaohua, the aforesaid transfer was requested by Mr. Chen Yaohua to enable him to obtain funding for his investment in other business and Mr. Chen Yaohua agreed to transfer his equity interests in Fujian Shuangfei at a consideration determined with reference to the then appraised value of Fujian Shuangfei. According to the assets appraisal report issued by Zhangzhou Dexin Assets Appraisal Company Limited (漳州德信資產評估報告有限公司) dated 15 March 2001, the net assets of Fujian Shuangfei as at 31 December 2000 were RMB386,349. After the completion of such transfer, Fujian Shuangfei was owned as to 50% by Mr. Li and 50% by Mr. Xie.

With a view to conduct business through a limited liability company, pursuant to a shareholders' resolution passed on 2 February 2001, Fujian Shuangfei was converted into a limited liability company and its registered capital was increased from RMB386,000 to RMB1.0 million on 18 May 2001 as evidenced by a business license issued by Administration for Industry & Commerce of Zhangzhou (漳州市工商行政管理局). According to the capital verification report issued by Zhangzhou Dexin Certified Public Accountant Firm (漳州德信有限責任會計師事務所) ("**Zhangzhou Dexin CPA**") on 10 May 2001, the increase in the registered capital of Fujian Shuangfei was fully paid by Mr. Li and Mr. Xie as of 8 May 2001.

On 31 July 2003, the registered capital of Fujian Shuangfei was further increased from RMB1.0 million to RMB5.0 million. According to the capital verification report issued by Zhangzhou Dexin CPA on 28 July 2003, the increase in the registered capital of Fujian Shuangfei was fully paid by Mr. Li and Mr. Xie as of 28 July 2003 in proportion to their respective equity interests in Fujian Shuangfei.

On 6 September 2006, the registered capital of Fujian Shuangfei was further increased from RMB5.0 million to RMB20.0 million. According to the capital verification report issued by Zhangzhou Dexin CPA on 28 August 2006, the increase in the registered capital of Fujian Shuangfei was fully paid by Mr. Li and Mr. Xie as of 28 August 2006 in proportion to their respective equity interests in Fujian Shuangfei.

Pursuant to a share transfer agreement dated 27 May 2009 entered into by Mr. Li and Mr. Xie, Mr. Xie agreed to transfer 1% equity interest in Fujian Shuangfei to Mr. Li at a consideration of RMB200,000. The consideration was determined with reference to the then registered capital of Fujian Shuangfei. After the completion of such transfer on 22 June 2009 and as at the Latest Practicable Date, Mr. Li and Mr. Xie owned 51% and 49% of the equity interests in Fujian Shuangfei, respectively. During the Track Record Period, Mr. Li and Mr. Xie were acting in concert with each other in exercising the voting rights in respect of the equity interests in Fujian Shuangfei owned by each of them. As confirmed by Mr. Li and Mr. Xie, following the Listing, they will not act in concert with each other in exercising the voting rights of the Shares.

(2) Shareholding history of our subsidiaries

(a) Prince Frog (HK)

Prince Frog (HK) is a limited liability company incorporated under the laws of Hong Kong on 5 July 2002 and had been owned as to 51% by Mr. Li and as to 49% by Mr. Xie from its incorporation until 25 May 2010 (the "**Relevant Period**"). At the time of its incorporation and during the Relevant Period, the issued share capital of Prince Frog (HK) was HK$10,000 divided into 10,000 shares with a par value of HK$1.00 each, of which 5,100 shares were held by Mr. Li and 4,900 shares were held by Mr. Xie. During the Relevant Period, Mr. Li and Mr. Xie were acting in concert with each other in exercising the voting rights in respect of the shares of Prince Frog (HK) held by each of them. As confirmed by Mr. Li and Mr. Xie, following the Listing, they will not act in concert with each other in exercising the voting rights of the Shares. As part of the Reorganisation, on 25 May 2010, pursuant to a share transfer agreement entered into by Mr. Li, Mr. Xie and Prince Frog International on 12 April 2010, Mr. Li and Mr. Xie transferred 5,100 shares and 4,900 shares, respectively, representing all of the issued shares of Prince Frog (HK), to Prince Frog International. After such transfer, Prince Frog (HK) became a wholly-owned subsidiary of Prince Frog International.

On 6 January 2011, pursuant to a share transfer agreement entered into by Prince Frog International and Prince Frog Investment, Prince Frog International agreed to transfer its equity interests in Prince Frog (HK) to Prince Frog Investment. After such transfer and as at the Latest Practicable Date, Prince Frog (HK) became a wholly-owned subsidiary of Prince Frog Investment.

The principal activity of Prince Frog (HK) since its incorporation was investment holding to hold 100% equity interests in Prince Frog (China) and it did not conduct other investment activities since its incorporation.

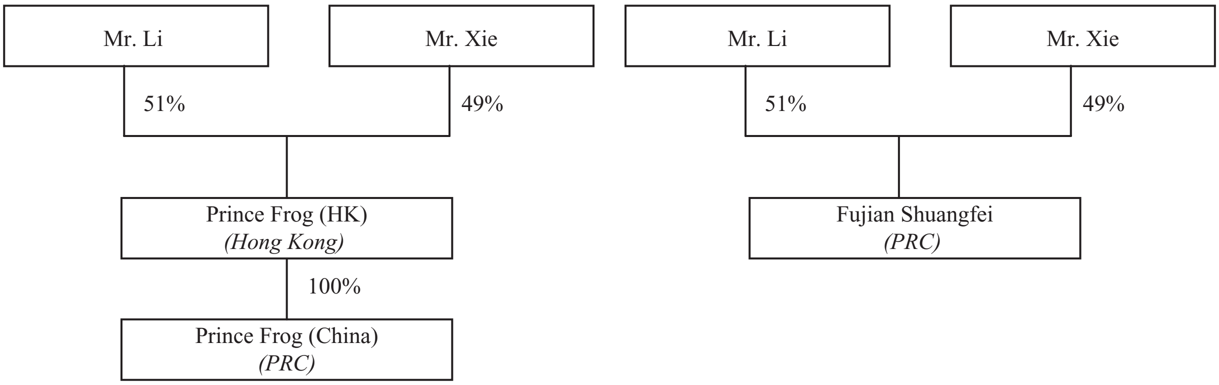
(b) Prince Frog (China)

Prince Frog (China) was established on 28 February 2005 as a WFOE with an initial registered capital of US$65,000 by Prince Frog (HK). The establishment of Prince Frog (China) was approved by the Bureau of Foreign Trade and Economic Cooperation of Longwen District, Zhangzhou City (漳州市龍文區對外貿易經濟合作局) on 21 January 2005.

On 23 June 2008, the Management Committee of the Lantian Economic Development Zone, Zhangzhou City, Fujian Province (福建省漳州藍田經濟開發區管理委員會) approved an increase in the registered capital of Prince Frog (China) from US$65,000 to US$10 million and an increase in the total investment amount of Prince Frog (China) from US$65,000 to US$25.0 million. According to the capital verification report issued by Xiamen Chenglianxing Certified Public Accountants Co., Ltd. (廈門誠聯興會計師事務所有限公司) ("**Xiamen Chenglianxing CPA**") on 11 August 2009, the first installment of US$2.0 million of the registered capital of Prince Frog (China) was paid as of 4 August 2009 by Prince Frog (HK). According to the capital verification report issued by Xiamen Chenglianxing CPA on 30 August 2010, the increase in the registered capital of Prince Frog (China) was fully paid up to US$10.0 million by Prince Frog (HK) as of 26 August 2010. Prince Frog (China) was unable to obtain the land use rights for the construction of its production facilities as expected until 2009 due to a change of urban planning by relevant local government, therefore it did not carry on any business after its establishment until the construction of its own production facilities in 2009 and entering into the relevant arrangement under the Business Restructuring Agreements (as defined below) with Fujian Shuangfei, which is part of the Reorganisation. For further details, please refer to "Reorganisation and Financial Investments — Reorganisation" in this section of this prospectus.

(3) Group structure before the Reorganisation

Set out below is the shareholding structure of our Group immediately prior to the Reorganisation:



REORGANISATION AND FINANCIAL INVESTMENTS

Reorganisation

The companies comprising our Group underwent a Reorganisation. As a result, our Company became the holding company of our Group. The Reorganisation involved the following steps:

(1) Onshore restructuring

In order to use the 青蛙王子 (Frog Prince) brand in lieu with the company name of Prince Frog (China), further expand the children care product business through Prince Frog (China) and obtain additional financial resources from overseas investors, Prince Frog (China) and Fujian Shuangfei entered into a series of agreements (together, the "**Business Restructuring Agreements**"), pursuant to which the business operated by Fujian Shuangfei (the "**Transferred Operations**") would be assumed by Prince Frog (China) starting from 1 January 2010 save as the business retained by Fujian Shuangfei as described below. Our Directors have confirmed that since then, Fujian Shuangfei has ceased to carry on all the Transferred Operations. Fujian Shuangfei's principal remaining activities are the leasing of the relevant properties, equipments and vehicles under the lease arrangement between Fujian Shuangfei and Prince Frog (China), the holding of certain intangible assets which are under the process of being transferred to Prince Frog (China) and used by our Group and the production of sunscreen, air freshener and insecticide products under the process outsourcing arrangements between Fujian Shuangfei and Prince Frog (China). Since Fujian Shuangfei has ceased and will not carry on any Transferred Operations, it is not included as one of the companies now comprising our Group.

The assets retained by Fujian Shuangfei mainly include property, plant and machinery with a book value of RMB14,364,000 and cash and cash equivalents of RMB108,392,000 as at 1 January 2010. As at 1 January 2010, the book value of the plant and machinery retained by Fujian Shuangfei was approximately RMB3,413,000. For further information, please refer to Appendix I "Accountants' Report" to this prospectus. As confirmed by our Directors, the unaudited net profit of Fujian Shuangfei for the year ended 31 December 2010 was approximately RMB4.33 million.

We entered into the Business Restructuring Agreements, rather than acquiring the 100% equity interests of Fujian Shuangfei, for the following reasons:

(i) Limited site area of Fujian Shuangfei's premises

The land with a site area of approximately 14,700 square metres currently occupied by Fujian Shuangfei would not be able to support our future expansion need.

Our Directors believe that the limited site area would not allow our Group to put in place more advanced production lines and would interfere with our Group's move towards optimising management and production efficiencies. The inability of our Group to optimise management and production could affect the production cost and competitiveness of our Group's products. Therefore, in 2009 when we planned for the expansion of our production capacities for our core products, such as children care products and baby care products, we decided to construct our new production facilities located in Longwen Industrial Development Zone, Zhangzhou, Fujian, with a site area of approximately 64,700 square metres which will allow us to introduce more advanced production lines to satisfy our expansion need for those products.

For our other products, such as household hygiene products, sunscreen products and air freshener products, we also consider that the limited site area of the land of Fujian Shuangfei will not satisfy the expansion need in tandem with our expected growth of those products in the future. As a result, it is the current intention of our Directors to identify new land located near our new production facilities to build an independent standalone production facility to produce household hygiene products (including the air freshener products, the production of which uses the same production facilities as for the insecticide products) and our OEM products in the future.

(ii) Inefficiency due to separate site locations

The location of the current production facilities of Fujian Shuangfei is separated from our new plant. We believe that maintaining two separate production premises will affect the efficiency of our production, management, logistics arrangement and allocation of human resources. As a result of the separate locations, we may need to maintain separate warehouses and increase logistical support cost , and impede the sharing of management and production resources. All of the above factors could ultimately lead to inefficiency in our overall operation and utilisation of financial resources.

(iii) Obsolete production lines of Fujian Shuangfei

The production lines currently installed in Fujian Shuangfei were becoming obsolete and would not be able to satisfy our need to improve our production efficiency. We have purchased and installed more advanced production lines in the first phase of our new plant and will continue to install new production lines into our new plant in line with its construction progress. For the reasons stated in (i) and (ii) above, we do not believe it to be commercially acceptable to direct our financial resources to replace the production lines in Fujian Shuangfei. As our business expands and our quality requirements continue to increase, Fujian Shuangfei's current production facilities will not be able to conform to our requirements and our outsourcing relationship with Fujian Shuangfei is expected to cease by 31 December 2012.

Having considered the reasons above, we decided not to acquire the current production lines and facilities from Fujian Shuangfei and did not request for an option to purchase the land or the production facilities currently held by Fujian Shuangfei.

Our Directors have also confirmed that, save for the above commercial reasons, the decision to carry out the Reorganisation and to enter into the Business Restructuring Agreements, instead of the acquisition of the equity interest in Fujian Shuangfei, was not due to any legal impediment and was not for the purpose of circumventing any laws and regulations or any potential disputes or liabilities. As at the Latest Practicable Date, there were no legal or arbitration proceedings, pending or threatened, against Fujian Shuangfei that could have a material adverse effect on its financial condition or results of operation. As advised by our Company's PRC legal advisers, Jingtian & Gongcheng, and concurred by the Joint Sponsors' PRC legal advisers, Commerce & Finance Law Offices, (i) there is no legal impediment for the Reorganisation of our Group under PRC laws, and (ii) as at the Latest Practicable Date, Fujian Shuangfei was not subject to any outstanding tax disputes. For details relating to the legality of our Reorganisation, please refer to paragraphs headed "History and Reorganisation — PRC Legal Compliance" in this section of this prospectus.

Details of the Business Restructuring Agreements are set out below:

(i) Transfer of intellectual property rights from Fujian Shuangfei to Prince Frog (China)

Pursuant to the patent application transfer agreement, the patent transfer agreements, the domain name transfer agreement dated 31 December 2009 and entered into by Prince Frog (China) and Fujian Shuangfei and the Trademark Transfer Agreements, Fujian Shuangfei agreed to transfer 73 trademarks (among which 68 are registered in PRC and five are registered outside PRC), 36 trademark applications (among which 35 were made in PRC and one was made outside PRC), 16 patents, one patent application and 12 domain names owned or applied for by Fujian Shuangfei to Prince Frog (China) at nil consideration (except the "深呼吸" trademarks which were transferred at a consideration of RMB160,000 and the "BODY & EARTH" and "GREEN CANYON SPA" trademarks which were transferred at a consideration of US$500,000 (equivalent to approximately RMB3,428,000), all of which were determined with reference to the acquisition cost of these trademarks by Fujian Shuangfei at relevant time and were fully settled by Prince Frog (China) to Fujian Shuangfei by the end of 2010). Among those 73 trademarks and 36 trademark applications under transfer, 82 are related to our 青蛙王子 (Frog Prince) brand. Before the completion of such transfer from Fujian Shuangfei to Prince Frog (China), Prince Frog (China) has the right to use these trademarks free of charge.

The trademarks "BODY & EARTH" and "GREEN CANYON SPA" were originally acquired by Fujian Shuangfei from an Independent Third Party in the U.S. and were brands of adult care products. With a view to focus on the children care products production and taking into consideration that such brands were only used in the U.S. for adult care products which will not be part of our Group's business, the "BODY & EARTH" and "GREEN CANYON SPA" trademarks were transferred back to Fujian Shuangfei from Prince Frog (China) at the same consideration in December 2010. The considerations for such "BODY & EARTH" and "GREEN CANYON SPA" trademarks had been paid by Fujian Shuangfei to Prince Frog (China) before the Listing.

As at the Latest Practicable Date, the transfers of six trademarks (excluding the two "BODY & EARTH" and "GREEN CANYON SPA" trademarks which were transferred back to Fujian Shuangfei), 16 patents, one patent application and 12 domain names, being all the patents, patent application and domain names transferred by Fujian Shuangfei to Prince Frog (China), were completed. All those six transferred trademarks are related to our 青蛙王子 (Frog Prince) brand. As at the Latest Practicable Date, out of the 35 PRC trademark applications, one trademark application has been rejected, two trademark applications are pending and 32 trademark applications have been accepted and registered as trademarks of Fujian Shuangfei. The rejected trademark application was applied under 有機護理 (Greencare), and was rejected by relevant PRC authority based on the reasons that "Greencare" was already registered by an individual before Fujian Shuangfei applied and "有機護理" indicates the function of products on which the trademark is to be used, which does not comply with the relevant requirements under PRC laws and regulations. Our Directors have confirmed that as it is our first attempt at applying for the mark as a trademark, and as we have not previously used it on our products, the rejection of this particular trademark application will not have any impact on our business and financial position.

As advised by our PRC legal advisers, Jingtian & Gongcheng, the transfer of registered trademarks is subject to the approval by the Trademark Office of The State Administration For Industry & Commerce of PRC (中華人民共和國國家工商行政管理總局商標局). When a transfer is approved, an announcement will be made accordingly and the transferee will be entitled to the trademark proprietary right starting from the date of announcement. However, neither the Trademark Law of PRC (中華人民共和國商標法) nor its implementation rules prescribe a definite time limit for the Trademark Office to examine the applications and to grant approvals thereafter. Nevertheless, our Directors estimate that all the transfers of trademarks from Fujian Shuangfei to Prince Frog (China) will be completed within one year from our Listing based on their experience. Our PRC legal advisers, Jingtian & Gongcheng, have further advised us that there is no legal impediment for the transfers of the remaining 94 trademarks (including the trademarks newly registered according to the trademark applications transferred by Fujian Shuangfei to Prince Frog (China)) and two trademark applications under PRC laws. Our Controlling Shareholders, Mr. Xie and Jinlin Investment undertake that if Fujian Shuangfei fails to transfer these trademarks and trademark applications to Prince Frog (China), our Controlling Shareholders, Mr. Xie and Jinlin Investment will procure Fujian Shuangfei to grant Prince Frog (China) an exclusive and perpetual license to use these trademarks without any fee or charge. Furthermore, our Directors have confirmed that our Group neither has encountered nor expects to encounter any difficulty in respect of the three pending trademark applications.

(ii) Arrangement for the copyright of Fujian Shuangfei

Fujian Shuangfei created and produced an animation series based on the 青蛙王子 (Frog Prince) character of our brand. As at the Latest Practicable Date, there are two seasons of the animation series. The first season of the animation series was televised on about 50 major domestic television channels, including CCTV Children Channel, from 2006 to 2008. Our Directors believe that our success in brand-building is attributable to such animation series.

As part of the Reorganisation, pursuant to the development and cooperation agreement for the animation of 青蛙王子 (Frog Prince) dated 1 January 2010 and entered into by Prince Frog (China) and Fujian Shuangfei (the "**Cooperation Agreement**"), Fujian Shuangfei agreed to grant Prince Frog (China) exclusive rights to use the existing 青蛙王子 (Frog Prince) animation series. Prince Frog (China) will be responsible for the fees and expenses for the future development of the 青蛙王子 (Frog Prince) animation. Before such development and cooperation, Prince Frog (China) will pay fees pursuant to the fee budget for the production, issue and broadcasting of the 青蛙王子 (Frog Prince) animation. As confirmed by our Directors, no fee was required to be paid by Prince Frog (China) to Fujian Shuangfei before such development and cooperation. Fujian Shuangfei also agreed to cooperate with Prince Frog (China) for the future development of animation series and Prince Frog (China) will be responsible for the fees and expenses incurred for such development.

Pursuant to the Copyrights Assignment Agreement, Fujian Shuangfei agreed to assign all the copyrights and other rights relating to such copyrights of the 青蛙王子 (Frog Prince) animation series to Prince Frog (China) at a total consideration of RMB7,120,000, which was determined with reference to the production cost and other cost and expenses incurred by Fujian Shuangfei for the existing 青蛙王子 (Frog Prince) animation series, and the Cooperation Agreement was terminated accordingly.

(iii) Lease of buildings, production facilities and vehicles

(a) Lease of buildings located at No. 8, North Huancheng Road, Longwen Industrial Development Zone, Zhangzhou, Fujian from Fujian Shuangfei

As part of the Reorganisation, pursuant to a building lease agreement dated 1 January 2010 and a supplemental agreement dated 26 January 2011, both entered into by Fujian Shuangfei and Prince Frog (China) (together, the "**Fujian Shuangfei Lease Agreement**"), Prince Frog (China) agreed to lease certain office premises and factory buildings from Fujian Shuangfei for the production of baby and children care products and OEM products. The Fujian Shuangfei Lease Agreement is for a term of three years from 1 January 2010 to 31 December 2012.

(b) Lease of buildings located at No. 8, North Huancheng, Longwen Industrial Development Zone, Zhangzhou, Fujian from Mingxin and Fujian Shuangfei

Pursuant to a tripartite agreement dated 31 December 2009, a supplemental agreement dated 14 February 2011 entered into among Prince Frog (China), Fujian Shuangfei and Zhangzhou Mingxin Infrastructure Projects Company Limited ("**Mingxin**"), an Independent Third Party, an agreement between Fujian Shuangfei and Prince Frog (China) dated 1 January 2010 (collectively, the "**Mingxin Lease Agreement**"), all the rights and obligations under the lease agreement dated 24 November 2004 entered into between Mingxin and Fujian Shuangfei (the "**Original Lease Agreement**") will be assigned to Prince Frog (China) by Fujian Shuangfei. Pursuant to the Original Lease Agreement, Mingxin agreed to lease to Fujian Shuangfei its land (including office premises and warehouse) with a total area of approximately 12,255 square meters. For details of the above lease of buildings, production facilities and vehicles, please refer to the section headed "Connected Transactions" of this prospectus. Since Prince Frog (China) has constructed the first phase of its new production facilities and such production facilities could satisfy the projected needs of our production once all the construction is completed, our Directors do not expect to renew the Mingxin Lease Agreement. For further details of our production capacity, please refer to the paragraph headed "Business — Production — Production Premises and Production Capacity" of this prospectus.

(c) Lease of equipment and vehicles from Fujian Shuangfei

Prince Frog (China) entered into an equipment and vehicles lease agreement with Fujian Shuangfei on 1 January 2010 (the "**Equipment and Vehicles Lease Agreement**"), pursuant to which Prince Frog (China) agreed to lease certain production facilities and vehicles from Fujian Shuangfei which were originally used by Fujian Shuangfei for business of baby care products, children care products and OEM products other than sunscreen, air freshener and insecticide products before the Reorganisation. The Equipment and Vehicles Lease Agreement will expire on 31 December 2012 and we do not expect to renew it after the expiry.

(iv) Outsourcing of the production of our certain products to Fujian Shuangfei

Pursuant to the Process Outsourcing Agreement, Fujian Shuangfei agreed to produce relevant products according to the purchase orders given by Prince Frog (China). The processing fee should be paid on a monthly basis and should be settled within the first 10 days of the next month.

As confirmed by our Directors, currently Prince Frog (China) outsources sunscreen, air freshener and insecticide products to Fujian Shuangfei. Prince Frog (China) needs to obtain necessary production licenses from the relevant PRC governmental authorities before it can produce sunscreen and insecticide products. As part of our application for the sunscreen products approval, Shanghai Municipal Centre for Disease Control and Prevention accepted our sunscreen product samples on 26 April 2011 and will issue a sample examination report on or before 15 July 2011. However, based on the experience of our Directors, it may take more than one year for this approved application to be processed, as the human trial or patch test for special cosmetics is time-consuming and the testing of the relevant products must be conducted by an entity approved by the health administrative department under the State Council before an appraisal group is organised for the safety of cosmetics for re-examination. Our Directors estimate that our Group may obtain this approval within one year after the Listing. In respect of our application for the Registration Certificate for Pesticide, we are currently in the process of applying for such certificate, and since the application materials shall be examined and signed with written comments respectively by multified authorities before the grant of Registration Certificates for Pesticides and Permit for Production of Pesticide, our Directors estimate that it will take more than one year to obtain this certificate after our Listing based on their experience and our Directors expect that we shall be able to obtain such certificate before 31 December 2012. For further details of the procedures for such applications, please refer to the section headed "Regulatory Overview — Manufacture and Sale of Cosmetics and Pesticides" of this prospectus.

In addition, as the production facilities of insecticide products can also be used for the production of air freshener products, currently Prince Frog (China) also outsources air freshener production business to Fujian Shuangfei.

Fujian Shuangfei and Prince Frog (China) agreed that the process outsourcing arrangement shall be limited to the production of sunscreen, air freshener and insecticide products for a term of three years. Fujian Shuangfei also undertakes that it will only carry on such business for the purpose of supplying the products to our Group pursuant to the process outsourcing arrangement and shall not produce any such products for its own sales to any other third party.

Prince Frog (China) once also distributed other relevant products. For further details of the transactions and the details relating to the non-compliance by Prince Frog (China), please refer to the section headed "Business — Litigation and Compliance" of the prospectus, respectively.

(v) Transfer of inventories, trade receivables and trade payables

Pursuant to the inventory transfer agreement dated 31 December 2009 and entered into between Prince Frog (China) and Fujian Shuangfei, the raw materials and packaging materials, semi-finished products and finished products of Fujian Shuangfei were transferred to Prince Frog (China). The total consideration of approximately RMB35,376,000 for the transfer of inventory was determined with reference to its book value plus corresponding value-added tax. As of 31 December 2010, the consideration for the transfer of such inventory had been settled by Prince Frog (China).

Pursuant to the receivables transfer agreement dated 31 December 2009 and entered into by Prince Frog (China) and Fujian Shuangfei, Fujian Shuangfei agreed to transfer the trade receivables as of 31 December 2009 to Prince Frog (China). The consideration of approximately RMB84,939,000 for the transfer of trade receivables was determined with reference to its book value as of 31 December 2009 and Prince Frog (China) had settled such consideration before 31 December 2010. Fujian Shuangfei was appointed by Prince Frog (China) as its agent to collect these trade receivables without any fee charge.

Pursuant to the payables transfer agreement dated 31 December 2009 and entered into by Fujian Shuangfei and Prince Frog (China), Fujian Shuangfei agreed to transfer the trade payables as of 31 December 2009 to Prince Frog (China). The consideration of approximately RMB31,608,000 for the transfer of trade payables was determined with reference to its book value as of 31 December 2009 and Fujian Shuangfei had settled such consideration before 31 December 2010. Fujian Shuangfei was appointed by Prince Frog (China) as its agent to pay these trade payables without any fee charge.

As of 31 December 2010, the settlement of the payables and receivables were completed.

(vi) Entering into new labour contracts with employees of Fujian Shuangfei

As part of the Reorganisation, Prince Frog (China), Fujian Shuangfei and the original employees of Fujian Shuangfei (except those engaged in the production of the products outsourced by Prince Frog (China) to Fujian Shuangfei under the process outsourcing arrangement between them) entered into the tripartite labour contracts, pursuant to which such employees with a total number of 571 were transferred from the employment with Fujian Shuangfei to the employment with Prince Frog (China) and all of these employees terminated their employment relationship with Fujian Shuangfei and became employees of Prince Frog (China) accordingly. Pursuant to an agreement dated 31 December 2009 entered into among Mr. Li, Mr. Xie, Prince Frog (China) and Fujian Shuangfei, the rights and obligations of Fujian Shuangfei under these employment agreements were transferred to Prince Frog (China). For any compensation payable to these employees as a result of the termination or rescission of their employment agreements, Prince Frog (China) will be responsible for the compensation for the employment period after 1 January 2010. In addition, pursuant to such agreement, Prince Frog (China) will make compensation for and on behalf of Fujian Shuangfei as should be paid by it for the employment period before 1 January 2010. Fujian Shuangfei shall repay to Prince Frog (China) within five days upon written notice from Prince Frog (China) for the payment made by Prince Frog (China) to such employees on behalf of Fujian Shuangfei. Mr. Li and Mr. Xie agreed to provide joint and several guarantee for the compensation that has to be paid by Fujian Shuangfei.

After the Reorgnisation, Fujian Shuangfei ceased to be part of our Group and it has since been engaged in the production of the products outsourced by Prince Frog (China) under the Process Outsourcing Agreement. As advised by our PRC legal advisers, Jingtian & Gongcheng, Prince Frog (China) needs to obtain relevant approvals or licenses before it can start the production of insecticide products and sunscreen products. Therefore such business will not be transferred to Prince Frog (China) by Fujian Shuangfei before our Group obtains such approvals or licenses for the production of insecticide products and sunscreen products in Fujian Shuangfei's relevant premises. We do not need to obtain additional approvals or licences other than the expansion of the business scope of Prince Frog (China) for the production of air freshener products. As the production facilities of insecticide products can also be used for the production of our air freshener products, Prince Frog (China) currently also outsources such production to Fujian Shuangfei. We intend to expand the business scope of Prince Frog (China) to include the production and sale of air freshener products by 31 December 2012. To the best knowledge of our

Directors, by experience, the applications for such approvals or licenses for the production of insecticide generally will take more than one year. Our Directors expect that our Group may be able to obtain the approval for our sunscreen products and expansion of its business scope accordingly by no later than 30 June 2012 and the Registration Certificate for Pesticide for our insecticide products and expansion of its business scope accordingly by no later than 31 December 2012. For further details, please refer to the section headed "Business — Litigation and Compliance" of this prospectus. Our PRC legal advisers, Jingtian & Gongcheng, have also advised us that there is no legal impediment for our applications for such approvals or licenses upon the satisfaction of conditions and procedures required by relevant PRC laws and other requirements that may be raised by PRC government authorities.

(2) Incorporation of certain offshore companies and acquisition of shares of Prince Frog (HK)

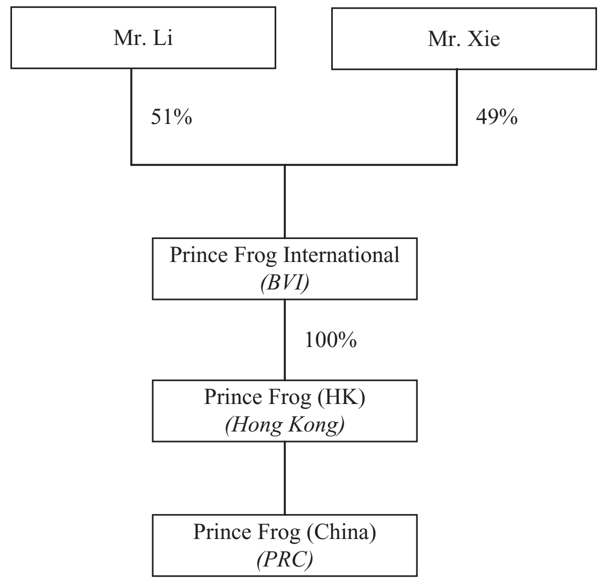
Zhenfei Investment was incorporated in BVI with limited liability on 10 March 2010 with an authorised share capital of US$5,000 divided into 50,000 shares with a par value of US$0.1 each. On 18 March 2010, one share in Zhenfei Investment was allotted and issued, credited as fully paid, to Mr. Li.

Jinlin Investment was incorporated in BVI with limited liability on 10 March 2010 with an authorised share capital of US$5,000 divided into 50,000 shares with a par value of US$0.1 each. On 18 March 2010, one share in Jinlin Investment was allotted and issued, credited as fully paid, to Mr. Xie.

Prince Frog International was incorporated in BVI with limited liability on 12 March 2010 with an authorised share capital of US$5,000 divided into 50,000 shares with a par value of US$0.1 each. On 18 March 2010, 51 shares and 49 shares in Prince Frog International were allotted and issued, credited as fully paid, to Zhenfei Investment and Jinlin Investment, respectively. On 13 August 2010, the authorised share capital of Prince Frog International was increased to US$20,000 divided into 200,000 shares with a par value of US$0.1 each.

Pursuant to a share transfer agreement dated 12 April 2010 entered into by Mr. Li, Mr. Xie and Prince Frog International, Mr. Li and Mr. Xie agreed to transfer 5,100 shares and 4,900 shares, respectively, representing all of the issued shares of Prince Frog (HK), to Prince Frog International. As the consideration for the acquisition of such shares, Prince Frog International agreed to issue 50,949 shares and 48,951 shares to Zhenfei Investment and Jinling Investment, respectively.

Set out below is the shareholding structure of our Group following the transfer of shares of Prince Frog (HK) to Prince Frog International:



(3) Various Investments by CCBIAM, Joyful and Paramount

(a) Investments made by CCBIAM, Joyful and Paramount in 2010

To further finance our Group's operations such as brand promotion and marketing activities, to improve corporate governance of our Group and finance the construction of our Group's new production lines, CCBIAM, Joyful and Paramount invested in Prince Frog International in July 2010 as pre-IPO investors. Pursuant to the terms of the share purchase agreements all dated 29 July 2010 and all entered into by Prince Frog International, Prince Frog (HK), Prince Frog (China), Mr. Li, Mr. Xie, Zhenfei Investment and Jinlin Investment with each of CCBIAM, Joyful and Paramount (together, the "**Share Purchase Agreements**"), CCBIAM, Joyful and Paramount subscribed for 10,785 shares, 1,618 shares and 2,157 shares in Prince Frog International at a consideration of US$10 million, US$1.5 million and US$2.0 million, respectively, and such considerations were fully paid in August 2010. The considerations were determined on an arm's length basis with reference to the estimated financial performance of Prince Frog (China) for the financial year of 2009. Assuming an Offer Price of HK$3.14 per Share, being the mid-point of the proposed Offer Price range of HK$2.51 to HK$3.76 per Share, the investment cost per Share by pre-IPO investors was approximately HK$1.10 per Share (as converted based on the exchange rate of US$1.00 to HK$7.7921), representing a discount of 65.0% to the Offer Price. Our Directors have confirmed that such investment cost was not at guarantee discount to the Offer Price. After such subscription, CCBIAM, Joyful and Paramount held approximately 9.42%, 1.41% and 1.88% equity interests in Prince Frog International, respectively. The Shares held by CCBIAM, Joyful and Paramount will be subject to a six month lock-up period upon our Listing and will be counted as part of the public float.

The substantial part of the proceeds from such pre-IPO investments were injected into Prince Frog (China) as its registered capital and were mainly used for the construction of the first phase of its production facilities.

(b) Background of CCBIAM, Joyful and Paramount

CCBIAM is a company incorporated in Hong Kong and is a wholly-owned subsidiary of CCB International (Holdings) Limited. The ultimate beneficial owner of CCBIAM is China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939). CCBIAM has invested in a number of pre-IPO projects in PRC and Hong Kong as well as Hong Kong listed companies, covering such sectors as healthcare, energy and resources, infrastructure, consumer retail, media and real estate. To the best knowledge of our Directors, CCBIAM is an Independent Third Party.

Joyful was a limited liability company incorporated in BVI on 4 June 2009 under the laws of BVI and wholly owned by Mr. Jie Liao, an Independent Third Party. It principally engages in investment holding and specializes in growth venture and private equity investment. It follows a long term value driven investment philosophy and is actively seeking strategic investment opportunities in the greater China region with good growth potential and solid business sentiment.

Paramount was a limited liability company incorporated in BVI on 26 May 2010 under the laws of BVI and wholly owned by Mr. Wan Chi Keung, an Independent Third Party. It is a venture capital institutional investor and primarily focuses on long and medium term investment.

(c) Principal rights of the 2010 investments made by CCBIAM, Joyful and Paramount

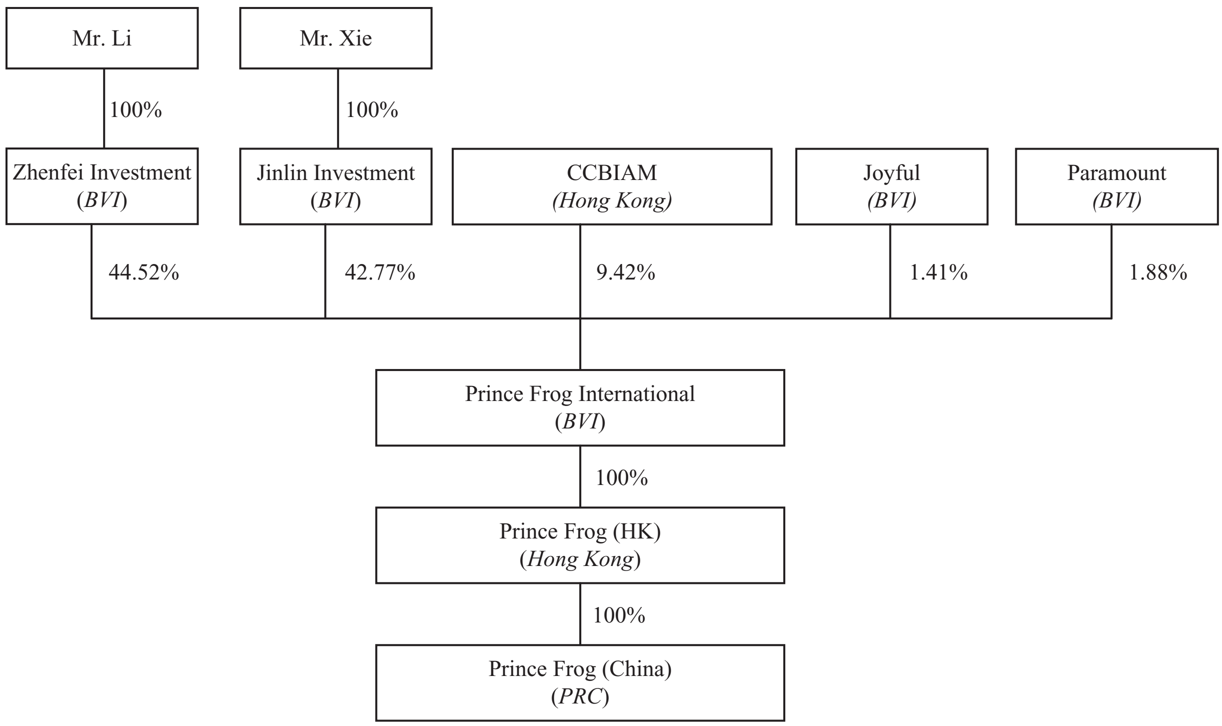
Following the execution of the Share Purchase Agreements, Prince Frog International, Prince Frog (HK), Prince Frog (China), Mr. Li, Mr. Xie, Zhenfei Investment, Jinlin Investment, CCBIAM, Joyful and Paramount entered into a shareholders' agreement on 18 August 2010 (the "**Shareholders' Agreement**").

Pursuant to the Shareholders' Agreement, CCBIAM, Joyful and Paramount enjoy rights which include board representation right (one Director to be appointed by CCBIAM), information right, right of first refusal, anti-dilution right, other minority protection rights and conditional right to dividend. All these special rights will lapse upon the Listing. CCBIAM exercised the board representation right and appointed a representative to represent it on the Board. Such representative will be eligible for re-election at the next annual general meeting of our Company and his appointment is subject to Shareholders' approval in accordance with the Articles of Association. In addition, pursuant to the Share Purchase Agreements, CCBIAM, Joyful and Paramount have the right to adjust the investment cost per share of Prince Frog International downward and Zhenfei Investment and Jinlin Investment shall transfer to CCBIAM, Joyful and Paramount shares of Prince Frog International on a pro-rata basis if our Group's net profit for 2009 and 2010 are less than RMB90 million and RMB115 million, respectively.

As confirmed by our Directors, the above performance guarantees based on our Group's net profit for 2009 and 2010 have been met, and therefore, no shares had been transferred by Zhenfei Investment and Jinlin Investment to CCBIAM, Joyful and Paramount in 2009 and 2010 pursuant to the Shareholders' Agreement.

(d) Group structure after investment by CCBIAM, Joyful and Paramount

Set out below is the shareholding structure of our Group immediately following the investment by CCBIAM, Joyful and Paramount:



(4) Incorporation of our Company and Prince Frog Investment

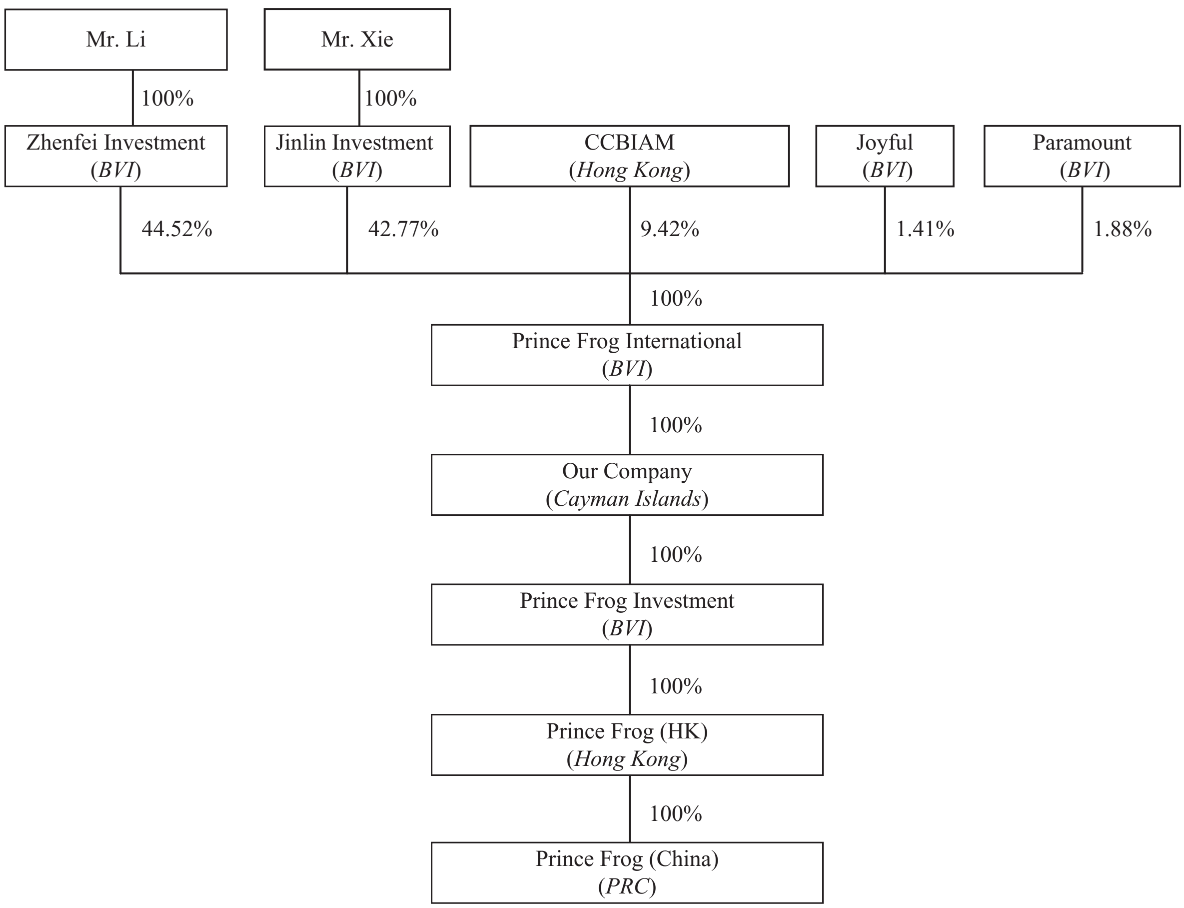
Prince Frog Investment was incorporated in BVI with limited liability on 3 December 2010 with an authorised share capital of US$5,000 divided into 50,000 shares with a par value of US$0.1 each. On the same day, 100 shares in Prince Frog Investment were allotted and issued, credited as fully paid, to Prince Frog International. As at the Latest Practicable Date, Prince Frog Investment is the direct wholly-owned subsidiary of our Company.

As part of the Reorganisation, on 6 January 2011, Prince Frog International and Prince Frog Investment entered into a share transfer agreement, pursuant to which Prince Frog International agreed to transfer its equity interests in Prince Frog (HK) to Prince Frog Investment. As the consideration of such transfer, Prince Frog Investment agreed to issue additional 100 shares to Prince Frog International.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 January 2011 to act as the ultimate holding company of the subsidiaries in our Group. On 11 January 2011, one nil-paid Share was issued to Codan Trust Company (Cayman) Limited and such Share was transferred to Prince Frog International on the same day. On 11 January 2011, an additional 99 nil-paid Shares were issued to Prince Frog International. As of the date of incorporation of our Company, its authorised share capital was HK$50,000 divided into 5,000,000 shares of HK$0.01 par value each.

On 22 February 2011, pursuant to a share transfer agreement entered into between our Company and Prince Frog International, Prince Frog International agreed to transfer its entire equity interests in Prince Frog Investment to our Company. As the consideration of such transfer, our Company agreed to (i) allot and issue 445,100 shares, all credited as fully paid, to Prince Frog International and (ii) credit as fully paid at par the 100 nil-paid Shares held by Prince Frog International. After such transfer, Prince Frog Investment became a wholly-owned subsidiary of our Company.

Set out below is the shareholding structure of our Group immediately following the acquisition of Prince Frog Investment by our Company:



On 13 June 2011, pursuant to the share swap agreement entered into between our Company, Prince Frog International, Zhenfei Investment, Jinlin Investment, CCBIAM, Joyful and Paramount, each of Jinlin Investment, CCBIAM, Joyful and Paramount transferred all the shares held by them in Prince Frog International to Zhenfei Investment in consideration of Prince Frog International procuring our Company to issue and allot 427,700 Shares, 94,200 Shares, 14,100 Shares, and 18,800 Shares to each of Jinlin Investment, CCBIAM, Joyful and Paramount at nominal value of HK$4,277, HK$942, HK$141 and HK$188, respectively. Upon completion of the above share swaps, each of Jinlin Investment, CCBIAM, Joyful and Paramount ceased to have any interest in Prince Frog International and Prince Frog International became wholly-owned by Zhenfei Investment. At the same time, each of Jinlin Investment, CCBIAM, Joyful and Paramount became a direct shareholder of our Company.

In order to capitalise the fund raised by Prince Frog International from CCBIAM, Joyful and Paramount (the "**Pre-IPO Investors Fund**"), which was utilised by Prince Frog (HK) by way of increasing the registered capital of Prince Frog (China) and was therefore due to Prince Frog International, on 20 June 2011, our Company entered into a share subscription agreement with Prince Frog International, Prince Frog Investment and Prince Frog (HK), pursuant to which (i) our Company (as the indirect holding company of Prince Frog (HK)) has agreed to issue and allot, credited as fully paid, one Share to Prince Frog International at a consideration of HK$104,750,461.29 (equivalent to the amount of the fund raised by Prince Frog International from CCBIAM, Joyful and Paramount), (the "**Share Allotment Consideration**"); (ii) each of our Company, Prince Frog International, Prince Frog Investment and Prince Frog (HK) has agreed that the Pre-IPO Investors Fund shall be set-off by the Share Allotment Consideration such that after the issue of the one Share to Prince Frog International, the liability of Prince Frog (HK) to pay the Pre-IPO Investors Fund to Prince Frog International will be released and discharged in full; (iii) in consideration of the issue and allotment by our Company of the one Share to Prince Frog International at the Share Allotment Consideration which set-off the Pre-IPO Investors Fund on behalf of Prince Frog (HK), Prince Frog (HK) agreed to issue and allot 100 shares to Prince Frog Investment at a consideration of HK$104,750,461.29 which, at the direction of Prince Frog (HK), shall be settled by the issued allotment of 100 shares by Prince Frog Investment to our Company; and (iv) after the issue and allotment of shares by Prince Frog Investment as set out in (iii) above, each of our Company, Prince Frog Investment and Prince Frog (HK) has agreed that the liability of Prince Frog (HK) to pay HK$104,750,461.29 to our Company will be released and discharged in full. Accordingly, one Share was issued to Prince Frog International by our Company and therefore, the liability of Prince Frog (HK) to settle the Pre-IPO Investors Fund was released and discharged in full, and each of Prince Frog (HK) and Prince Frog Investment issued and allotted 100 shares of its respective share capital to Prince Frog Investment and our Company, respectively.

PRC LEGAL COMPLIANCE

The Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors

On 8 August 2006, six PRC governmental and regulatory authorities, including the MOFCOM and the CSRC, promulgated "關於外國投資者併購境內企業的規定" (the Provisions on the Acquisition of Domestic Enterprises by Foreign Investors) (the "**M&A Rules**"), which became effective on 8 September 2006 and was reissued by the MOFCOM in June 2009. The M&A Rules include provisions that stipulate that an offshore special purpose vehicle formed for the purposes of an offshore listing and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange. The M&A Rules further provide the definition of "takeover of a domestic enterprise by a foreign investor". According to Article 2 of the M&A Rules, "takeover of a domestic enterprise by a foreign investor" is defined as a situation where a foreign investor purchases the equity interests of a domestic non-foreign-invested enterprise (a "**domestic enterprise**") or subscribes to the increased capital of a domestic enterprise, and thus changes the domestic enterprise into a foreign-invested enterprise; or a foreign investor establishes a foreign-invested enterprise, through which it purchases the assets of a domestic enterprise and operates its assets; or a foreign investor purchases the assets of a domestic enterprise, and then uses such assets to invest in and establish a foreign-invested enterprise through which it operates the assets.

Our PRC legal advisers, Jingtian & Gongcheng, have advised us that the M&A Rules are not applicable to our Reorganisation and the Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules for the following reasons:

(i) Prince Frog (China) was established on 28 February 2005, which was before the promulgation and implementation of the M&A Rules. Therefore the acquisition of assets of Fujian Shuangfei in part or in whole by Prince Frog (China) does not constitute an "asset merger and acquisition" as defined in the M&A Rules and shall not be subject to the M&A Rules. Our Directors have also confirmed that the establishment of Prince Frog (China) was not for the purpose of acquiring the assets owned by domestic enterprises and subsequent operations of such assets; and

(ii) In case that Prince Frog (China) intends to acquire the equity interests in Fujian Shuangfei, which was a pure domestic enterprise since its incorporation, the legal nature of such acquisition of equity interests will be an investment in a domestic enterprise made by a foreign-invested enterprise established before the implementation of the M&A Rules and therefore such acquisition of the equity interests in Fujian Shuangfei will be governed by the 關於外商投資企業境內投資的暫行規定 (the Tentative Provisions on Domestic Re-investment by Foreign-invested Enterprises) implemented on 1 September 2000 (the "**Provisions**") instead of the M&A Rules. The Provisions are not part of the M&A Rules. Save for the procedures under the Provisions, Prince Frog (China) and Fujian Shuangfei shall also comply with other additional regulations, such as the regulations for tax registration due to the change of corporate information that needs to be filed with relevant tax authorities. However, the Provisions, as well as those additional regulations, are only procedural requirements and would not constitute any legal impediment for Prince Frog (China) to complete such acquisition.

In addition, the Joint Sponsors' PRC legal advisers, Commerce & Finance Law Offices, concur with the view of our PRC legal advisers above.

On the basis of (i) and (ii) above, our Directors have confirmed that the decision to carry out the Reorganisation, instead of the acquisition of the equity interest or assets of Fujian Shuangfei, was not due to any legal impediment and was not for the purpose of circumventing of any laws and regulations, including the M&A Rules. Such decision was made based on the commercial reasons set out in the section headed "History and Reorganisation — Reorganisation — (1) Onshore restructuring" of this prospectus.

Based on such legal advice from our PRC legal advisers, Jingtian & Gongcheng, our Directors are of the view that the Reorganisation complied with PRC laws. Furthermore, we have obtained a confirmation letter from Foreign Trade and Economic Cooperation Bureau of Zhangzhou City (漳州市對外貿易經濟合作局) on 28 March 2011 to confirm the legality of our Reorganisation in respect of PRC laws and regulations. Our PRC legal advisers, Jingtian & Gongcheng, have advised us that the Foreign Trade and Economic Cooperation Bureau of Zhangzhou City, being the supervisory commerce authority of Prince Frog (China), has the power to issue such confirmation.

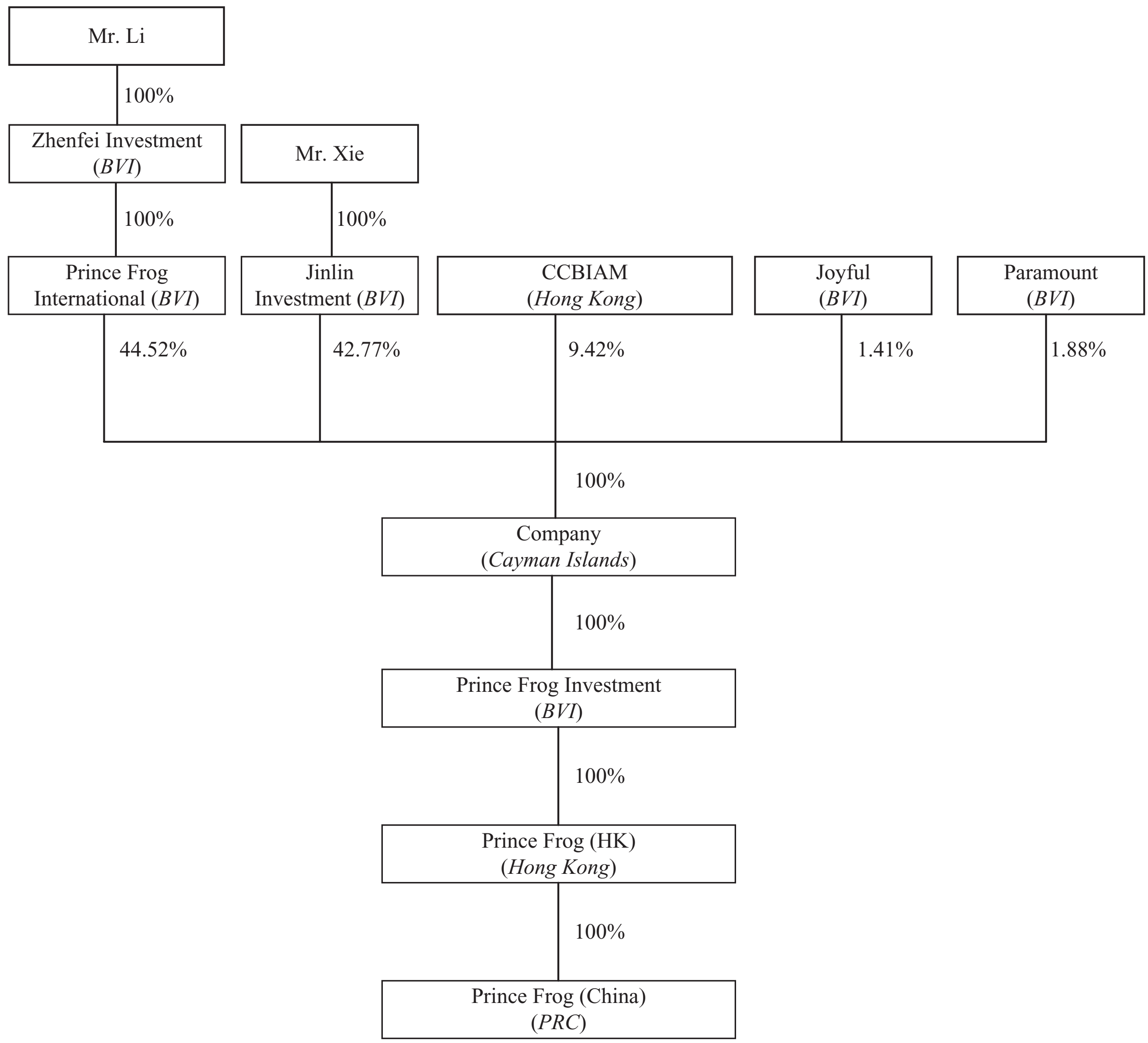
SAFE Registration

On 21 October 2005, the SAFE issued the 關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知 (the Notice of SAFE on Issues Relating to Foreign Exchange

Control on Fund Raisings by Domestic Residents Through Offshore Special Purpose Vehicles and Round-trip Investment) (the "**SAFE Circular No. 75**"), which became effective on 1 November 2005. The SAFE Circular No. 75 requires PRC residents to register with the local SAFE branch before establishing or controlling any company, referred to in the SAFE Circular No. 75 as an "overseas special purpose vehicle", outside of PRC for the purpose of capital financing with assets or interest in China, and to register again after completing an investment in or acquisition of any operating subsidiaries in PRC, which we refer to herein as a round-trip investment. Also, any material capital alteration, such as capital increase or decrease, merger or division, in such overseas special purpose vehicle involving no round-trip investment shall be registered or filed within 30 days starting from the date of shareholding transfer or capital alteration. Our PRC legal advisers, Jingtian & Gongcheng, have advised that, Mr. Li and Mr. Xie, who are PRC residents and two of the beneficial owners of our Company, have completed the SAFE registration on 12 May 2011 in respect of their investment in our Group before 12 May 2011 in accordance with PRC laws. Mr. Li and Mr. Xie undertake that they will complete relevant filing and/or registration pursuant to the SAFE Circular No. 75 for any alteration required by the relevant PRC laws.

Our PRC legal advisers, Jingtian & Gongcheng, have also confirmed that we have obtained all approvals and permits, if required, under PRC laws and understandings of relevant PRC authorities in connection with each stage of the Reorganisation and the Listing.

Set out below is the shareholding structure of our Group immediately following the Reorganisation and before the Global Offering and the Capitalisation Issue:



The following diagram sets out the shareholding structure of our Group after the Reorganisation and immediately after the completion of the Global Offering and the Capitalisation Issue, and assuming the Over-allotment Option is not exercised: