GOLDROOSTER

Prospectus

for the initial public offering in Germany and Luxembourg

of

up to 5,000,000 no par value ordinary bearer shares
resulting from a capital increase against cash contribution pursuant to a resolution adopted by the extraordinary shareholders' general meeting (*Hauptversammlung*) on 26 April 2012

as well as of

up to 750,000 no par value ordinary bearer shares
which have been granted to VEM Aktienbank AG ("**VEM**") by means of a securities loan for a potential over-allotment

of

Goldrooster AG

Berlin

(the "**Offering**").

International Securities Identification Number (ISIN): DE000A0AYYU6
German Securities Identification Number (WKN): A0AYYU
Ticker Symbol: GO8

Date of Prospectus: 26 April 2012

Sole Global Coordinator, Sole Bookrunner and Lead Manager

VEM Aktienbank AG

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Table of Contents

SUMMARY

*The following summary is to be understood as an introduction to this Prospectus. Investors should base any decision to invest in shares of Goldrooster AG (the "**Company**" and, together with its direct and indirect subsidiaries, the "**Goldrooster Group**") on an examination of this Prospectus in its entirety.*

The Company assumes responsibility for the contents of this summary pursuant to section 5 subsection 2, sentence 3, no. 4 of the German Securities Prospectus Act (Wertpapierprospektgesetz - WpPG). *However, the Company can only be held liable for such contents of the summary, if the summary is misleading, incorrect or contradictory when read in conjunction with other parts of this Prospectus.*

In the event a claim relating to the information contained in this Prospectus or any supplements is asserted in court, the plaintiff investor may be required to pay the cost of translating the Prospectus and any supplements before the commencement of the legal proceedings based on applicable national statutes.

General Information on the Company and its Business

Goldrooster Group engages in the business of designing, manufacturing and distributing sports fashion apparel, footwear and accessories products in the People's Republic of China ("**PRC**"). The Company believes that market recognition and consumer acceptance of Goldrooster Group's brand is critical to its business success. With unique fashion designs and a clear-cut brand and market positioning, Goldrooster Group has achieved rapid and significant growth since its inception in 2005. As at 31 December 2011, Goldrooster Group had expanded its distribution network to include 30 exclusive regional distributors and 1,344[1] Goldrooster retail outlets. Benefiting from the expansion of its distribution network and its marketing and operating strategies, Goldrooster Group has achieved a steady and substantial growth in its revenue and net profits during the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011. Goldrooster Group's sales revenue increased from approximately TEUR 58,888 for the financial year 2009 to approximately TEUR 80,098 for the financial year 2010 and to approximately TEUR 104,035 for the financial year 2011, representing a constant growth rate of around 36% in the financial year 2010 and of around 29.9% in the financial year 2011. Goldrooster Group's net profits increased from approximately TEUR 9,234 for the financial year 2009 to approximately TEUR 13,154 for the financial year 2010 and to approximately TEUR 17,020 for the financial year 2011, representing a constant growth rate of around 42.5% in the financial year 2010 and of around 29.4% in the financial year 2011.

Goldrooster Group offers various apparel, footwear and accessories products, which can be further divided into various product series for different seasons. Each product series is designed with a separate theme and distinctive features to meet diversified consumer preferences. Apparel is the main product line of Goldrooster Group. For the financial year 2011, apparel products generated 74.1% of Goldrooster Group's sales revenue, while footwear and accessories took up 21.2% and 4.7%, respectively.

Goldrooster Group relies on outdoor advertisements and promotional activities at its retail stores to attract its end-consumers. Goldrooster Group also places advertisements on internet media, fashion website portals and in style magazines and participates in major clothing and garment exhibitions. Goldrooster Group also seeks opportunities of product sponsorship in major marketing events. As a result of these efforts, Goldrooster Group has, among other things, succeeded in becoming one of the designated apparel sponsors of the 20th China Golden Rooster Hundred

[1] Unaudited figure.

Flower Movie Festival, which took place in October 2011. Going forward, Goldrooster Group also plans to engage celebrities as spokespersons and brand communication catalysts.

Goldrooster Group benefits from the extensive experience of its Chief Executive Officer ("**CEO**"), Mr. Wenwen Li, and of its senior management team in the footwear and apparel industries. In the Company's view, the expertise and deep insights of Goldrooster Group's senior management team in the relevant industries help Goldrooster Group to promptly identify and swiftly respond to shifting market demands and design trends, and their networks of contacts in such industries provide Goldrooster Group with access to a wide network of suppliers, distributors and contract manufacturers.

Goldrooster Group places great emphasis on its design and development capacities. Goldrooster Group maintained a design and development team with 102[1] staff as at 31 December 2011, comprising 23[2] designers and eight[3] design assistants. Most products of Goldrooster Group are designed by its in-house design and development team, which has just recently designed and developed 566[4] models of new products for two trade fairs held in 2011. Goldrooster Group expects the number of new models of product designs to be further increased to 625 in 2012.

When launching new products, Goldrooster Group has been able to reduce the period of time between design and market entrance to three months, and is able to manufacture new products in as few as 45 days, when necessary.

The production facilities of Goldrooster Group are located in Jinjiang, Fujian province, PRC, and are equipped with three[5] production lines for footwear with an aggregate annual production capacity of 3 million[6] pairs. To concentrate its management resources, Goldrooster Group outsources the production of all of its apparel and accessories products to third party contract manufacturers. With the aim of meeting the growing demand for its products and reducing its reliance on contract manufacturers, Goldrooster Group plans to install one new footwear production line and one new apparel production line, respectively, in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012.

As at 31 December 2011, Goldrooster Group had an extensive distribution network reaching eighteen provinces, autonomous regions and municipalities and covering over 170[7] cities in China. Currently, Goldrooster Group sells all of its products on a wholesale basis to its exclusive regional distributors, which then sell the products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who, in turn, resell the products at Goldrooster retail outlets operated by such authorised retailers. To diversify its sales channels and enhance its profitability, Goldrooster Group plans to establish a self-operated retail network and launch an online sales program.

Strengths

Goldrooster Group believes the following to be the key factors for its future growth:

- Clear and unique positioning of Goldrooster Group's brand and products
- Strong product design capability and diversified product offering

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[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.
[6] Unaudited figure.
[7] Unaudited figure.

- Established business model and extensive distribution network in China
- Effective management of distribution network
- Consumer oriented promotion and marketing activities
- Experienced and well-connected management team

Strategy

Goldrooster Group pursues the following strategic goals:

Further Expand the Sales and Distribution Network

Goldrooster Group plans to increase the number of its Goldrooster retail outlets to over 1,900 by the end of 2013, of which 150 new outlets will be opened and operated by Goldrooster Group itself. Goldrooster Group intends to concentrate its self-operated retail network expansion efforts on Sichuan province and Jiangsu province, and will set up an operating subsidiary in each of said provinces to decentralise its management of self-operated retail outlets in the different regions. In addition, Goldrooster Group plans to launch its Business-to-Consumer ("**B2C**") e-commerce retail program in the second half of 2012. In addition to the domestic market, Goldrooster Group also intends to explore overseas markets like Southeast Asia and the Middle East in the long-term.

To effectively manage its expansion, Goldrooster Group plans to upgrade its current financial-controlling system and implement an enterprise resource planning system ("**ERP System**") as well as a point of sales management system ("**POS System**") in all of its Goldrooster retail outlets starting in 2012 to track financial and sales data on a daily basis.

Add New Production Lines

Goldrooster Group currently has three[1] production lines for footwear and outsources the production of all of its apparel and accessories products to third party contract manufacturers. In order to meet the growing demand for its products, reduce its reliance on contract manufacturers and improve its overall profit, Goldrooster Group plans to install one new footwear production line and one new apparel production line in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012.

Enhance Market Recognition and Awareness of Goldrooster Group's brand

Goldrooster Group expects to increase what it perceives as an awareness of its brand as a premier brand for sports fashion in China by continuing its presence at key trade exhibitions in China and seeking opportunities of product sponsorships in major advertisement and marketing events. Goldrooster Group also plans to expand its marketing channels alongside its expanding sales and distribution network. To emphasise its product features and to further extend its marketing reach in second-, third- and fourth-tier cities, Goldrooster Group plans to intensify its advertisement efforts with internet media, fashion website portals, style magazines, billboards and via participation in major clothing and garment exhibitions. Going forward, Goldrooster Group also plans to engage celebrities as spokespersons and brand communication catalysts.

To appeal to its target consumers, Goldrooster Group will update its standardised layout design for its Goldrooster retail outlets and its marketing materials on a regular basis. Goldrooster Group plans to establish flagship stores in prime locations in China, starting in Chengdu, Sichuan province, and Nanjing, Jiangsu province, in 2012 with an aim to elevate the image of its retail

[1] Unaudited figure.

channels. The flagship stores are meant to showcase Goldrooster Group's latest products and immerse customers in a complete experience of the brand culture of Goldrooster Group.

Moreover, Goldrooster Group also intends to introduce a premium product line to enhance its customer base and profitability.

Strengthen Product Design and Development Capabilities and Broaden Product Range

Goldrooster Group plans to establish a close cooperation with international designers as well as strengthen its product design and development team and capacity. Goldrooster Group intends to further expand its product series and increase its product portfolio by exploring new categories of products. Goldrooster Group would also like to offer more environment-friendly products utilising ecologically friendly materials, such as recyclable materials and natural fibres.

To achieve these objectives, Goldrooster Group intends to further increase its investments in design and development from RMB 7,265,186 (approximately EUR 808,318) in the financial year 2011 to approximately RMB 12.4 million (approximately EUR 1.5 million) in the financial year 2014.

Other Material Information about the Company

Company Name	Goldrooster AG
Registered Office and Registration	The registered office of the Company is in Berlin, Germany, and the Company is registered with the commercial register of the local court of Berlin-Charlottenburg under registration number HRB 137673.
Business Address	The registered business address of the Company is c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany.
Legal Form	German stock corporation (*Aktiengesellschaft*)
Business Objective	The Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and provides of full rights, powers and privileges for these purposes. The Company's principal business is to act as a holding company of its Chinese operating subsidiary, which produces and distributes sports fashion products, including apparel, shoes and accessories.
Direct and Indirect Subsidiaries	The Company holds 100% of the shares in Gold Rooster (Hong Kong) Holding Limited ("**Goldrooster Hong Kong**"), which was incorporated under the laws of Hong Kong on 2 November 2010 and which is the sole shareholder of Jinjiang Goldrooster Sports Goods Co., Ltd. ("**Jinjiang Goldrooster**"), a limited liability company incorporated under the laws of the PRC on 14 November 2005.
Management Board	Mr. Wenwen Li and Mr. Tiong Yuen Ashley Soh
Supervisory Board	Mr. Andreas Grosjean, Mr. Kaizhan Liao and Mr. Tow Kean Teoh

Financial Year	The Company's financial year is the calendar year.
Auditors	Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Germany **("Grant Thornton")**
Existing Shareholders	Immediately prior to the implementation of the Offering, 72.5% of the share capital were held by Zhuo Wei Investments Limited, 15.025% of the share capital were held by Season Market Limited, 6.2375% of the share capital were held by Xanti Investments Limited and 6.2375% of the share capital were held by Fortune United Investment Limited (the "**Existing Shareholders**").
Share capital (Prior to the Implementation of the Offering)	EUR 20,000,000 divided into 20,000,000 no par value ordinary bearer shares (*Inhaberstückaktien*).

Summary of the Offering

Offering	The Offering consists of a public offering in Germany and Luxembourg and private placements to institutional investors outside Germany, Luxembourg and the United States. The Offering consists of up to 5,750,000 no par value ordinary bearer shares (*Inhaber-Stückaktien*) of Goldrooster AG, each ordinary bearer share having a notional amount of the share capital of EUR 1.00 and each vested with full dividend rights for the entire financial year 2012. Of this amount, (i) 5,000,000 no par value ordinary bearer shares emanate from a capital increase against cash contribution pursuant to a resolution adopted by the extraordinary shareholders' general meeting (*Hauptversammlung*) on 26 April 2012 (the "**New Shares**"); and (ii) 750,000 no par value ordinary bearer shares which are held by the Greenshoe Shareholders, i.e. by Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited, in connection with a potential over-allotment (the "**Greenshoe Shares**" together with the New Shares the "**Offer Shares**").
Offer Period	The period during which investors can submit offers to purchase shares (offer period) is expected to begin on 2 May 2012 and to end on 15 May 2012. During the offer period, offers to purchase shares may be submitted by retail investors to their respective broker or bank. Institutional investors shall submit offers to purchase shares to VEM. On the last day of the offer period, investors may submit offers to purchase shares until 12:00 a.m. (noon) (Central European Time).
Offer Price	The price at which purchase orders may be placed shall be EUR 4.00 per Offer Share. Particularly in the event that the placement volume proves insufficient to satisfy all of the purchase orders submitted at the offer price, VEM reserves the right not to accept purchase orders, in whole or in part.
Amendments to the Terms of the Offer	The Company and VEM, reserve the right to decrease the number of Offer Shares, to increase or decrease the price and/or to extend or shorten the entire offer period. Should any of the terms of the offer be modified, the change will be published via an electronic information system and on the Company's website (www.goldrooster.de). This publication will be made to the extent required under the German Securities

	Prospectus Act (*Wertpapierprospektgesetz*) as a supplement (*Nachtrag*) to the Prospectus. There will be no individual notification of investors who have submitted purchase offers.
Delivery and Settlement of Offer Shares	It is expected that the Offer Shares will be delivered one banking day after commencement of trading of the shares against payment of the offer price.
Over-Allotment/Stabilisation	In connection with the placement of the Offer Shares, over-allotments may be made and stabilisation measures aimed at supporting the stock exchange or market price of the Company's shares may be undertaken to the extent permitted by applicable law. Stabilisation measures may be effected as of the date of the commencement of trading of the Company's shares and must be completed no later than the 30th calendar day after such date.
Greenshoe Option	Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited have granted VEM the option of purchasing 750,000 no par value ordinary bearer shares of the Company at the offer price, less the agreed commissions by means of a securities loan for a potential over-allotment. This option will expire 30 calendar days after the date of commencement of trading of the shares.
General Allotment Criteria	The Company and VEM will comply with the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*), that were issued on 7 June 2000 by the Exchange Expert Commission (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*).
Greenshoe Shareholders	Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited
Sole Global Coordinator	VEM
Underwriter	VEM
Inclusion in Trading	An application for the inclusion of the Offer Shares in the trading in the Entry Standard, a sub-segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, is expected to be filed on 3 May 2012. The inclusion approval is expected to be granted no later than 15 May 2012. Commencement of trading in the Entry Standard segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange

is expected to take place on 18 May 2012.

Early Termination of the Offering

The Listing Agreement provides that VEM may terminate the Listing Agreement under certain circumstances, even after the shares have been allocated and included in the trading, up to delivery and settlement.

If the Listing Agreement is terminated, the Offering will not take place. In such case, allocations of shares to investors will be invalidated, and investors will have no claim for delivery. Claims relating to any subscription fees paid and costs incurred by any investor in connection with the subscription are governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order.

Selling Restrictions (Lock-Up)

The Existing Shareholders have agreed with VEM that, for a period of twelve months after the date of commencement of trading in the Company's shares, they will not

- offer, pledge, sell, contract to sell, sell an option to buy, buy an option to sell or otherwise, directly or indirectly, transfer or dispose of shares of the Company or other securities that are convertible into or exchangeable for shares of the Company;
- enter into swap transactions or transactions that transfer the economic risk of holding the shares to a third party, in whole or in part, regardless of whether any such transaction is to be settled by delivery of shares, payment in cash or other consideration; as well as
- initiate, vote in favour of or in any other way support a capital increase of the Company, the issuance of shares which are exchangeable into shares of the Company, or an economically equivalent transaction.

These restrictions do not apply to transactions relating to shares of the Company that are sold as part of the Offering, to Greenshoe Shares offered by the Existing Shareholders (to the extent the Greenshoe Option is exercised) and to shares purchased in the Open Market.

Costs of the Offering for the Company

As the costs of the Offering depend on the total number of shares placed that determines the amount of the commission to be paid, the Company cannot, at the date of this Prospectus, reliably predict the costs of the Offering. Subject to the uncertainties stated above, the Company estimates that the costs

	of the Offering (including commissions of VEM) will be approximately EUR 1.5 million.
Use of Proceeds	The net proceeds from the sale of the Offer Shares ("**Net Proceeds**") will be used by the Company mainly for its future expansion on the Chinese market. The Company plans to use (i) EUR 9.25 million (50% of the Net Proceeds) for the further expansion of its distribution network and the opening of outlets/point of sales; (ii) EUR 2.96 million (16% of the Net Proceeds) for increasing its production capacity; (iii) EUR 1.85 million (10% of the Net Proceeds) for design and development expenditures; (iv) EUR 2.96 million (16% of the Net Proceeds) for brand building and promotion activities; and (v) approximately EUR 1.48 million (8% of the Net Proceeds) for its working capital for expanded operations.
German Securities Identification Number (WKN)	A0AYYU
International Securities Identification Number (ISIN)	DE000A0AYYU6
Ticker Symbol	GO8

Selected Financial Information

The following tables present selected financial information of Jinjiang Goldrooster as of and for the years ended 31 December 2009, 31 December 2010, 31 December 2011, of Goldrooster Hong Kong for the year ended 31 December 2011 and of Goldrooster AG for the year ended 31 December 2011, each in accordance with IFRS.

Jinjiang Goldrooster Sports Goods Co., Ltd., and Gold Rooster (Hong Kong) Holding Limited

	Jinjiang Goldrooster Sports Goods Co., Ltd.						Gold Rooster (Hong Kong) Holding Limited, Combined Financial Statements	
	31 December						31 December	
	2009		*2010*		*2011*		*2011*	
	(in EUR thousand)						*(in EUR thousand)*	
	(audited)[1]						*(audited)*[1]	
Selected Income Statement Data								
Revenues	58,888		80,098		104,035		104,035	
Cost of sales	-42,973		-58,122		-75,182		-75,182	
Gross profit	**15,915**		**21,976**		**28,853**		**28,853**	
Other income	78		96		148		148	
Selling and distribution expenses	-2,141		-2,776		-3,698		-3,698	
Administrative expenses	-1,536		-1,750		-2,180		-2,440	
Profit before taxation	**12,316**		**17,546**		**23,123**		**22,863**	
Income tax expense	-3,082		-4,392		-5,843		-5,843	
Net profit	**9,234**		**13,154**		**17,280**		**17,020**	
Selected Balance Sheet Data								
Non-current assets	1,659		1,842		1,898		1,898	
Current assets	16,064		25,825		49,048		49,092	
Total assets	**17,723**		**27,667**		**50,946**		**50,990**	
Current liabilities	7,990		12,290		16,270		16,550	
Total liabilities	**7,990**		**12,290**		**16,270**		**16,550**	
Capital and reserves	9,733		15,377		34,676		34,440	
Total equity and liabilities and	**17,723**		**27,667**		**50,946**		**50,990**	
Selected Cash Flow Data								
Profit before taxation	12,316		17,546		23,123		22,863	
Operating profit before working capital changes	12,367		17,589		23,093		22,833	
Net cash generated from operating activities	9,341		11,268		19,892		19,869	
Net cash used in investing activities	-11		-45		-1,130		-1,130	
Net cash used in financing activities	-6,312		-8,914		-		26	
Net increase in cash and bank balances	3,018		2,309		18,762		18,765	
Cash and bank balances at end of financial year	**6,115**		**9,350**		**29,787**		**29,789**	
	31 December						31 December	
	2009		*2010*		*2011*		*2011*	
	(in EUR thousand)						*(in EUR thousand)*	
	(unaudited)[2]						*(unaudited)*[2]	
Other selected Financial Data								
EBIT [3]	12,316		17,546		23,123		22,863	
EBIT margin [4]	20.91	%	21.91	%	22.23	%	21.98	%
Net profit margin [5]	15.68	%	16.42	%	16.61	%	16.36	%
Number of employees [6]	625		666		687		687	

[1] Audited information with the exception of "Other Selected Financial Data" and except of "Total Liabilities".
[2] Unaudited information with the exception of "Number of employees".
[3] Profit before taxation plus interest expense.
[4] EBIT divided by revenues multiplied by 100.
[5] Net profit for the period divided by revenues multiplied by 100.
[6] Average numbers of the financial period. Audited information for the period 2009-2011.

Goldrooster AG

	31. Dec. 2011 (in EUR) (IFRS, audited)[1]	
Selected Income Statement Data		
Administrative expenses	-118,098	
Taxation	18,689	
Net result	**-99,409**	
Selected Balance Sheet Data		
Non-current assets	18,689	
Current assets	254,000	
Total assets	**272,689**	
Non-current liabilities	-	
Current liabilities	334,301	
Total liabilities	**334,301**	
Total Equity	-61,612	
Total equity and liabilities	**272,689**	
	31. Dec.	
	2011	
	(in EUR)	
	(IFRS, audited)	
Selected Cash Flow Data		
Result after income tax/ Loss	-99,409	
Cash flows from operating activities	-48,710	
Cash flows from investing activities	-	
Cash flows from financing activates	-	
Net decrease in cash and bank balances	-48,710	
Cash at end of financial year	**1,290**	
Other selected Financial Data		
EBIT[2]	-118,098	
Number of employees	-	

[1] Audited information with the exception of "Other Selected Financial Data, EBIT" and except of "Total Liabilities".
[2] Profit before taxation plus interest result.

Gold Rooster (Hong Kong) Holding Limited

	Period from 2 November 2010 to 31 December 2010		Financial year ended 31 December 2011	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, audited)	*See Note A below*	*(IFRS, audited)*	*See Note A below*
Selected Income Statement Data				
Revenues	-	-	-	-
Net result	**-**	**-**	**(2,339,581)**	**(260,300)**
Selected Balance Sheet Data				
Current asset	4,279	487	382,366	45,676
Total assets	**4,279**	**487**	**3,299,166**	**364,156**
Current liability	4,278	486	2,357,146	281,581
Total liabilities	**4,278**	**486**	**2,357,146**	**281,581**
Capital	1	1	3,281,601	358,312
Total equity	**1**	**1**	**942,020**	**82,575**
Total equity and liabilities	**4,279**	**487**	**3,299,166**	**364,156**
	Period from 2 November 2010 to 31 December 2010		**Financial year ended 31 December 2011**	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, audited)	*See Note A below*	*(IFRS, audited)*	*See Note A below*
Selected Cash Flow Data				
Net cash generated from/(used in) operating activities	4,278	486	(357,794)	(23,533)
Net cash used in investing activities	-	-	(2,916,800)	(318,480)
Net cash generated from financing activities	1	1	3,281,600	358,311
Net increase in cash and bank balances	4,279	487	7,006	861
Cash at end of financial year	**4,279**	**487**	**11,285**	**1,348**
Note A: The functional currency of Goldrooster Hong Kong is RMB. The above financial information has been translated from RMB to the presentation currency of EUR using respective exchange rates applicable in accordance in IFRS. For clarity, financial information of Goldrooster Hong Kong for the period from 2 November 2010 to 31 December 2010 is presented only in EUR in subsequent sections of this Prospectus, with the accompanying analysis.				

Summary of Risk Factors

Risks Related to Goldrooster Group's Business

- Goldrooster Group operates in a highly competitive market and increased competition may result in a decline in its market share and lower profit margins.

- Goldrooster Group may be unable to anticipate and respond to rapid changes in market trends and consumer tastes in a timely manner.

- Goldrooster Group's brand has a limited history in the branded sports footwear and apparel industry.

- As Goldrooster Group relies on its brand, any failure to effectively promote and maintain its brand may materially and adversely affect its business and results of operations.

- Some of the trademarks used by Goldrooster Group may be successfully challenged, and the use of the challenged trademarks by Goldrooster Group may entail an increased possibility of trademark dispute, which, in turn, may result in a prevention of using the challenged trademarks by Goldrooster Group in the future and a liability of damages payments for the past use.

- Goldrooster Group may not be able to adequately protect its intellectual property rights and its know-how, and the sale of counterfeit products may adversely affect its brand and business.

- Goldrooster Group relies on a small number of exclusive distributors for the sale of its products, and failure to renew distributorship agreements with its distributors or any breach of the distributorship agreements by such distributors may materially and adversely affect Goldrooster Group's business, financial condition, results of operations and business prospects.

- Goldrooster Group has limited ability to control the retail operations of its distributors or their authorised retailers.

- Being dependent on its contract manufacturers for the production of all of its apparel and accessories products, Goldrooster Group may not be able to ensure that the products provided by its contract manufacturers meet its requirements nor may it be able to secure contracts with additional qualified contract manufacturers in the future.

- Goldrooster Group's brand image and business may be negatively affected by actions of its suppliers and contract manufacturers.

- Goldrooster Group depends significantly on its senior management.

- Goldrooster Group's historical financial performance should not be used as an indicator for its future financial performance.

- Goldrooster Group's margins and profitability may be adversely affected as a result of increased costs.

- Goldrooster Group's labour costs have risen significantly in recent years and could continue to rise at a comparable rate or even faster.

- Goldrooster Group's future success depends on the successful recruitment and retention of qualified personnel.

- Goldrooster Group may fail to implement its growth strategy and production expansion plan successfully.

- Goldrooster Group's future growth relies on its successful expansion, in particular of its domestic distribution network.

- Should Goldrooster Group be unable to optimise its product mix, its sales may fluctuate and its profit margins may decline substantially.

- Goldrooster Group may be exposed to unscheduled production plant shutdowns, shortages or disruptions in the supply of raw materials, components or finished goods sourced from third parties, or electricity shortages.

- Goldrooster Group may be exposed to product liability, property damage or personal injury claims, and the insurance coverage of Goldrooster Group may not be adequate to cover all potential liability or losses.

- Goldrooster Group may be liable for the payment of outstanding social security and housing funds contributions.

- The Company's management board (*Vorstand*) is not experienced in complying with German legal requirements, and Goldrooster Group has not yet implemented a comprehensive corporate compliance system.

- The Company's supervisory board (*Aufsichtsrat*) may have difficulties in adequately supervising the management board (*Vorstand*) since members of the two boards reside in different countries.

- Goldrooster Group may not be able to maintain and/or obtain approvals and licenses from PRC authorities necessary to carry out its business or to cope with future regulatory requirements.

- The Company is a holding company, the liquidity of which depends upon having access to the liquid funds of its operating subsidiary located in the PRC, which might not be able to remit profits.

- Fluctuations in foreign exchange rates may materially and adversely affect Goldrooster Group's financial condition and results of operations.

- The offshore holding enterprises of Goldrooster Group may be deemed as PRC tax resident enterprises and be subject to PRC taxation on their global income.

- Goldrooster Hong Kong may not be entitled to a reduced withholding tax rate under the double taxation treaty between Hong Kong and Mainland China.

- Goldrooster Group leases properties for its office premise and warehouse without building ownership certificates, and it may therefore be required to relocate its office premise and warehouse.

- Goldrooster Group's performance in the future is dependent on the PRC economy and changes in consumer spending patterns could materially affect the Company's growth and profitability.

Risks Related to the Political, Social and Legal Environment of the People's Republic of China

- General risks relating to business operations in China, which are generally subject to greater economical, political, and legal risks than operations in more developed economies.
- Economic instability in China could adversely affect Goldrooster Group's business.
- Regulations relating to employee stock options granted by overseas listed companies to citizens of China have to be observed by the Company and its employees to avoid fines and legal sanctions.
- Goldrooster Group's business operations could be disrupted due to China's inadequate infrastructure.
- China's economic liberalisation could be compromised by a change of the political system.
- The PRC legal system and regional and national taxation laws contain inherent uncertainties and inconsistencies.
- The judiciary's lack of independence and limited experience and the difficulty of enforcing court decisions as well as governmental discretion in enforcing court orders in China could prevent Goldrooster Group from obtaining effective judicial remedies in court proceedings.
- Recognition and enforcement of judgments may be difficult to obtain in China.
- Foreign investment in PRC companies may be subject to additional restrictions in the future.

Risks Related to the Offering

- The Offering may not result in an active and liquid market for the Company's shares.
- The market price for the Company's shares may be volatile.
- The sale, or perceived sale, of shares by the Existing Shareholders could adversely affect the market price of the Company's shares.
- The Offering may not be carried out in full which may negatively affect the growth prospects of Goldrooster Group and/or the liquidity of the shares in the market.
- There may be too little liquidity in the Open Market (*Freiverkehr*) and its sub-segment, the Entry Standard, for the Company's shares.
- Investors engaging in short sales may not be able to financially cover these sales through the delivery of shares.

ZUSAMMENFASSUNG

*Die folgende Zusammenfassung ist als Einführung zu diesem Prospekt zu verstehen. Anleger sollten jede Entscheidung zur Anlage in Aktien der Goldrooster AG (die „**Gesellschaft**" und gemeinsam mit ihren unmittelbaren und mittelbaren Tochtergesellschaften die „**Goldrooster-Gruppe**") auf die Prüfung des gesamten Prospekts stützen.*

Die Gesellschaft übernimmt im Sinne von § 5 Abs. 2 Satz 3 Nr. 4 Wertpapierprospektgesetz die Verantwortung für den Inhalt dieser Zusammenfassung. Sie kann für den Inhalt der Zusammenfassung jedoch nur haftbar gemacht werden, falls die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit anderen Teilen dieses Prospekts gelesen wird.

Für den Fall, dass vor Gericht Ansprüche aufgrund der in diesem Prospekt oder in jeglichen Nachträgen enthaltenen Informationen geltend gemacht werden, könnte der klagende Anleger die Kosten für die Übersetzung des Prospekts und jeglicher Nachträge vor Prozessbeginn aufgrund der anwendbaren einzelstaatlichen Rechtsvorschriften zu tragen haben.

Allgemeine Informationen zur Gesellschaft und ihrer Geschäftstätigkeit

Die Goldrooster-Gruppe befasst sich mit dem Entwerfen, der Herstellung und dem Vertrieb modischer Sportbekleidung sowie von Schuhen und Modeaccessoires in der Volksrepublik China („**VRC**"). Die Gesellschaft ist der Ansicht, dass die Marktbekanntheit der Marke der Goldrooster-Gruppe und deren Annahme bei den Kunden entscheidend für ihren geschäftlichen Erfolg sind. Mit einzigartigen Modedesigns und einer klar definierten Marken-und Marktpositionierung hat die Goldrooster-Gruppe seit ihrer Gründung im Jahre 2005 ein rasantes und bedeutsames Wachstum erreicht. Zum 31. Dezember 2011 hatte die Goldrooster-Gruppe ihr Vertriebnetz so weit ausgebaut, dass es 30 exklusive regionale Vertriebspartner und 1.344[1] Goldrooster-Einzelhandelsgeschäfte umfasste. Begünstigt durch den Ausbau ihres Vertriebsnetzes und ihre Marketing- und Geschäftsstrategien hat die Goldrooster-Gruppe ein stetiges und substantielles Wachstum ihres Umsatzes und des Nettogewinns für die am 31. Dezember 2009, 31. Dezember 2010 und am 31. Dezember 2011 endenden Geschäftsjahre erzielt. Der Verkaufserlös der Goldrooster-Gruppe stieg von ca. TEUR 58.888 im Geschäftsjahr 2009 auf ca. TEUR 80.098 im Geschäftsjahr 2010 und auf ca. TEUR 104.035 im Geschäftsjahr 2011 an, was einer konstanten Wachstumsrate von ca. 36% für das Geschäftsjahr 2010 und von ca. 29,9% für das Geschäftsjahr 2011 entspricht. Der Nettogewinn der Goldrooster-Gruppe stieg von ca. TEUR 9.234 im Geschäftsjahr 2009 auf ca. TEUR 13.154 im Geschäftsjahr 2010 und auf ca. TEUR 17.020 im Geschäftsjahr 2011 an, was einer konstanten Wachstumsrate von ca. 42,5% für das Geschäftsjahr 2010 und von ca. 29,4% für das Geschäftsjahr 2011 entspricht.

Die Goldrooster-Gruppe bietet verschiedene Bekleidungs-, Schuh- und Modeaccessoires-Produkte an, welche wiederum in verschiedene Kollektionen für unterschiedliche Jahreszeiten unterteilt werden können. Jede Kollektion wird mit einem eigenen Thema und unverwechselbaren Merkmalen gestaltet, um den breit gefächerten Verbrauchervorlieben gerecht zu werden. Bekleidungsartikel sind die Hauptproduktlinie der Goldrooster-Gruppe. Für das Geschäftsjahr 2011 machten Bekleidungsstücke 74,1% des Verkaufserlöses der Goldrooster-Gruppe aus, während Schuhe und Modeaccessoires jeweils 21,2% und 4,7% einbrachten.

Die Goldrooster-Gruppe setzt auf Außenwerbung und auf besondere Werbeaktionen in ihren Einzelhandelgeschäften, um Endverbraucher für sich zu gewinnen. Die Goldrooster-Gruppe wirbt auch in den Internetmedien, auf Mode-Internetportalen und in Modezeitschriften und beteiligt sich

[1] Ungeprüfte Zahl.

an großen Textil- und Bekleidungsmessen. Die Goldrooster-Gruppe sucht auch nach Gelegenheiten, um als Produktsponsor bei großen Marketing-Veranstaltungen aufzutreten. Als Ergebnis dieser Bemühungen ist es der Goldrooster-Gruppe unter anderem gelungen, einer der offiziellen Bekleidungssponsoren des 20. „China Golden Rooster Hundred Flower"-Filmfestivals zu werden, welches im Oktober 2011 stattfand. Die Goldrooster-Gruppe plant künftig des Weiteren, Prominente als Markenvertreter und Werbeträger zu engagieren.

Die Goldrooster-Gruppe profitiert von der langjährigen Erfahrung ihres Vorstandsvorsitzenden, Herrn Wenwen Li, und ihres leitenden Managements in der Schuh- und Bekleidungsindustrie. Aus Sicht der Gesellschaft helfen die Fachkompetenz und die tiefe Vertrautheit des leitenden Managements mit den maßgeblichen Branchen der Goldrooster-Gruppe, die sich ändernde Nachfrage im Markt und neue Design-Trends schnell zu erkennen und umgehend auf sie reagieren zu können, und ihr Netzwerk an Kontakten in diesen Industrien verschafft der Goldrooster-Gruppe Zugang zu einem breiten Netzwerk an Lieferanten, Vertriebshändlern und Herstellern.

Die Goldrooster-Gruppe legt großen Wert auf ihre Design- und Entwicklungskapazitäten. Die Goldrooster-Gruppe unterhält ein Design- und Entwicklungsteam, welches zum 31. Dezember 2011 aus 102[1] Mitarbeitern bestand, zu denen 23[2] Designer und acht[3] Assistenten zählten. Die meisten Produkte der Goldrooster-Gruppe werden von ihrem internen Design- und Entwicklungsteam entwickelt. Zuletzt entwarf und entwickelte dieses Team 566 [4] neue Produktmodelle für zwei Handelsmessen, die im Jahre 2011 stattfanden. Die Goldrooster-Gruppe geht davon aus, dass sich die Zahl der neu entwickelten Produktdesign-Modelle im Jahr 2012 weiter auf 625 erhöhen wird.

Bei der Einführung neuer Produkte ist es der Goldrooster-Gruppe gelungen, die Zeitspanne zwischen Entwurf und Markteinführung auf drei Monate zu reduzieren. Soweit erforderlich, kann die Goldrooster-Gruppe die Produktion neuer Warenartikel sogar in nur 45 Tagen aufnehmen.

Die Produktionsstätten der Goldrooster-Gruppe befinden sich in Jinjiang, in der Provinz Fujian, VRC, und sind mit drei[5] Fertigungslinien für Schuhartikel ausgestattet, deren durchschnittliche jährliche Produktionskapazität 3 Mio.[6] Paar Schuhe beträgt. Um ihre Management-Ressourcen zu bündeln, lagert die Goldrooster-Gruppe die Produktion all ihrer Bekleidungs- und Modeaccessoires-Produkte auf Dritthersteller aus. Um der wachsenden Nachfrage für ihre Produkte gerecht zu werden und ihre Abhängigkeit von Drittherstellern zu verringern, plant die Goldrooster-Gruppe, in ihrer geplanten neuen Produktionsstätte in Jinjiang, in der Provinz Fujian, bis zum Ende des Jahres 2012 jeweils eine neue Fertigungslinie für Schuhe und eine neue Fertigungslinie für Bekleidungsartikel in Betrieb zu nehmen.

Zum 31. Dezember 2011 hatte die Goldrooster-Gruppe ein umfangreiches Vertriebsnetz in achtzehn Provinzen, autonomen Regionen und Gemeinden und deckte damit 170[7] Städte in China ab. Zurzeit verkauft die Goldrooster-Gruppe sämtliche Produkte als Großhändler an ihre exklusiven regionalen Vertriebshändler, welche die Produkte in ihren eigenen Goldrooster-Filialen oder als Großhändler an autorisierte Einzelhändler verkaufen, welche wiederum die Produkte in den von ihnen betriebenen Goldrooster-Einzelhandelsgeschäften verkaufen. Um ihre Vertriebskanäle zu verbreitern und die eigene Rentabilität zu erhöhen, plant die Goldrooster-Gruppe, ein selbst betriebenes Einzelhandelsnetzwerk zu errichten und mit dem Online-Verkauf zu beginnen.

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[1] Ungeprüfte Zahl.
[2] Ungeprüfte Zahl.
[3] Ungeprüfte Zahl.
[4] Ungeprüfte Zahl.
[5] Ungeprüfte Zahl.
[6] Ungeprüfte Zahl.
[7] Ungeprüfte Zahl.

Stärken

Nach Ansicht der Goldrooster-Gruppe sind die folgenden Stärken für ihr zukünftiges Wachstum ausschlaggebend:

- Klare und einzigartige Positionierung der Marke und der Produkte der Goldrooster-Gruppe
- Starke Produktdesign-Fähigkeiten und umfangreiches Produktangebot
- Etabliertes Geschäftsmodell und breit gefächertes Vertriebsnetz in China
- Effektive Verwaltung des Vertriebsnetzes
- Kundenorientierte Werbe- und Marketingmaßnahmen
- Erfahrenes und gut vernetztes Management-Team

Strategie

Die Goldrooster-Gruppe verfolgt folgende strategische Ziele:

Weiterer Ausbau des Verkaufs- und Vertriebsnetzes

Die Goldrooster-Gruppe plant, die Zahl ihrer Goldrooster-Einzelhandelsfilialen bis Ende 2013 auf 1.900 zu erhöhen, wobei sie 150 der neuen Filialen selbst eröffnen und betreiben wird. Die Goldrooster-Gruppe will sich bei den Expansionsbestrebungen für ihr selbst betriebenes Filialnetzwerk auf die Provinzen Sichuan und Jiangsu konzentrieren und wird in jeder der genannten Provinzen eine operative Tochtergesellschaft errichten, um die Geschäftsführung der selbst betriebenen Filialen in den verschiedenen Regionen zu dezentralisieren. Darüber hinaus plant die Goldrooster-Gruppe, ihr E-Commerce-Einzelhandels-Programm auf Business-to-Consumer(„**B2C**")-Basis in der zweiten Hälfte des Jahres 2012 zu starten. Neben dem heimischen Markt beabsichtigt die Goldrooster-Gruppe, langfristig auch ausländische Märkte, wie Südostasien und den Nahen Osten, zu erschließen.

Um die eigene Expansion effektiv zu steuern, plant die Goldrooster-Gruppe, ihr gegenwärtiges Finanzcontrolling-System zu modernisieren und ein Planungssystem für Unternehmensressourcen **(„ERP-System")** sowie ein Verwaltungssystem für Verkaufsstellen (**„POS-System"**) in all ihren Goldrooster-Einzelhandelsfilialen ab 2012 einzuführen, um die Finanz- und Verkaufsdaten auf Tagesbasis verfolgen zu können.

Einführung neuer Fertigungslinien

Die Goldrooster-Gruppe verfügt derzeit über drei[1] Fertigungslinien für Schuhartikel und lagert die Herstellung all ihrer Bekleidungs- und Modeaccessoires-Produkte an Dritthersteller aus. Um der wachsenden Nachfrage für ihre Produkte gerecht zu werden, ihre Abhängigkeit von Drittherstellern zu verringern und ihren Gesamtgewinn zu erhöhen, beabsichtigt die Goldrooster-Gruppe, in ihrer geplanten neuen Produktionsstätte in Jinjiang, in der Provinz Fujian, bis zum Ende des Jahres 2012 eine neue Fertigungslinie für Schuhprodukte und eine neue Fertigungslinie für Bekleidungsartikel in Betrieb zu nehmen.

Steigerung des Wiedererkennungswertes und der Bekanntheit der Marke der Goldrooster-Gruppe

[1] Ungeprüfte Zahl.

Die Goldrooster-Gruppe erwartet, dass sie die von ihr wahrgenommene Bekanntheit ihrer Marke als führende Marke für Sportmode in China durch die fortgesetzte Präsenz auf den wichtigsten Handelsmessen in China und durch das Suchen nach Gelegenheiten für Produktsponsoring auf großen Werbe- und Marketingveranstaltungen steigern wird. Des Weiteren plant die Goldrooster-Gruppe, im Einklang mit dem wachsenden Verkaufs- und Vertriebsnetz auch ihre Vermarktungskanäle zu erweitern. Um die Merkmale ihrer Produkte hervorzuheben und um ihre Vermarktungsreichweite auch auf Städte der zweiten, dritten und vierten Rangstufe zu erstrecken, beabsichtigt die Goldrooster-Gruppe, ihre Werbemaßnahmen in Internetmedien, in Mode-Internetportalen, in Modezeitschriften, auf Werbeplakaten und durch die Teilnahme an großen Textil- und Bekleidungsmessen zu verstärken. Künftig beabsichtigt die Goldrooster-Gruppe auch, Prominente als Markenvertreter und Werbeträger zu gewinnen.

Um bei ihren Zielkunden Anklang zu finden, wird die Goldrooster-Gruppe ihr standardisiertes Layout-Design für ihre Goldrooster-Einzelhandelsgeschäfte und ihre Marketingmaterialien regelmäßig aktualisieren. Um das Erscheinungsbild ihrer Einzelhandelskanäle aufzuwerten, plant die Goldrooster-Gruppe, in 2012 sogenannte Flagship-Stores an führenden Standorten in China zu errichten, beginnend in Chengdu, in der Provinz Sichuan, und in Nanjing, in der Provinz Jiangsu. In den Flagship-Stores sollen die neuesten Produkte der Goldrooster-Gruppe präsentiert und den Kunden ein umfassendes Eintauchen in die Markenkultur der Goldrooster-Gruppe ermöglicht werden.

Die Goldrooster-Gruppe plant auch die Einführung einer Premium-Kollektion, um ihren Kundenstamm und ihre Rentabilität zu vergrößern.

Stärkung der Produktdesign- und Entwicklungsfähigkeiten und Erweiterung der Produktpalette

Die Goldrooster-Gruppe plant, eine enge Kooperation mit international bekannten Designern einzugehen sowie ihre Fähigkeiten und ihr Team im Bereich Produktdesign und -entwicklung zu vergrößern. Die Goldrooster-Gruppe beabsichtigt, ihre Kollektionen weiter auszubauen und ihr Produktportfolio durch die Entwicklung neuer Produktkategorien zu verbreitern. Die Goldrooster-Gruppe will darüber hinaus, noch umweltfreundlichere Produkte anbieten, bei denen umweltschonende Materialien, wie z.B. wiederverwertbare Stoffe und Naturfasern, zur Anwendung kommen.

Um diese Ziele zu erreichen, beabsichtigt die Goldrooster-Gruppe, ihre Investitionen in Design und Entwicklung von RMB 7.265.186 (ca. EUR 808.318) im Geschäftsjahr 2011 auf RMB 12.4 Mio. (ca. EUR 1,5 Mio.) für das Geschäftsjahr 2014 weiter zu erhöhen.

Weitere wesentliche Informationen über die Gesellschaft

Name der Gesellschaft	Goldrooster AG
Eingetragener Sitz und Handelsregister	Der eingetragene Sitz der Gesellschaft befindet sich in Berlin, Deutschland, und die Gesellschaft ist im Handelsregister des Amtsgerichts Berlin-Charlottenburg unter der Handelsregisternummer 137673 eingetragen.
Geschäftsanschrift	Die Geschäftsanschrift der Gesellschaft ist c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Deutschland.
Rechtsform	Aktiengesellschaft
Unternehmensgegenstand	Das Unternehmen verfügt über die uneingeschränkte Fähigkeit, jegliche Geschäftstätigkeit oder Tätigkeit aufzunehmen, jegliche Handlung zu vollziehen oder jegliche Transaktion einzugehen und verfügt über vollumfängliche

	Rechte, Befugnisse und Vorrechte für diese Zwecke. Die Hauptgeschäftstätigkeit der Gesellschaft besteht darin, als Holdinggesellschaft ihrer chinesischen operativen Tochtergesellschaft zu agieren, welche Sport- und Modeprodukte, einschließlich Bekleidungs- und Schuhartikel sowie Modeaccessoires herstellt und vertreibt.
Direkte und indirekte Tochtergesellschaften	Die Gesellschaft hält 100% der Anteile an der Gold Rooster (Hong Kong) Holding Limited (**"Goldrooster Hong Kong"**), welche am 2. November 2010 nach hongkonger Recht gegründet wurde und welche die alleinige Gesellschafterin der Jinjiang Goldrooster Sports Goods Co., Ltd. (**"Jinjiang Goldrooster"**), ist, einer Gesellschaft mit beschränkter Haftung, die am 14. November 2005 nach chinesischem Recht gegründet wurde.
Vorstand	Herr Wenwen Li und Herr Tiong Yuen Ashley Soh
Aufsichtsrat	Herr Andreas Grosjean, Herr Kaizhan Liao und Herr Tow Kean Teoh
Geschäftsjahr	Das Geschäftsjahr der Gesellschaft ist das Kalenderjahr.
Wirtschaftsprüfer	Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Deutschland („**Grant Thornton**“)
Altaktionäre	Unmittelbar vor der Durchführung des Angebots wurden 72,5% des Grundkapitals von der Zhuo Wei Investments Limited, 15,025% des Grundkapitals von der Season Market Limited, 6,2375% des Grundkapitals von der Xanti Investments Limited und 6,2375% des Grundkapitals von der Fortune United Investment Limited (die "**Altaktionäre**") gehalten.
Grundkapital (vor der Durchführung des Angebots)	EUR 20.000.000 aufgeteilt in 20.000.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag.

Zusammenfassung des Angebots

Angebot	Das Angebot besteht aus einem öffentlichen Angebot in Deutschland und Luxemburg sowie Privatplatzierungen an institutionelle Investoren außerhalb Deutschlands, Luxemburgs und den Vereinigten Staaten. Das Angebot besteht aus bis zu 5.750.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag der Goldrooster AG mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und jeweils mit voller Gewinnanteilsberechtigung für das gesamte Geschäftsjahr 2012. Dieser Betrag besteht zum einen aus (i) 5.000.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag, die aus einer Kapitalerhöhung gegen Bareinlage gemäß eines Beschlusses der außerordentlichen Hauptversammlung vom 26. April 2012 (die "**Neuen Aktien**") stammen, und aus (ii) 750.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag aus dem Eigentum der Greenshoe-Aktionäre, d.h. von, Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited, im Zusammenhang mit einer möglichen Mehrzuteilung (die "**Greenshoe-Aktien**", zusammen mit den Neuen Aktien die "**Angebotsaktien**").
Angebotsfrist	Die Frist, innerhalb welcher Anleger Kaufangebote abgeben können (Angebotsfrist), beginnt voraussichtlich am 2 Mai 2012 und endet am 15 Mai 2012. Während der Angebotsfrist können Privatanleger Angebote zum Kauf der Aktien bei ihrem Aktienhändler oder ihrer Bank abgeben. Institutionelle Investoren sollen ihre Angebote zum Kauf der Aktien gegenüber VEM abgeben. Am letzten Tag der Angebotsfrist können Privatinvestoren ihr Angebot zum Kauf von Aktien bis 12:00 Uhr mittags (Mitteleuropäischer Zeit) abgeben.
Angebotspreis	Der Preis, zu dem Kaufangebote abgegeben werden können, beträgt EUR 4,00 je Angebotsaktie. Insbesondere für den Fall, dass das Platzierungsvolumen nicht ausreicht, um sämtliche Kaufaufträge zum Platzierungspreis zu bedienen, behält sich VEM das Recht vor, Kaufangebote nicht oder nur teilweise anzunehmen.
Änderungen der Angebotsbedingungen	Die Gesellschaft behält sich gemeinsam mit VEM das Recht vor, die Anzahl der

	Angebotsaktien zu verringern, dem Preis zu senken oder zu erhöhen und/oder den Angebotszeitraum zu verlängern oder zu verkürzen. Im Falle einer Änderung der Angebotsbedingungen wird die Änderung als Mitteilung über elektronische Medien sowie auf der Internetseite der Gesellschaft (www.goldrooster.de) bekannt gegeben. Diese Informationen werden, soweit dies nach dem Wertpapierprospektgesetz erforderlich ist, als Nachtrag zu diesem Prospekt veröffentlicht. Eine individuelle Unterrichtung der Anleger, die Kaufangebote abgegeben haben, erfolgt nicht.
Lieferung und Abrechnung der Angebotsaktien	Die Angebotsaktien werden voraussichtlich einen Bankarbeitstag nach Handelsaufnahme der Aktien gegen Zahlung des Angebotspreises geliefert.
Mehrzuteilung/Stabilisierung	Im Zusammenhang mit der Platzierung der Angebotsaktien können im rechtlich zulässigen Umfang Mehrzuteilungs- oder Stabilisierungsmaßnahmen zur Stützung des Börsen- oder Marktpreises durchgeführt werden. Stabilisierungsmaßnahmen können ab dem Zeitpunkt der Aufnahme des Handels mit den Aktien der Gesellschaft erfolgen und müssen spätestens am 30. Kalendertag nach diesem Zeitpunkt abgeschlossen sein.
Greenshoe-Option	Die Fortune United Investment Limited, die Xanti Investments Limited und die Season Market Limited haben VEM die Option eingeräumt, 750.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag der Gesellschaft zum Platzierungspreis abzüglich vereinbarter Kommissionen im Rahmen einer so genannten Wertpapierleihe zu erwerben, um eine eventuelle Mehrzuteilung zu ermöglichen. Diese Option verfällt 30 Kalendertage nach dem Beginn des Handels der Aktien.
Allgemeine Zuteilungskriterien	Die Gesellschaft und VEM werden die "Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger" beachten, die am 7. Juni 2000 von der Börsensachverständigenkommission des Bundesministeriums der Finanzen herausgegeben wurden.
Greenshoe-Aktionäre	Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited
Alleiniger Globaler Koordinator	VEM
Konsortialbank	VEM
Einbeziehung in den Börsenhandel	Den Antrag auf Einbeziehung der Angebotsaktien in den Handel im Entry Standard, einem Teilsegment des

Freiverkehrs der Frankfurter Wertpapierbörse, wird voraussichtlich am 3. Mai 2012 gestellt werden. Die Genehmigung der Einbeziehung wird voraussichtlich spätestens bis zum 15. Mai 2012 gewährt werden. Die Notierungsaufnahme im Entry Standard-Segment des Freiverkehrs der Frankfurter Wertpapierbörse wird voraussichtlich am 18. Mai 2012 erfolgen.

Vorzeitige Beendigung des Angebots

Das Listing Agreement sieht vor, dass VEM das Listing Agreement bis zur Lieferung und Abrechnung der Aktien unter bestimmten Voraussetzungen kündigen kann, selbst wenn Aktien bereits zugeteilt und in den Handel einbezogen wurden.

Im Falle einer Kündigung des Listing Agreement erfolgt kein Angebot. In diesem Fall werden Zuteilungen von Aktien an Investoren für unwirksam erklärt und Investoren haben keinen Lieferanspruch. Ansprüche in Bezug auf für die Zeichnung gezahlten Gebühren und Kosten, die einem Investor in Verbindung mit der Zeichnung entstanden sind, bestimmen sich allein nach der Rechtsbeziehung zwischen dem Investor und der Institution, welcher der Investor sein Kaufangebot übermittelt hat.

Verkaufsbeschränkungen (Lock-Up)

Die Altaktionäre haben mit VEM vereinbart, dass sie für einen Zeitraum von zwölf Monaten nach dem Beginn des Handels mit den Aktien der Gesellschaft nicht

- Aktien an der Gesellschaft anbieten, verpfänden, verkaufen, sich verpflichten, diese zu verkaufen, Optionen zum Kauf derselben veräußern oder Optionen zum Verkauf derselben erwerben, oder auf sonstige Weise direkt oder indirekt Aktien der Gesellschaft oder andere Sicherheiten, die in Aktien der Gesellschaft umgewandelt oder umgetauscht werden können, übertragen oder über sie verfügen;

- Swap-Geschäfte oder Rechtsgeschäfte, die das wirtschaftliche Risiko der Beteiligung ganz oder teilweise auf einen Dritten übertragen, abschließen, unabhängig davon, ob ein solches Rechtsgeschäft mittels Lieferung von Aktien, Barzahlung oder anderer Vergütung abgewickelt werden soll; sowie

- eine Kapitalerhöhung der Gesellschaft, die Ausgabe von Aktien, die in Aktien der Gesellschaft eingetauscht werden können, oder eine wirtschaftlich gleichwertige Transaktion initiieren, einer

	solchen zustimmen oder eine solche in anderer Weise fördern. Von diesen Beschränkungen ausgenommen sind Geschäfte, die sich auf Aktien der Gesellschaft beziehen, die im Rahmen des Angebots veräußert werden sollen, auf Greenshoe-Aktien, die von den Altaktionären angeboten werden (in dem Umfang, in dem die Greenshoe Option ausgeübt wird), und auf Aktien, die im Freiverkehr erworben werden.
Die Kosten des Börsengangs für die Gesellschaft	Da die Kosten des Börsengangs von der Gesamtzahl der platzierten Aktien abhängen, welche die Höhe der zu zahlenden Kommissionen bestimmt, ist die Gesellschaft zum Prospektdatum nicht in der Lage, die Kosten des Börsengangs verlässlich vorauszusagen. Unter Einbeziehung der oben genannten Unsicherheiten schätzt die Gesellschaft, dass die Kosten des Börsengangs (einschließlich der Kommissionen von VEM) bei ca. EUR 1,5 Mio. liegen werden.
Verwendung des Emissionserlöses	Der Nettoemissionserlös aus dem Verkauf der Aktien („**Nettoerlös**“) wird von der Gesellschaft vor allem für ihre künftige Expansion auf dem chinesischen Markt verwendet werden. Die Gesellschaft plant, (i) EUR 9,25 Mio. (50% des Nettoerlöses) für den weiteren Ausbau ihres Vertriebsnetzes und für die Eröffnung von Verkaufsstellen, (ii) EUR 2,96 Mio. (16% des Nettoerlöses) für die Erhöhung ihrer Produktionskapazität; (iii) EUR 1,85 Mio. (10% des Nettoerlöses) für Design- und Entwicklungsausgaben; (iv) EUR 2,96 Mio. (16% des Nettoerlöses) für den Aufbau der Marke und für Werbeaktivitäten; und (v) EUR 1,48 (8% des Nettoerlöses) für ihr Betriebskapital für erweiterte Geschäftsaktivitäten zu verwenden.
Wertpapierkennnummer (WKN)	A0AYYU
International Securities Identification Number (ISIN)	DE000A0AYYU6
Ticker-Symbol	GO8

Ausgewählte Finanzinformationen

Die nachfolgende Tabellen präsentieren ausgewählte Finanzinformationen der Jinjiang Goldrooster für die am 31. Dezember 2009, 31. Dezember 2010 und 31. Dezember 2011 endenden Geschäftsjahre, der Goldrooster Hong Kong für das am 31. Dezember 2011 endende Geschäftsjahr und der Goldrooster AG für den Zeitraum vom 3. Juni 2011 bis zum 31. Dezember 2011, jeweils nach IFRS.

Jinjiang Goldrooster Sports Goods Co., Ltd., und Gold Rooster (Hong Kong) Holding Limited

	Jinjiang Goldrooster Sports Goods Co., Ltd.			Gold Rooster (Hong Kong) Holding Limited, Konzernabschaluss
	31. Dezember			31. Dezember
	2009	*2010*	*2011*	*2011*
	(in TEUR)			*(in TEUR)*
	(geprüft)[1]			*(geprüft)*[1]
Ausgewählte Finanzinformationen aus der Gewinn- und Verlustrechnung				
Umsatzerlöse	58.888	80.098	104.035	104.035
Herstellungskosten	-42.973	-58.122	-75.182	-75.182
Bruttoergebnis	**15.915**	**21.976**	**28.853**	**28.853**
Sonstige betriebliche Erträge	78	96	148	148
Aufwendungen für Vertrieb und Verkauf.	-2.141	-2.776	-3.698	-3.698
Verwaltungsaufwand	-1.536	-1.750	-2.180	-2.440
Ergebnis vor Ertragssteuer	**12.316**	**17.546**	**23.123**	**22.863**
Ertragssteueraufwand	-3.082	-4.392	-5.843	-5.843
Periodenüberschuss	**9.234**	**13.154**	**17.280**	**17.020**
Ausgewählte Angaben aus der Bilanz				
Langfristige Vermögenswerte	1.659	1.842	1.898	1.898
Kurzfristige Vermögenswerte	16.064	25.825	49.048	49.092
Summe Vermögenswerte	**17.723**	**27.667**	**50.946**	**50.990**
Kurzfristige Verbindlichkeiten	7.990	12.290	16.270	16.550
Summe Verbindlichkeiten	**7.990**	**12.290**	**16.270**	**16.550**
Eigenkapital and Rücklagen	9.733	15.377	34.676	34.440
Summe Verbindlichkeiten und Eigenkapital	**17.723**	**27.667**	**50.946**	**50.990**
Ausgewählte Angaben aus der Kapitalflussrechnung				
Ergebnis vor Ertragssteuern	12.316	17.546	23.123	22.863
Betriebsergebnis vor Veränderung des Netto-Umlaufvermögens	12.367	17.589	23.093	22.833
Cash Flow aus Geschäftstätigkeit	9.341	11.268	19.892	19.869
Cash Flow aus Investitionstätigkeit	-11	-45	-1.130	-1.130
Cash Flow aus Finanzierungstätigkeit	-6.312	-8.914	-	26
Netto-Veränderungen von Zahlungsmitteln und Zahlungsmitteläquivalenten	3.018	2.309	18.762	18.765
Zahlungsmittel zum Periodenende	**6.115**	**9.350**	**29.787**	**29.789**
	31. Dezember			31. Dezember
	2009	*2010*	*2011*	*2011*
	(in TEUR)			*(in TEURd)*
	(ungeprüft)[2]			*(ungeprüft)*[2]
Weitere ausgewählte Finanzinformationen				
EBIT[3]	12.316	17.546	23.123	22.863
EBIT-Marge[4]	20,91 %	21,91 %	22,23 %	21,98 %
Nettoumsatzrendite[5]	15,68 %	16,42 %	16,61 %	16,36 %
Zahl der Beschäftigten [6]	625	666	687	687

[1] Geprüfte Finanzangaben mit Ausnahme von "Weitere ausgewählte Finanzinformationen " und "Summe Verbindlichkeiten".
[2] Ungeprüfte Finanzangaben mit Ausnahme von "Zahl der Beschäftigten".
[3] Ergebis aus Geschäftstätigkeit.
[4] EBIT geteilt durch Umsatzerlöse multipliziert mit 100.
[5] Periodenüberschuss geteilt durch Umsatzerlöse multipliziert mit 100.
[6] Durchschnittliche Werte für den Zeitraum. Durchschnittliche Werte für den Zeitraum. Geprüfte Information für den Zeitraum 2009-2011.

Goldrooster AG

	31. Dez.	
	2011	
	(in EUR)	
	(IFRS, geprüft)[1]	
Ausgewählte Finanzinformationen aus der Gewinn- und Verlustrechnung		
Verwaltungsaufwand	-118.098	
Ertragsteuern	18.689	
Periodenergebnis	**-99.409**	
Ausgewählte Angaben aus der Bilanz		
Langfristige Vermögenswerte	18.689	
Kurzfristige Vermögenswerte	254.000	
Summe Vermögenswerte	**272.689**	
Langfristige Verbindlichkeiten	-	
Kurzfristige Verbindlichkeiten	334.301	
Summe Verbindlichkeiten	**334.301**	
Eigenkapital	-61.612	
Summe Verbindlichkeiten und Eigenkapital	**272.689**	
	31. Dez.	
	2011	
	(in EUR)	
	(IFRS, geprüft)	
Ausgewählte Angaben aus der Kapitalflussrechnung		
Periodenergebnis	-99.409	
Cash Flow aus Geschäftstätigkeit	-48.710	
Cash Flow aus Investitionstätigkeit	-	
Cash Flow aus Finanzierungstätigkeit	-	
Nettoveränderungen von Zahlungsmittel und Zahlungsmitteläquivalente	-48.710	
Zahlungsmittel zum Periodenende	**1.290**	
Weitere ausgewählte Finanzinformationen		
EBIT [2]	-118.098	
Zahl der Beschäftigten	-	

[1] Geprüfte Finanzangaben mit Ausnahme von "Weitere ausgewählte Finanzinformationen, EBIT" und "Summe Verbindlichkeiten".

[2] Ergebnis vor Zinsen und Steuern

Gold Rooster (Hong Kong) Holding Limited

	Zeitraum vom 2. November 2010 zum 31. Dezember 2010		Geschäftsjahr ended zum 31. Dezember 2011	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, geprüft)	*Siehe Anmerkung A unten*	*(IFRS, geprüft)*	*Siehe Anmerkung A unten*
Ausgewählte Finanzinformationen aus der Gewinn- und Verlustrechnung				
Umsatzerlöse	-	-	-	-
Periodenergebnis	**-**	**-**	**(2.339.581)**	**(260.300)**
Ausgewählte Angaben aus der Bilanz				
Kurzfristige Vermögenswerte	4.279	487	382.366	45.676
Summe Vermögenswerte	**4.279**	**487**	**3.299.166**	**364.156**
Kurzfristige Verbindlichkeiten	4.278	486	2.357.146	281.581
Summe Verbindlichkeiten	**4.278**	**486**	**2.357.146**	**281.581**
Eigenkapital und Rücklagen	1	1	3.281.601	358.312
Summe Eigenkapital	**1**	**1**	**942.020**	**82.575**
Summe Verbindlichkeiten und Eigenkapital	**4.279**	**487**	**3.299.166**	**364.156**
	Zeitraum vom 2. November 2010 zum 31. Dezember 2010		**Geschäftsjahr ended zum 31. Dezember 2011**	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, geprüft)	*Siehe Anmerkung A unten*	*(IFRS, geprüft)*	*Siehe Anmerkung A unten*
Ausgewählte Angaben aus der Kapitalflussrechnung				
Cash Flow aus Geschäftstätigkeit	4,278	486	3.281.600	358.311
Cash Flow aus Investitionstätigkeit	-	-	7.006	861
Cash Flow aus Finanzierungstätigkeit	1	1	11.285	1.348
Nettoveränderungen von Zahlungsmitteln und Zahlungsmitteläquivalenten	4.279	487		
Zahlungsmittel zum Periodenende	**4.279**	**487**		

Anmerkung A:
Die funktionale Währung von Goldrooster Hong Kong ist RMB. Die obigen Finanzinformationen wurden von RMB in die Darstellungswährung EUR umgerechnet zu den jeweiligen Wechselkursen gemäß IFRS. Zur besseren Vergleichbarkeit wurden in den folgenden Abschnitten die Finanzinformationen und die zugehörige Analyse von Goldrooster Hong Kong für den Zeitraum vom 2. November 2010 bis 31. Dezember 2010 in Euro dargestellt.

Zusammenfassung der Risikofaktoren

Risiken im Zusammenhang mit dem Geschäftsbetrieb der Goldrooster-Gruppe

- Die Goldrooster-Gruppe ist auf einem wettbewerbsintensiven Markt aktiv, und verschärfter Wettbewerb könnte zu einer Verkleinerung ihres Marktanteils und zu niedrigeren Gewinnmargen führen.

- Die Goldrooster-Gruppe könnte nicht in der Lage sein, rasche Veränderungen der Markttrends und des Kundengeschmacks vorherzusehen und rechtzeitig auf sie zu reagieren.

- Die Marke der Goldrooster-Gruppe verfügt über eine begrenzte Historie in der Markensportschuh- und Markensportbekleidungsindustrie.

- Da die Goldrooster-Gruppe auf ihre Marke angewiesen ist, kann das Unvermögen, ihre Marke effektiv zu fördern und zu wahren, ihre Geschäftsentwicklung und Ertragslage erheblich und nachteilig beeinflussen.

- Einige der von der Goldrooster-Gruppe genutzten Warenzeichen könnten erfolgreich angefochten werden, und die Nutzung der entsprechenden Warenzeichen durch die Goldrooster-Gruppe könnte das erhöhte Risiko eines Markenrechtsstreits nach sich ziehen, welcher wiederum dazu führen könnte, dass die Goldrooster-Gruppe die angefochtenen Warenzeichen nicht weiter nutzen und für die Nutzung der Warenzeichen in der Vergangenheit schadensersatzpflichtig sein könnte.

- Die Goldrooster-Gruppe könnte nicht in der Lage sein, ihr geistiges Eigentum und ihr Know-how angemessen zu schützen und der Verkauf gefälschter Produkte könnte ihre Marke und ihr Geschäft nachteilig beeinflussen.

- Die Goldrooster-Gruppe stützt sich beim Verkauf ihrer Produkte auf eine kleine Zahl exklusiver Vertriebspartner, und das Unvermögen, die Vertriebsvereinbarungen mit ihren Vertriebshändlern zu verlängern oder die Verletzung solcher Vereinbarungen durch die Vertriebshändler könnten sich erheblich und nachteilig auf das Geschäft, auf die Finanz- und Ertragslage und auf die Geschäftsaussichten der Goldrooster-Gruppe auswirken.

- Die Goldrooster-Gruppe hat begrenzte Möglichkeiten, die Einzelhandelstätigkeit ihrer Vertriebspartner oder deren autorisierter Einzelhändler zu kontrollieren.

- Da die Goldrooster-Gruppe bei der Herstellung all ihrer Bekleidungs- und Modeaccessoires-Produkte von Dritthherstellern abhängt, könnte sie nicht in der Lage sein, zu gewährleisten, dass die von ihren Dritthherstellern stammenden Produkte ihren Anforderungen gerecht werden oder dass sie in Zukunft Verträge mit weiteren qualifizierten Dritthherstellern abschließen können wird.

- Das Markenimage und das Geschäft der Goldrooster-Gruppe könnten durch Handlungen ihrer Lieferanten und Dritthersteller nachteilig beeinflusst werden.

- Die Goldrooster-Gruppe ist in erheblichem Maße von ihrem leitenden Management abhängig.

- Die bisherige Wirtschaftsbilanz der Goldrooster-Gruppe sollte nicht als Indikator für die zukünftige wirtschaftliche Entwicklung der Goldrooster-Gruppe verwendet werden.

- Die Margen und die Ertragskraft der Goldrooster-Gruppe könnten durch steigende Kosten negativ beeinträchtigt werden.

- Die Lohnkosten der Goldrooster-Gruppe sind in den letzten Jahren deutlich gestiegen und könnten weiter in einem vergleichbaren Tempo oder sogar noch schneller ansteigen.

- Der zukünftige Erfolg der Goldrooster-Gruppe hängt vom erfolgreichen Anwerben und Halten qualifizierten Personals ab.

- Die Goldrooster-Gruppe könnte ihre Wachstumsstrategie und ihren Plan zur Ausweitung der Produktion nicht erfolgreich umsetzen können.

- Das zukünftige Wachstum der Goldrooster-Gruppe hängt von ihrer erfolgreichen Expansion ab, insbesondere von der Expansion ihres inländischen Vertriebsnetzes.

- Sollte die Goldrooster-Gruppe nicht in der Lage sein, die Zusammensetzung ihrer Produktpalette zu optimieren, könnte dies zu Umsatzschwankungen und zu einer erheblichen Senkung der Gewinnspanne führen.

- Die Goldrooster-Gruppe könnte einer außerplanmäßigen Schließung der Produktionsanlagen, einer Verknappung oder Unterbrechung der Versorgung mit Rohstoffen, Einzelteilen, oder Fertigprodukten, die von Dritten beschafft werden, oder Stromausfällen, ausgesetzt sein.

- Die Goldrooster-Gruppe könnte Ansprüchen aus Produkthaftung sowie aus der Haftung für Eigentums- oder Personenschäden ausgesetzt sein, und der Versicherungsschutz der Goldrooster-Gruppe könnte nicht ausreichen, um alle möglichen Schäden und Ansprüche abzudecken.

- Die Goldrooster-Gruppe könnte für die Zahlung ausstehender Sozialversicherungs-, und Wohnungsfondsbeiträge haftbar gemacht werden.

- Der Vorstand der Gesellschaft besitzt keine Erfahrung mit der Einhaltung deutscher Rechtsvorschriften, und die Goldrooster-Gruppe hat noch kein umfassendes Corporate-Compliance-System eingeführt.

- Der Aufsichtsrat der Gesellschaft könnte Schwierigkeiten haben, den Vorstand hinreichend zu überwachen, da Mitglieder der beiden Organe ihren Wohnsitz in verschiedenen Ländern haben.

- Die Goldrooster-Gruppe könnte nicht in der Lage sein, Genehmigungen und Lizenzen, welche für ihre Geschäftstätigkeit oder die Erfüllung zukünftiger gesetzlicher Anforderungen notwendig sind, bei chinesischen Behörden aufrechtzuhalten und/oder zu erhalten.

- Die Gesellschaft ist eine Holdinggesellschaft, deren Liquidität vom Zugriff auf die liquiden Mitteln ihrer operativen Tochtergesellschaft in China abhängt, welche nicht imstande sein könnte, Gewinne auszuschütten.

- Wechselkursschwankungen könnten die Finanz- und Ertragslage der Goldrooster-Gruppe erheblich und nachteilig beeinflussen.

- Die ausländischen Holdinggesellschaften der Goldrooster-Gruppe könnten als in China ansässige Unternehmen angesehen werden und der Besteuerung nach chinesischem Recht bezüglich ihres globalen Einkommens unterliegen.

- Goldrooster Hong Kong könnte kein ermäßigter Quellensteuersatz nach dem Doppelbesteuerungsabkommen zwischen Hongkong und China zustehen.

- Die Goldrooster-Gruppe hat Grundstücke für ihr Büro und ihre Lagerhalle angemietet, für welche keine Gebäudeeigentumsnachweise existieren; die Goldrooster-Gruppe könnte daher gezwungen sein, ihr Büro und ihre Lagerhalle zu verlagern.

- Die künftige Leistungsbilanz der Goldrooster-Gruppe hängt von der chinesischen Volkswirtschaft ab, und Veränderungen im Verhaltensmuster der Verbraucher könnten das Wachstum und die Ertragskraft der Gesellschaft erheblich beeinflussen.

Risiken in Bezug auf das politische, soziale und rechtliche Umfeld der Volksrepublik China

- Allgemeine Risiken im Zusammenhang mit der Geschäftstätigkeit in China, welche generell größeren wirtschaftlichen, politischen und rechtlichen Risiken unterliegt als die Geschäftstätigkeit in weiter entwickelten Volkswirtschaften.

- Eine wirtschaftliche Instabilität in China könnte sich nachteilig auf das Geschäft der Goldrooster-Gruppe auswirken.

- Um Geldbußen und rechtliche Sanktionen zu vermeiden, müssen von der Gesellschaft und ihren Arbeitnehmern Vorschriften zu Aktienoptionsprogrammen für Arbeitnehmer, die von im Ausland börsennotierten Unternehmen an chinesische Staatsangehörige gewährt werden, beachtet werden.

- Die Geschäftstätigkeit der Goldrooster-Gruppe könnte durch die unzureichende Infrastruktur in China gestört werden.

- Chinas wirtschaftliche Liberalisierung könnte durch einen Wechsel des politischen Systems gefährdet werden.

- Das chinesische Rechtssystem und regionale und nationale Steuergesetze enthalten innere Unsicherheiten und Widersprüche.

- Die mangelnde Unabhängigkeit und geringe Erfahrung des Gerichtswesens und die Schwierigkeiten bei der Vollstreckung richterlicher Entscheidungen sowie der Ermessensspielraum der staatlichen Behörden bei der Durchsetzung gerichtlicher Anordnungen in China könnten die Goldrooster-Gruppe daran hindern, effektiven Rechtsschutz in Gerichtsverfahren zu erhalten.

- Die Anerkennung und Vollstreckung von Urteilen könnte in China schwierig zu erlangen sein.

- Ausländische Investitionen in Unternehmen in China könnten in Zukunft zusätzlichen Beschränkungen unterworfen werden.

Risiken im Zusammenhang mit dem Angebot

- Das Angebot könnte zu keinem aktiven und liquiden Markt für die Aktien der Gesellschaft führen.

- Der Marktpreis für Aktien der Gesellschaft könnte Schwankungen unterworfen sein.

- Der Verkauf oder vermeintliche Verkauf von Aktien durch Altaktionäre könnte den Marktpreis der Aktien der Gesellschaft nachteilig beeinflussen.

- Das Angebot könnte nicht vollständig durchgeführt werden, was sich auf die Wachstumsaussichten der Goldrooster-Gruppe und/oder die Liquidität der Aktien im Markt nachteilig auswirken könnte.

- Es könnte im Freiverkehr und seinem Untersegment, dem Entry Standard, eine zu geringe Liquidität für Aktien der Gesellschaft geben.

- Investoren, die Leerverkäufe tätigen, könnten nicht in der Lage sein, für diese Verkäufe mittels der Lieferung von Aktien finanziell aufzukommen.

RISK FACTORS

Investors should carefully consider all of the information set out in this Prospectus and, in particular, the risks described below before deciding on whether to purchase shares of the Company. Goldrooster Group's business, financial condition and results of operations could be materially adversely affected, should any of these risks materialise, alone or in connection with other circumstances. The market price of the Company's shares could decline due to the occurrence of any of these risks, and investors may lose all or part of their investment as a result. The risks described below are all substantial risks that the Company is aware of but are not the only risks to which Goldrooster Group is exposed. Other uncertainties and risks which are currently unknown to the Company may also impair the operations of Goldrooster Group and cause considerable harm to its business and its net assets, financial position and results of operations. The order in which the following risk factors are presented does not reflect the likelihood of their occurrence, nor the extent or significance of each individual risk.

Risks Related to Goldrooster Group's Business

Goldrooster Group operates in a highly competitive market, and increased competition may result in a decline in its market share and lower profit margins.

The sports footwear and apparel industry in China is characterised by intense competition from both international and domestic brands, and Goldrooster Group expects competition to grow in this industry in the future. Goldrooster Group competes with domestic and international brands, including "Kappa", "Puma", "Le Coq Sportif" and "Xtep".

There could also be new entrants in this market, and the new and existing competitors may have greater financial resources, greater scales of production, superior technology, better brand recognition and a wider, more diverse and established distribution network. To compete effectively, Goldrooster Group must continue to invest significant resources in the ongoing development of new products and the improvement of existing products. There can be no assurance that Goldrooster Group will have sufficient resources to make these investments or that such investments will improve its market position as compared to its competitors.

Moreover, due to the ever increasing significance of the Chinese market for multinational companies, the Company expects more of its international competitors to increase their business activities in the Chinese market. This could lead to intensified competition in the sports fashion industry as well as to increased competition for the recruitment of qualified personnel in China.

Increased and intensified competition could result in lower margins or a loss of market share, either of which could have material adverse effects on the business, financial condition, results of operations and business prospects of Goldrooster Group.

Goldrooster Group may be unable to anticipate and respond to rapid changes in market trends and consumer tastes in a timely manner.

Goldrooster Group's success depends on the popularity of its brand and the market perception and consumer acceptance of its products, which are, in large part, dependent on its ability to predict, identify and interpret the market trends as well as the habits and tastes of consumers and to provide products that appeal to consumer preferences. Goldrooster Group strives to anticipate the latest fashion trends by intensifying its research and development efforts as well as by pursuing strategic alliances with international fashion designers. However, as fashion trends and consumer preferences change frequently, there can be no assurance that Goldrooster Group will continue to be able to anticipate and respond to changes in fashion trends and consumer tastes and preferences in a timely manner. Goldrooster Group's failure to identify or adequately respond to shifts in consumer preferences may negatively affect its sales and market shares which in turn may lead to material adverse effects on the business, financial condition, results of operations and business prospects of Goldrooster Group.

Goldrooster Group's brand has a limited history in the branded sports footwear and apparel industry.

Goldrooster Group's brand, which was first introduced to the market in 2006, has a limited history, and Goldrooster Group has a limited operating history in the branded sports fashion industry. Therefore, Goldrooster Group's past results should not be relied upon as an indication of its future performance. Goldrooster Group also plans to launch a new premium product line under its brand to enlarge its customer base and enhance its profitability. There can be no assurance that this premium product line will achieve the anticipated growth, or even success. Goldrooster Group also may not be able to successfully integrate such premium product line into its existing operations. If Goldrooster Group is unable to continue its successful operations under its brand or fails to succeed in launching its planned premium product line, its business, financial condition, results of operations and business prospects could be materially and adversely affected.

As Goldrooster Group relies on its brand, any failure to effectively promote and maintain its brand may materially and adversely affect its business and results of operations.

In the Company's view, brand recognition and consumer acceptance are the determining factors for consumers in making purchasing decisions for sports footwear and apparel products. As at the date of this Prospectus, Goldrooster Group sells all of its footwear, apparel and accessories products under its brand. The Company's ability to maintain and enhance the market reputation of its brand is critical to its success. Goldrooster Group has devoted great resources to marketing and promoting its brand. During the years 2009, 2010 and 2011, the marketing and advertising expenditures of Goldrooster Group were RMB 9.7 million (approximately EUR 1.0 million), RMB 11 million (approximately EUR 1.2 million) and RMB 12.2 million (approximately EUR 1.4 million), representing a constant growth rate of approximately 13.4% in the financial year 2010 and approximately 10.9% in the financial year 2011, and Goldrooster Group expects to further increase its advertising and marketing spending in the future. If Goldrooster Group is unsuccessful in promoting its brand or fails to maintain its brand position, the market perception and consumer acceptance of its brand may be eroded. In addition, since Goldrooster Group also plans to promote its brand and image through sponsorships, such as the apparel sponsorship of the 20th China Golden Rooster Hundred Flower Movie Festival in 2011, it is dependent on the market perception and consumer acceptance of such activities, variables over which Goldrooster Group has no full control. Should any of the above named risks materialise, this could have material adverse effects on Goldrooster Group's business, financial condition, results of operations and business prospects.

Some of the trademarks used by Goldrooster Group may be successfully challenged, and the use of the challenged trademarks by Goldrooster Group may entail an increased possibility of a trademark dispute, which, in turn, may result in a prevention of using the challenged trademarks by Goldrooster Group in the future and a liability of damages payments for the past use.

As at the date of this Prospectus, Goldrooster Group uses four trademarks for its products, namely two rooster image trademarks (application numbers 5587079 and 5587080), one word trademark "Goldrooster" (application number 4911308), all of which are currently under application, as well as one registered word trademark "Goldercock" (registration number 6689484). The above named trademarks were transferred from their previous owner Jinjiang Morike Shoes & Garment Co., Ltd. ("**Morike**") to Jinjiang Goldrooster Sports Goods Co., Ltd. ("**Jinjiang Goldrooster**") on 20 June 2011. Jinjiang Goldrooster has initiated the transfer process of these trademarks with the trademark authority in the PRC in July 2011 but has not yet completed the vetting process, except for the trademark with the application number 5587079, for which the transfer to Jinjiang Goldrooster was completed and registered on 13 March 2012.

The two rooster image trademarks (application numbers 5587079 and 5587080) and the word trademark "Goldrooster" have been challenged by third parties. Under PRC law, a trademark can be challenged through administrative and judicial proceedings. A trademark that is registered or under application can be challenged by filing a challenge with the Trademark Office of the PRC State Administration for Industry and Commerce ("**Trademark Office**"). In case the Trademark Office rejects the challenge, the challenging party can file an objection against the rejection decision with the Trademark Review Committee. The Trademark Review Committee will then render a final decision. Should the Trademark Review Committee's decision be to reject the challenge, the challenging party may file a law suit against this administrative decision. Should the competent court render a judgement upholding the Trademark Review Committee's decision, the challenging party may lodge an appeal with the competent court of appeal. The decision of the court of appeal marks the end of the judicial proceedings.

The legal review proceedings for the three challenged trademarks named above are currently at different stages, as described below:

- Image trademark with application number 5587079:

  An application for this trademark was filed on 5 September 2006 and the Trademark Office has granted its preliminary approval and published this trademark on 20 September 2009. Shortly after the publication, the trademark was challenged by Descente Ltd., a Japanese company, on 30 November 2009. Descente Ltd. is the registered owner of the “Le Coq Sportif” trademarks in China. The challenge was rejected by the Trademark Office on 22 December 2010. Descente Ltd. then filed an appeal with the Trademark Review Committee on 27 January 2011. The appeal procedure is still pending.

- Image trademark with application number 5587080:

  An application for this trademark was filed on 5 September 2006 and the Trademark Office has granted its preliminary approval and published this trademark in September 2009. Shortly after the publication, the trademark was challenged by Descente Ltd. on 21 October 2009. The challenge was rejected by the Trademark Office on 22 December 2010. Descente Ltd. then filed an appeal with Trademark Review Committee on 27 January 2011. The appeal procedure is still pending.

- Word trademark with application number 4911308:

  An application for this trademark was filed by Morike on 23 September 2005 and was challenged by a third party individual, a Mr. Jiandong Ye, on 8 April 2011. The appeal procedure is still pending.

Since the challenges against the two rooster image trademarks (application numbers 5587079 and 5587080) have been rejected by the Trademark Office indicating, the Company believes that the Trademark Office considers the legal challenges to have no or no sufficient legal basis. There can be no assurance, however, that the Trademark Review Committee will not adopt a different view when deciding on the objections filed against the Trademark Office’s rejection decisions and that it will not ultimately decide to reject the applications for registering these two trademarks.

As to the challenged word trademark “Goldrooster” (application number 4911308), the Trademark Office has not yet rendered a decision on the challenge filed by Mr. Jiandong Ye on 8 April 2011. There can be no assurance that the Trademark Office will not accept the challenge filed by Mr. Jiandong Ye and reject the application for registering the trademark. Even if the Trademark Office were to reject the challenge filed by Mr. Jiandong Ye, there can be no assurance that the Trademark Review Committee will not adopt a different view when deciding on a possible objection filed against the rejection decision and will not eventually decide to reject the application for registering the trademark.

Moreover, there can be no assurance that even if the Trademark Review Committee rejects all three challenges by way of a final decision, Descente Ltd. or Mr. Jiandong Ye, as the case may be, will not file a law suit with a PRC court to challenge the Trademark Review Committee’s decision in each case. Should the court of first instance or, in case the court of first instance rules against Descente Ltd. or Mr. Jiandong Ye and Descente Ltd. or Mr. Jiandong Ye appeals against this ruling, the court of appeal, render a judgement in favour of Descente Ltd. or Mr. Jiandong Ye, the applications for registering the challenged trademarks will be rejected.

There can also be no assurance that Descente Ltd. or other third parties will not challenge other trademarks of Goldrooster Group that are currently under application, and that Goldrooster Group will succeed in defending itself against such trademark challenges.

Moreover, the above named four trademarks currently used by Goldrooster Group had been involved in a trademark dispute before they were transferred from Morike to Jinjiang Goldrooster. On 24 October 2008, Morike had been sued by Ningbo Le Coq Clothing Co., Ltd., the authorised user of the "Le Coq Sportif" trademarks in China for the alleged infringement of the "Le Coq Sportif" trademarks registered in China ("**Trademark Dispute**"). The final judgment made by Zhejiang People's High Court on 12 April 2010 was in favour of the plaintiff. Pursuant to the final judgement, Morike is barred from using the two rooster image trademarks (application numbers 5587079 and 5587080) on apparel and accessories as well as for marketing purposes. Considering the uncertainties regarding the outcome of the Trademark Dispute, Goldrooster Group had temporarily ceased its use of the two rooster image trademarks on its apparel, socks and caps from the autumn/winter collection of 2009 until the spring/summer collection of 2011, and has only resumed the use of such trademarks on its apparel and accessories products after the final judgement had been rendered starting from the autumn/winter season collection of 2011.

The Company believes that its current use of the two rooster image trademarks (application numbers 5587079 and 5587080) does not constitute an infringement of the "Le Coq Sportif" trademarks, given that, in the Company's view, the two rooster image trademarks are being used without any misleading references and in a different context than by Morike at the time when said trademark infringement occurred. However, there can be no assurance that the plaintiff or other authorised users of the "Le Coq Sportif" trademarks will not challenge Goldrooster Group's use of the two rooster image trademarks in the future as well as demand that Goldrooster Group cease-and-desist the use of the the two rooster image trademarks and pay damages for the unauthorised use of the two rooster image trademarks before a PRC court.

In addition, there can also be no assurance that other third parties will not claim that one or more of Goldrooster Group's products infringe their intellectual property rights and initiate legal proceedings against Goldrooster Group in the future. If any legal proceeding against Goldrooster Group for the infringement of a third party's intellectual property rights is successful, Goldrooster Group could be ordered to stop manufacturing or selling products which are dependent on the usage of such intellectual property, or pay substantial license fees, royalties and/or damages. Under the PRC Trademark Law, the potential liabilities for a trademark infringement shall be the profit obtained by the infringer or the actual loss suffered by the claimant during the infringing period, and if said amount cannot be determined, the infringer may be liable to pay damages in the amount of up to a maximum of RMB 500,000 (approximately EUR 60,665). If any of the foregoing were to materialise, Goldrooster Group's business, financial condition, results of operations and business prospects could be materially and adversely affected.

Goldrooster Group may not be able to adequately protect its intellectual property rights and its know-how, and the sale of counterfeit products may adversely affect its brand and business.

Goldrooster Group believes that its trademarks and other intellectual property rights are crucial to its success. Goldrooster Group's principal intellectual property rights include its various trademarks as well as certain domain names. Goldrooster Group is currently in the application process for the registration of various word and image trademarks. The success of these applications depends upon a number of factors, and Goldrooster Group may not be successful in registering trademarks and obtaining patents for technologies which it may develop in the future. Goldrooster Group depends, to a significant extent, on PRC laws to protect its rights to intellectual properties, in particular trademarks and domain names. The protection of trademarks and domain names requires extensive monitoring and enforcement efforts. Although Goldrooster Group is not aware of any infringements upon any of its trademarks and domain names, assurances can not be made that third parties will not infringe upon such intellectual property rights in the future. The legal framework governing intellectual property rights in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from the one in other more developed jurisdictions, especially as far as the enforcement of intellectual property rights is concerned. Goldrooster Group's measures to enforce or defend its intellectual property rights in China may not be adequate and as effective as those applicable in more developed jurisdictions. These legal proceedings may be time consuming and Goldrooster Group may be required to devote substantial management time and resources in its attempts to achieve a favourable outcome. There can be no assurance that such legal proceedings will be successful. If Goldrooster Group fails to timely identify any illicit use of its trademarks, domain names and other intellectual properties, or if Goldrooster Group is unsuccessful in legal proceedings against any misappropriation of and infringements on its intellectual property rights, this could damage the reputation of Goldrooster Group's brand and products and lead to a loss of profits, which would materially and adversely affect Goldrooster Group's business, financial condition, results of operations and business prospects.

Goldrooster Group relies on a small number of exclusive distributors for the sale of its products, and failure to renew distributorship agreements with its distributors or any breach of the distributorship agreements by such distributors may materially and adversely affect Goldrooster Group's business, financial condition, results of operations and business prospects.

Goldrooster Group conducts its sales exclusively through 30 distributors, which sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then sell Goldrooster Group's products at Goldrooster retail outlets operated by them. Each of Goldrooster Group's distributors is responsible for distributing the Goldrooster Group's products within a certain geographical territory. Goldrooster Group does not exert direct control over authorised retailers and retail outlets and the ultimate sales by distributors and authorised retailers through their retail outlets. As Goldrooster Group relies on and will continue to rely on its distributors as well as their network of authorised retailers for its sales, Goldrooster Group's future success is dependent on the growth of its distributors and their ability to extend their network of retailers. If Goldrooster Group's distributors do not continue to open new retail outlets, either by themselves or through their authorised retailers, or are unable or unwilling to supply Goldrooster Group's products to authorised retailers or retail customers, or otherwise fail to perform their obligations under the respective distributorship agreement, Goldrooster Group's, sales may be negatively affected. Any disruption in Goldrooster Group's distribution network may materially and adversely affect Goldrooster Group's reputation and brand.

The distributorship agreements between Goldrooster Group and its distributors are renewed on an annual basis. Goldrooster Group's distributors also contract with their authorised retailers on a similar basis. There can be no assurance that Goldrooster Group will be able to renew its distributorship agreements with its distributors every year on similar terms or at all. If any of Goldrooster Group‘s distributors terminates or does not renew its distributorship agreement or cooperation with Goldrooster Group, Goldrooster Group may not be able to identify a suitable substitute distributor in a timely manner on acceptable terms, or at all. The substitute distributor may not be able to manage the same network of authorised retailers or a network of authorised retailers of similar scale. Furthermore, the authorised retailers may terminate or choose not to renew their contracts with Goldrooster Group‘s distributors. The Company cannot assure that substitute authorised retailers will be identified in sufficient numbers, in a timely manner, or at all.

There can also be no assurance that Goldrooster Group‘s distributors will place orders at or above historical levels, and a major distributor could substantially reduce its volume of purchases from Goldrooster Group or cease its business relationship with Goldrooster Group altogether.

Moreover, Goldrooster Group generally gives its distributors a credit period of around 45 days and requires no prepayment, deposit or collateral from them to secure their payment obligations. Although Goldrooster Group performs ongoing credit evaluations of its distributors' financial conditions and carries out regular follow-ups and settlements of outstanding balances with its distributors, there can be no assurance that the financial condition of any of its distributors will not deteriorate and that Goldrooster Group will continue to be able to successfully collect outstanding payments.

If any of the foregoing risks were to materialise, Goldrooster Group's business, financial condition, results of operations and business prospects would be materially and adversely affected.

Goldrooster Group has limited ability to control the retail operations of its distributors or their authorised retailers.

As at the date of this Prospectus, Goldrooster Group does not own or operate any Goldrooster retail outlet, and sells all of its products exclusively to its distributors. Goldrooster Group's distributors then sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then retail Goldrooster Group's products at Goldrooster retail outlets operated by them. Although Goldrooster Group has entered into distributorship agreements with its distributors, which require the latter to follow certain company rules and policies of Goldrooster Group, they and their Goldrooster retail outlets are operated independently from Goldrooster Group. In addition, Goldrooster Group does not have any direct contractual relationship with its distributors' authorised retailers, and therefore relies on its distributors to oversee the operations of the authorised retailers and to ensure their adherence to Goldrooster Group's operational policies which cover, among other things, operational requirements, exclusivity, customer service, store design and set-up as well as pricing. If the distributors and their authorised retailers fail to comply with Goldrooster Group's operational policies, this could result in damages to the reputation of Goldrooster Group's brand and products in which case the business, financial condition, results of operations and business prospects of Goldrooster Group would be materially and adversely affected.

Goldrooster Group also has limited ability to accurately track the sales and inventory levels of its distributors and authorised retailers. So far, Goldrooster Group has not implemented a compulsory policy to require all of its distributors to provide inventory reports of their Goldrooster retail outlets and authorised retailers. However, Goldrooster Group collects inventory reports from its distributors on a random basis and assigns dedicated sales personnel to conduct on-site inventory inspections at its distributors' premises and at Goldrooster retail outlets regularly. As Goldrooster Group has relatively limited information on the inventory level of its distributors and authorised retailers, it may not be able to timely identify or prevent any excessive inventory build-up. Although Goldrooster Group seeks to implement an enterprise resource planning system ("**ERP System**") and a point of sales management system ("**POS System**") in all Goldrooster retail outlets to effectively track and control the inventory level of its distributors and their authorised retailers, there can be no assurance that the implementation of such information systems will be successful or receive the necessary cooperation from its distributors and their authorised retailers. If Goldrooster Group's distributors are not able to manage the inventory levels, their future orders of Goldrooster Group's products may be reduced, which may materially and adversely affect Goldrooster Group's business, financial condition, results of operations and business prospects.

Being dependent on its contract manufacturers for the production of all of its apparel and accessories products, Goldrooster Group may not be able to ensure that the products provided by its contract manufacturers meet its requirements nor may it be able to secure contracts with additional qualified contract manufacturers in the future.

Goldrooster Group relies on contract manufacturers for the production of all of its apparel and accessories products and its reliance on contract manufacturers may grow as a result of increased demand for its products. Goldrooster Group may not always be able to find additional contract manufacturers that meet its strict standards. Moreover, contract manufacturers may not always be able to provide Goldrooster Group with products of sufficiently high quality, sufficient quantity, in a timely manner and at a competitive price. While Goldrooster Group has historically engaged contract manufacturers after each trade fair, its existing contract manufacturers may decide not to accept Goldrooster Group's purchase orders on the same or similar terms, or at all, in the future. In addition, as some of Goldrooster Group's contract manufacturers also manufacture products for other companies, Goldrooster Group's contract manufacturers may not treat Goldrooster Group's purchase orders as a priority when allocating their production capacity to their various customers. Difficulties or delays in the production process of Goldrooster Group's contract manufacturers could also result in delays or failures in the delivery of contracted products to Goldrooster Group. If any of the above risks were to materialise, Goldrooster Group might not be able to deliver products to its distributors on a timely basis or at all, which could materially and adversely affect its business, financial condition, results of operations and business prospects.

Goldrooster Group's brand image and business may be negatively affected by actions of its suppliers and contract manufacturers.

Goldrooster Group places great emphasis on the market recognition and reputation of its brand, and therefore strives to strictly adhere to all relevant laws, rules and regulations, particularly in respect of labour relations and environmental protection. But as Goldrooster Group's suppliers and contract manufacturers operate independently from it, Goldrooster Group is unable to ensure their compliance with applicable laws and regulations. If its suppliers and contract manufacturers fail to comply with applicable laws and regulations, this may result in a negative and detrimental public perception of Goldrooster Group and its brand, which could have material adverse effects on Goldrooster Group's business, financial condition and business prospects.

Goldrooster Group depends significantly on its senior management.

Goldrooster Group's success to date has to a large extent been attributable to the leadership and vision of its senior management team. Goldrooster Group's future success will therefore be determined to a significant extent by the continued service of its senior management personnel, in particular Mr. Wenwen Li, the Company's CEO, Mr. Huagui Yang, deputy general manager of

Jinjiang Goldrooster, and Mr. Zhaofu Chu, sales director and deputy general manager of Jinjiang Goldrooster, whose business network and industry experience are of particular importance to Goldrooster Group's business. If any of Goldrooster Group's key management personnel were unable or unwilling to continue in their present positions, Goldrooster Group may be unable to identify and recruit suitable replacements in a timely manner, or at all. In addition, if any key management members of Goldrooster Group were to join a competitor or to form a competing company, Goldrooster Group may lose some of its know-how and customers. Goldrooster Group has entered into confidentiality and non-competition agreements with its key personnel. However, there can be no guarantee that these measures will be sufficient to prevent its key personnel from moving to competitors or forming a competing company and utilising their know-how to compete with Goldrooster Group. Goldrooster Group does not maintain insurance with respect to the loss of its key personnel. If any of the above events were to materialise, Goldrooster Group's business, results of operations, financial condition and business prospects may be materially and adversely affected.

Goldrooster Group's historical financial performance should not be used as an indicator for its future financial performance.

Goldrooster Group has experienced significant revenue growth from approximately TEUR 58,888 in the financial year 2009 to approximately TEUR 80,098 in the financial year 2010 and to approximately TEUR 104,035 in the financial year 2011, representing a constant growth rate of around 36% in the financial year 2010 and of around 29.9% in the financial year 2011. Goldrooster Group believes that the factors contributing to its strong revenue growth could include the successful promotion of its brand, the expansion of its distribution network as well as a growing market demand for sports footwear and apparel and improving economic conditions in China in general. The number of Goldrooster retail outlets in Goldrooster Group's retail network grew from 827 as at 31 December 2009 to 1,344[1] as at 31 December 2011, and has been extended to eighteen provinces and over 170[2] cities in China. There can be no assurance that Goldrooster Group will be able to maintain the expansion rate of the number of Goldrooster retail outlets at historical levels and to effectively manage the expansion of its distribution network. Goldrooster Group may fail to maintain its annual revenue growth if it is unable to sustain and effectively manage the rapid expansion of its distribution network.

All of the foregoing would have material adverse effects on Goldrooster Group's business, results of operations, financial condition and business prospects.

Goldrooster Group's margins and profitability may be adversely affected as a result of increased costs.

Goldrooster Group purchases all of its raw materials, in particular fabrics, components and finished products from domestic suppliers and contract manufacturers. China is recently suffering from rising inflation rates, and Goldrooster Group expects the upward trend of inflation to continue in the near future. Any further increase in the price of raw materials, components and finished products sourced by Goldrooster Group may decrease its operating profits if it will be unable to pass on all or part of the increased costs to its customers, which could materially and adversely affect its business, financial condition, results of operations and business prospects.

Goldrooster Group's labour costs have risen significantly in recent years and could continue to rise at a comparable rate or even faster.

The footwear and apparel manufacturing industry is labour intensive, and the entire workforce of Goldrooster Group is located in China. Labour costs in the PRC have been increasing rapidly in recent years. In 2010, the average wage per capita of employees of private enterprises in PRC

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[1] Unaudited figure.

[2] Unaudited figure.

increased by approximately 14.1% compared to 2009[1]. The minimum wages for workers in the city of Jinjiang, where Goldrooster Group's production facilities are located, have increased from RMB 800 (approximately EUR 97) per month in 2010 by approximately 18.8% to RMB 950 (approximately EUR 115) in 2011[2], and are likely to increase further. Such increases in minimum wages also affect the wages Goldrooster Group needs to pay its employees in order to attract qualified personnel. Moreover, additional obligations imposed on employers and enhanced employee protection measures, such as restrictions on the dismissal of employees, and a requirement to provide severance pay in case of termination of employment agreements are also likely to lead to an increase in Goldrooster Group's labour costs.

In the future, labour costs could continue to increase significantly and additional legislation could be enacted that would further increase the burden on the employer as regards to benefits payable to employees. As it is Goldrooster Group's intention to substantially expand its workforce as a result of its growth strategy, any further increase in labour costs and employee benefits may have a material and adverse effect on its business, financial condition, results of operations and business prospects.

Goldrooster Group's future success depends on the successful recruitment and retention of qualified personnel.

As Goldrooster Group's business continues to grow, it will need to recruit additional qualified personnel. There is substantial competition for qualified personnel in China's fashion industry, and Goldrooster Group expects competition for qualified personnel to intensify due to increased competition in the fashion industry as a whole. Several competitors of Goldrooster Group operate in the same region which leads to increased competition for skilled personnel. Goldrooster Group may therefore be unable to find suitable replacements for key personnel that might leave Goldrooster Group in the future.

Goldrooster Group's future success will depend upon its ability to attract and retain qualified senior- and mid-level management personnel and qualified staff, in particular for its design, product development and marketing divisions, to develop and expand its operations. There can be no assurance, however, that Goldrooster Group will be able to procure the services of the personnel necessary for its growth and success, especially in light of the increasingly competitive labour market. In recent years, the scarcity of qualified personnel in China has led to a substantial increase in wages for such personnel. Further increases could lead to significantly higher costs for senior management personnel and other qualified staff. If Goldrooster Group is unable to recruit qualified personnel or if the wages increase significantly, this could have a material adverse effect on Goldrooster Group's business, financial condition, results of operations and business prospects.

Goldrooster Group may fail to implement its growth strategy and production expansion plan successfully.

Goldrooster Group has formulated a growth strategy to enhance its brand image and sales coverage in order to increase its revenue growth and profitability. As part of its growth strategy, Goldrooster Group plans to install one new footwear production line and one new apparel production line in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012 to reduce its reliance on contract manufacturers and improve its gross profits. However, the new production lines may not perform according to expectations, which, in turn would result in low utilisation rates or higher costs than expected. As part of its growth strategy, Goldrooster Group also plans to set up 150 self-owned and self-operated retail stores in Sichuan and Jiangsu provinces, two key target markets of Goldrooster Group, by the end of 2013, and to launch its Business-to-Consumer ("**B2C**") e-commerce retail program in the second half of 2012. However, Goldrooster Group has limited experience in retail operations and may not be able to

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[1] National Statistics Bureau of China, press release dated 3 May 2011, website: http://www.stats.gov.cn/

[2] Human Resources and Social Security Bureau of Fujian Province, press release dated 12 March 2010 and 28 March 2011, website: http://www.fjlss.gov.cn/

effectively and efficiently manage its new retail business line. Goldrooster Group also plans to implement a centralised information system at its retail outlets to effectively manage and monitor the operations of its retail outlets. There can be no guarantee, however, that the implementation of such information system will be successful and cost-effective, or that it will receive the necessary support from its distributors and authorised retailers.

Goldrooster Group's business expansion has, and will continue to, put pressure on its managerial, technical, financial, production, operational and other resources, and in particular on its internal accounting and financial reporting processes and systems. As its operations expand, Goldrooster Group expects that additional resources will be required to identify, recruit, train and integrate additional employees, oversee the expansion of its production facilities and the distribution network of its products, set up and manage its proprietary outlets as well as implement an effective management information system.

In addition, Goldrooster Group may fail to execute its growth strategy due to its inability to obtain adequate funding. So far, Goldrooster Group has financed its working capital and capital expenditure needs primarily from operational cash flows and through capital contributions by shareholders. Goldrooster Group expects its working capital needs and its capital expenditure needs to increase in the future as it implements its growth strategy. Goldrooster Group intends to finance the related capital expenditures with the proceeds from the Offering. However, the proceeds may be insufficient to meet its needs for funding. Goldrooster Group's ability to raise additional capital will depend on the financial success of its current business and the successful implementation of its key strategic initiatives as well as financial, economic and market conditions as well as other factors, some of which are beyond its control. There can be no assurance that Goldrooster Group will be successful in obtaining the required funding at a reasonable cost and at the required time, or at all.

A failure of Goldrooster Group to successfully execute any of the foregoing strategies could have material adverse affects on its business, financial condition, results of operations and business prospects.

Goldrooster Group's future growth relies on its successful expansion, in particular of its domestic distribution network.

As at 31 December 2011, Goldrooster Group had established a distribution network in the PRC comprising 30 exclusive distributors and more than a thousand retail outlets distributing Goldrooster Group's products. Goldrooster Group's distribution network covers eighteen[1] provinces and over 170[2] cities in China with a particular focus on second-, third- and fourth-tier cities[3].

Goldrooster Group plans to further expand its distribution network to venture into untapped areas in China and strengthen its presence and position in existing distribution areas. To achieve this goal, Goldrooster Group aims to attract additional distributors and increase the number of Goldrooster retail outlets to over 1,900[4] by the end of 2013. 150 of these new Goldrooster retail outlets will be opened and operated by Goldrooster Group itself. There can be no assurance that Goldrooster Group will be successful in expanding its distribution network, or that such expansion will suffice to respond to the growing market demand for its products. The failure of Goldrooster Group to expand its distribution network in time or at all may result in slower growth or loss of market share, which would materially and adversely affect its business, financial condition, results of operations and business prospects.

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[1] Unaudited figure.

[2] Unaudited figure.

[3] In this Prospectus, first- tier cities refer to Beijing, Shanghai, Guangzhou, Shenzhen. Second- tier cities refer to Hangzhou, Hefei, Fuzhou, Nanchang, Jinan, Zhengzhou, Huhehot, Wuhan, Urumqi, Changsha, Yinchuan, Tianjin, Chongqing, Haikou, Nanning, Chengdu, Shijiazhuang, Guiyang, Taiyuan, Kunming, Shenyang, Xi'an, Changchun, Lanzhou, Harbin, Xining and Nanjing. The rest cities of China are categorised as third- and fourth-tier cities.

[4] Unaudited figure.

Should Goldrooster Group be unable to optimise its product mix, its sales may fluctuate and its profit margins may decline substantially.

Goldrooster Group's ability to achieve and maintain increased profitability depends on its ability to provide diversified products and to optimise and adjust its product mix. Goldrooster Group offers a wide range of products series, including the golf wear series, the flag series, the skiing series, the seafaring series, the fashion series, the classic/logo series, the couple series, the denim series and the accessories series. Goldrooster Group continuously monitors and improves its product lines and product mix with an aim to generate higher customer demand, sales revenue and profit margin. Along with the adjustments to its product mix, Goldrooster Group's gross profit may be affected both by any change in revenue and by any change in cost of sales attributable to each operating segment representing different product categories. If Goldrooster Group is unable to improve its product offering and optimise its product and business mix, its sales may fluctuate and its profit margins may not meet expectations, which could materially and adversely affect its business, financial condition, results of operations and business prospects.

Goldrooster Group may be exposed to unscheduled production plant shutdowns, shortages or disruptions in the supply of raw materials, components or finished goods sourced from third parties, or electricity shortages.

Goldrooster Group's ability to meet demands of, and contractual obligations owed to, its distributors and Goldrooster Group's ability to further build up its business are dependent on efficient, proper and uninterrupted operations of its facilities. Production at Goldrooster Group's manufacturing facilities could be adversely affected by the occurrence of one or more unexpected events such as technical failures, strikes, natural disasters, supply shortages, regulatory rulings or other factors. These factors could also partially or completely impede Goldrooster Group's intended expansion of production capacity and capability. In addition, Goldrooster Group's production processes require a constant supply of electricity, and any failure in the supply of power, water or other basic condition could therefore result in a decline in production output or even a suspension of production.

Goldrooster Group also depends on a steady supply of certain raw materials and components sourced from third parties. Disruptions or shortfalls in the supply, late deliveries or delivery of materials and components that do not possess the necessary quality could lead to a decline in production or even a suspension of production.

If, for these or any other reasons, Goldrooster Group's production output or sales decline temporarily or for a longer period, it might be exposed to damages claims asserted by its customers and its reputation could be harmed. Any of these circumstances could have a material adverse effect on Goldrooster Group's business, financial condition, results of operations and business prospects.

Goldrooster Group may be exposed to product liability, property damage or personal injury claims, and the insurance coverage of Goldrooster Group may not be adequate to cover all potential liability or losses.

The operations of Goldrooster Group are subject to hazards and risks normally associated with manufacturing operations in China, which may cause damage to persons or property. Goldrooster Group may therefore be subject to product liability claims in the event that any of its products is alleged to have a defect which causes harm or damage to a consumer, and Goldrooster Group may, as a result, have to dedicate significant financial and managerial resources to defending itself against such claims. The risk of such product liability claim will increase over time as legal concepts of product liability begin to develop and mature in China and as public awareness of and concern over safety issues advance. Currently, Goldrooster Group does not maintain product liability insurance coverage. Although Goldrooster Group has not been subject to any material product recalls, major complaints against its products or any material amount of sales returns, there can be no assurance that Goldrooster Group's business, financial condition, results of operations and business prospects will not be negatively affected by a successful product liability claim that may be brought against it in the future.

In addition, Goldrooster Group does not maintain third-party liability insurance against claims for property damage or personal injury. Regardless of the ultimate merits of a claim or dispute, Goldrooster Group may face significant costs and expenses incurred in defending itself against such claims or in entering into settlement agreements, and Goldrooster Group may suffer serious damage to its reputation, be subject to material monetary damages and be subject to government investigations as a result. Such cases may lead to fines and sanctions against Goldrooster Group and furthermore may result in a negative public perception of its brands.

Goldrooster Group has taken out property insurance for its machinery and equipment as well as the factory building leased from Morike and for the office building it uses. However, such insurances are not sufficient to cover all potential liability or losses of Goldrooster Group. Additionally, natural disasters and/or other events outside the control of Goldrooster Group could result in substantial losses and the inability to repair damages in a timely manner or at all, causing significant harm to Goldrooster Group's operations and profitability. Furthermore, Goldrooster Group does not maintain business interruption insurance. Goldrooster Group may also become subject to liabilities for other events that cannot be insured against or against which it may elect not to be insured because of the cost associated with high premiums or any other reasons. Goldrooster Group does not separately set aside reserves or make provisions for any uninsured or not sufficiently insured events.

The occurrence of these events or of any of the other above mentioned risks may expose Goldrooster Group to substantial financial risks, and could materially and adversely affect its business, financial condition, results of operations and business prospects.

Goldrooster Group may be liable for the payment of outstanding social security and housing funds contributions.

In the past, Goldrooster Group has not paid its social insurance or housing fund contributions for all of its employees in full. As at 31 December 2011, an amount of approximately RMB 4.99 million[1] (approximately TEUR 596.1) for social insurance contributions and an amount of approximately RMB 2.83 million[2] (approximately TEUR 338.1) for housing fund contributions have been identified as being outstanding. Moreover, an administrative fine (0.05% of the default amount per day as of the default payment) may be imposed in addition to the payment of the outstanding amount of the social insurance contributions. In case Jinjiang Goldrooster is required to make up for the outstanding payments for social insurance and housing funds and the administrative fines levied thereon, the Company's indirect controlling shareholder, Ms. Shu Hsia Li has agreed to indemnify Jinjiang Goldrooster for all amounts payable in respect of the outstanding payments as well as for all fines and surcharges for overdue payments which are or may become payable by Jinjiang Goldrooster as a result of the non-compliance as above mentioned. Nevertheless, there can be no assurance that Ms. Shu Hsia Li will actually pay any such indemnification to Jinjiang Goldrooster in the end. Should any of the above risks materialise and should Ms. Shu Hsia Li fail to indemnify Jinjiang Goldrooster for payments made by it, this could have material adverse effects on Goldrooster Group's business, financial condition, results of operation and business prospects.

The Company's management board (*Vorstand*) is not experienced in complying with German legal requirements, and Goldrooster Group has not yet implemented a comprehensive corporate compliance system.

Goldrooster Group has until recently operated as a private Chinese company and maintains a small finance and accounting department. Goldrooster Group is therefore not experienced in dealing with increased legal, accounting, transparency and administrative requirements imposed on a publicly listed company in Germany. The shift from the application of Chinese generally accepted accounting principles to internationally accepted accounting standards and the requirement to comply with certain reporting, notification and publication obligations resulting from the inclusion of the Company's shares to trading on the Open Market of the Frankfurt Stock Exchange and its sub-segment, the Entry Standard, will put increased demand on Goldrooster Group's compliance, finance and accounting departments. If Goldrooster Group fails to comply with the obligations it faces as a publicly listed company or fails to timely issue complete and correct

[1] Unaudited figure.
[2] Unaudited figure.

financial reports and accounts, it will potentially be subject to fines and penalties and a decrease in investor confidence which in turn may result in a decrease of its share price.

Goldrooster Group has not yet established a comprehensive and formalised risk reporting and risk management system. The absence of having such a system in place increases Goldrooster Group's susceptibility to the aforementioned risks. In addition, any gaps or shortcomings of the existing compliance system could lead to a restriction of Goldrooster Group's ability to timely recognise and respond to risks and future developments. Such developments may have a material adverse effect on the Company's business, financial condition, results of operations and business prospects.

The Company's supervisory board (*Aufsichtsrat*) may have difficulties in adequately supervising the management board (*Vorstand*) since members of the two boards reside in different countries.

Substantially all of Goldrooster Group's assets are located in China, and most of its senior management members and directors reside there. The Company is currently a holding company without any significant operational business of its own. One member of the supervisory board resides in Germany, and it may be difficult for said member of the supervisory board to fulfil its supervisory duties arising from the German Stock Corporation Act vis-à-vis the management residing in the PRC. In particular, it may be difficult for this member of the supervisory board to receive in a timely manner all documents that are required to inspect and examine the books and the records of the Company. These circumstances could result in material adverse effects on the Company's business, financial condition, results of operations and business prospects.

Goldrooster Group may not be able to maintain and/or obtain approvals and licenses from PRC authorities necessary to carry out its business or to cope with future regulatory requirements.

Goldrooster Group requires certain approvals or licenses to conduct its business. Some permits and business licenses are subject to periodic renewal by competent PRC authorities, and the standards of compliance required may change. Goldrooster Group is subject to the supervision of several authorities, each of which may be able to revoke or refuse to grant and/or to extend permits, licenses, or approvals that are required for Goldrooster Group's operation of its business. Future changes in legal environmental standards, for example, may result in more elaborate requirements and stricter enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments, and heightened responsibility for companies as well as their directors and employees. If any of the activities carried out by Goldrooster Group fails to meet the requirements of prevailing rules or regulations and Goldrooster Group is held liable or responsible, or if Goldrooster Group fails to obtain the grant or renewal of the required permits, licenses, and approvals, such failure could have a material adverse effect on its business, financial condition and results of operations.

The Company is a holding company, the liquidity of which depends upon having access to the liquid funds of its operating subsidiary located in the PRC, which might not be able to remit profits.

The Company is a holding company without any significant operating business of its own. Substantially all assets and operations of the Company are located in the PRC, and most of the senior management members of the Company reside in the PRC. Apart from raising debt and new equity, the Company's liquidity primarily depends on dividends and other distributions paid by its PRC subsidiary. If the Company's PRC subsidiary incurs debts or losses, such indebtedness or loss may impair its ability to pay dividends or other distributions to the Company. Current PRC regulations permit the payment of dividends only out of accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a subsidiary in the PRC is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve fund until such reserves reach 50% of its registered capital, and it may also be required to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of the board. These reserves are not distributable as cash dividends.

Under PRC foreign exchange rules and regulations, payments of current account items, including profit distributions and operating-related expenditures, may generally be remitted in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange controls generally apply to capital account items, which requires approval from and/or registration with the State Administration of Foreign Exchange ("**SAFE**") or its local counterparts.

There can be no assurance that the PRC subsidiary of Goldrooster Group will be able to meet various requirements under foreign exchange control by SAFE or to remit profits out of China. Should the PRC subsidiary of the Company be or become restricted to and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on the financial condition of the Company.

Fluctuations in foreign exchange rates may materially and adversely affect Goldrooster Group's financial condition and results of operations.

The value of the RMB against other foreign currencies is subject to changes in the PRC government's policies as well as international economic and political developments. Under the unified floating exchange rate system, the conversion of RMB into foreign currencies, including Hong Kong dollars and Euros, has been based on rates set by the People's Bank of China ("**PBOC**"), which have generally been stable. However, the PRC government reformed the exchange rate regime on 21 July 2005 by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. There has been pressure from foreign countries on the PRC recently to adopt a more flexible currency system that could lead to appreciation of the RMB. The RMB may be revalued against the Euro or other currencies or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the RMB against the Euro or other currencies. It is uncertain whether the exchange rates of the Hong Kong dollar and the Euro against the RMB will further fluctuate. Any appreciation of the RMB may enhance the competitiveness of imported sports footwear and apparel products. Since the revenues and profits of Goldrooster Group are originated in the PRC and denominated in RMB, any depreciation of the RMB would materially and adversely affect the Company's financial position and the value of, and any dividends payable on, the Company's shares in foreign currency terms, as well as the Company's ability to fulfil its foreign currency obligations, if any.

The offshore holding enterprises of Goldrooster Group may be deemed as PRC tax resident enterprises and be subject to PRC taxation on their global income.

Since 2008, a general income tax rate of 25% applies to all enterprises in China, whether foreign-invested or domestic. This new taxation rule has been introduced by the PRC Enterprise Income Tax Law (**"EIT Law"**). The 2008 EIT Law introduced the concept of tax resident enterprises ("**TRE**"). By definition, TREs refer to enterprises which are established in China under PRC laws and regulations, or which have their effective management in China. TREs will be subject to the EIT Law as regards their global income. Article 4 of the Implementation Rules of the EIT Law stipulates that an "effective management" is effectively a management body which exercises essential management and control over an enterprise.

As to the determination of the body of effective management, the PRC State Administration of Taxation (**"SAT"**) issued a circular in 2009 to clarify specific standards on recognizing a foreign-registered enterprise (whose major controlling shareholder is a China domestic enterprise or enterprise group) ("**China Invested Foreign Enterprise**") with effective management in China. Namely, if a China Invested Foreign Enterprise meets certain conditions, it should be recognised as a Chinese TRE and its main tax implication is set out as below:

This enterprise shall be subject to PRC Enterprise Income Tax (**"EIT"**) on its global income;

The dividend income from a PRC subsidiary of this enterprise shall be exempt from PRC EIT because it is considered as the dividend distribution between two Chinese TREs;

The dividend income from this enterprise to its investor shall be considered as the dividend distribution from a PRC TRE and hence:

If the investor is a PRC TRE, the dividend is exempt from PRC EIT; and

If the investor is an overseas company, the dividend shall be subject to withholding tax at a rate of 10% in China or subject to a lower tax rate provided in an applicable double taxation treaty.

As most of the members of Goldrooster Group's management are currently based in China and may remain in China in the future, the offshore holding enterprises of Goldrooster Group, including the Company and Gold Rooster (Hong Kong) Holding Limited ("**Goldrooster Hong Kong**"), may be treated as PRC TREs for PRC EIT purposes. As a result, income of these offshore enterprises, whether derived from the PRC or other places worldwide, will be subject to PRC EIT at the rate of 25%. In that case, as mentioned above, dividend income the Company receives from its PRC subsidiary, namely Jinjiang Goldrooster, may be exempt from PRC EIT. However, as there is still uncertainty as to how the EIT Law and its implementation rules will be interpreted and implemented, there can be no assurance that the Company is eligible for such PRC EIT exemptions or reductions.

Moreover, in case the Company is recognised as a PRC TRE in the future by the PRC taxation authorities, capital gains from transfers of Company's Shares realised by foreign corporate stockholders may be regarded as income sourced from the PRC and may be subject to a 10% withholding tax, unless the applicable double taxation treaty provides otherwise. If foreign shareholders are required to pay PRC withholding tax on capital gains from any transfers of the Company's Shares, the value of the investment in the Company's Shares may be materially and adversely affected.

Goldrooster Hong Kong may not be entitled to a reduced withholding tax rate under the double taxation treaty between Hong Kong and Mainland China.

Under the EIT Law and its implementing rules, foreign investors that are non-tax resident enterprise ("**Non-TRE**") are subject to a corporate income tax at 10% or other applicable rate for dividends paid to them by PRC TRE. A non-TRE under the EIT Law is defined as an enterprise that does not have an establishment or place of business in the PRC, or one that does have such an establishment or place of business but where the relevant income is not effectively connected with such establishment or place. The 10% corporate income tax shall be withheld by the PRC TRE on behalf of the non-TRE and the 10% tax rate may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, companies incorporated in Hong Kong may be subject to withholding taxes at a rate of 5% on dividends they receive from their PRC subsidiaries of which they directly hold at least 25% equity interests.

According to the Notice of the State Administration of Taxation on issues regarding the Administration of Dividend Provisions in Tax Treaties, which was promulgated on 20 February 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the "beneficiary owner" of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Notice on How to Understand and Recognise the "Beneficiary Owner" in Tax Treaties, promulgated by the SAT on 27 October 2009, narrowed the scope of "beneficiary owners" to individuals, enterprises or other organizations who "normally engage in substantive operations", and introduced various factors that effectively raise the threshold for falling into the definition of "beneficiary owners". On 24 August 2009, the State Administration of Taxation issued the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (for Trial Implementation), which became effective on 1 October 2009. This legislation requires Non-TREs to obtain the competent tax authority's approval to enjoy preferential tax treatments for dividends under tax treaties. There can be no assurance that Goldrooster Hong Kong can satisfy all the requirements set forth by the aforementioned laws and regulations and obtain necessary approval to enjoy preferential treatment under the tax treaties.

Goldrooster Group leases properties for its office premise and warehouse without building ownership certificates, and it may therefore be required to relocate its office premise and warehouse.

As at the date of this Prospectus, Goldrooster Group leases a building with a gross floor area of approximately 5,000 square meters in Chendai Town, Jinjiang, Fujian province, PRC, as the office and warehouse of Jinjiang Goldrooster. Since the leased building was built on rural collectively-owned land for construction purposes, the landlord of such leased property is unable to obtain the building ownership certificate. Under the relevant PRC laws and regulations, the lease of a building without ownership certificate is not enforceable. Consequently, there can be no assurance that no third party will seek to assert their ownership rights against the landlord or challenge the lease in the future. There can also be no assurance that the relevant PRC authorities will not order the demolition of such building, or vacate Jinjiang Goldrooster from such leased building if the relevant lease agreement is declared void and unenforceable by the relevant PRC authorities. If any of the foregoing were to occur, Goldrooster Group will need to relocate its office and warehouse, resulting in business interruption and additional relocation costs. Goldrooster Group estimates the relocation costs will be approximately RMB 2 million (approximately TEUR 243). Goldrooster Group may not be able to find suitable alternative premises or may have to relocate to less desirable locations. If any of these events occurs, the business, financial condition, results of operations and business prospects of Goldrooster Group could be materially and adversely affected.

Goldrooster Group's performance in the future is dependent on the PRC economy and changes in consumer spending patterns could materially affect the Company's growth and profitability.

Goldrooster Group derives its entire turnover substantially from sales of its products in the PRC. The success of Goldrooster Group's business depends on the condition and growth of the PRC consumer market, which in turn depends on macro-economic conditions and individual income levels in the PRC. Consumer spending patterns may be adversely affected by, among other factors, business conditions, interest rates, taxation, local economic conditions, uncertainties about future economic prospects and shifts in discretionary spending toward other goods and services. Consumer tastes and preferences and economic conditions may differ or change from time to time in the market in which Goldrooster Group operates.

There is no assurance that projected growth rates of the PRC economy and the PRC consumer market, will be realised. Goldrooster Group may not be able to maintain its historical rates of growth in net sales and net income, or remain profitable, particularly, if the retail environment is stagnant or declines. Further, a recession in the general economy or uncertainties regarding future economic prospects could affect consumer spending habits and may have a material adverse impact on the business, financial condition, results of operations and business prospects of Goldrooster Group.

Risks Related to the Political, Social and Legal Environment of the People's Republic of China

General risks relating to business operations in China, which are generally subjected to greater economical, political, and legal risks than operations in more developed economies.

Goldrooster Group operates its entire business in the PRC. China has been classified as one of the five biggest emerging markets together with India, Indonesia, Brazil and Russia by the World Bank.[1] Investors should therefore keep in mind that Goldrooster Group's operations are and will be subject to greater legal, economic and political risks than comparable business operations in mature and more developed markets. Furthermore, emerging economies tend to change rapidly. Therefore, the information set out in this Prospectus may quickly become outdated. Investments in emerging markets or in companies operating in such markets are, in general, exposed to additional risks and are therefore only suitable for sophisticated investors who fully comprehend the significance of the risks involved. Investors are strongly recommended to consult their own legal and financial advisors before making an investment.

Economic instability in China could adversely affect Goldrooster Group's business.

The Chinese economy differs from the economies of most developed countries in a number of aspects, including the amount of government involvement, the level of development, the growth rate, the control of foreign exchange, and the allocation of resources. In the past, Chinese economic reforms have generally led to increased economic growth. While the Chinese economy has hence grown significantly over the past 30 years, the growth has not been balanced among the different parts of the country nor during different periods of time. There can be no assurance that the Chinese economy will continue to grow as it has in the recent past, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on Goldrooster Group's business. Potential risks for the Chinese economy include, among other things, significant declines in gross domestic product, an unstable currency, hyperinflation, high government debt relative to gross domestic product, rising unemployment due to further privatisation of state-owned enterprises, a weak banking system providing limited liquidity to domestic enterprises, and rising costs caused by environmental damages. The occurrence of one or several of these risks could have material adverse effects on the business, financial condition, results of operations and business prospects of Goldrooster Group.

Regulations relating to employee stock options granted by overseas listed companies to citizens of China have to be observed by the Company and its employees to avoid fines and legal sanctions.

In February 2012, SAFE issued the Circular on Several Issues relating to Foreign Exchange Administration on Domestic Individuals' Participation in Overseas Listed Companies' Stock Incentive Plans (which replaced the previous rules enacted in 2007). Under the above circular, Chinese citizens who are granted shares or share options under an employee share option or share incentive plan of a foreign listed company are required to register with SAFE through a qualified Chinese agent (to be appointed by the Chinese subsidiary of the respective foreign company) and to pass other registration procedures related to the share option or share incentive plan. Foreign exchange income received from sales or dividends distributed by the foreign listed company can be paid into a foreign currency account of Chinese citizens or be exchanged into RMB. The Company has not yet established an employee stock option plan. However, if such plan should be established at a later stage and if Goldrooster Group's subsidiaries or its Chinese employees would then fail to comply with the respective regulations, the Company might be subject to fines and legal sanctions.

[1] World Bank Annual Report of 31 December 2005.

Goldrooster Group's business operations could be disrupted due to China's inadequate infrastructure.

In China, the infrastructure has not been maintained and adequately developed. Rail and road networks, power generation and transmission systems, communications systems, and building stock are particularly affected. This inadequate and bad condition of Chinese infrastructural systems leads to additional costs for business operators and can result in business disruptions or delays. Such disruptions and delays could adversely affect Goldrooster Group's business, financial condition, results of operations and business prospects.

China's economic liberalisation could be compromised by a change of the political system.

The Chinese economy has changed fundamentally over the last 30 years. The originally centrally planned system became a more market-oriented economy. However, the political system still operates under communist control. Although the political system in China seems to be generally stable, it cannot be excluded that the political conditions change, which might have an adverse effect on the ownership or operation of Goldrooster Group's interests. Such changes could for example be changes within the government as well as changes in the legislative and regulatory regimes.

Material changes in the liberalisation of China's economic system due to political disruptions or other reasons could lead to a slowdown of China's economic growth in general and of the growth of Goldrooster Group's business in particular. Public support for the renovation of the centralised authority could be increased by social instability. Nationalism or violence could lead to a tougher stance by the PRC government on foreign investors operating in China or on foreign investment in general. Such developments could have a material adverse effect on Goldrooster Group's business, financial condition, results of operations and business prospects.

Health epidemics and outbreaks of contagious diseases, including severe acute respiratory syndrome ("**SARS**"), avian influenza or swine flu, could materially and adversely affect the Chinese economy. Diseases such as avian flu, SARS or other epidemics or outbreaks such as the swine flu could negatively impact Goldrooster Group's business. Cases of SARS, a highly contagious form of atypical pneumonia, were reported from China in 2003. This led to the closure of many businesses determined by the Chinese government to prevent the transmission of the disease. Furthermore, the occurrence of avian flu in various parts of China has been reported in the years thereafter, some of which were human cases. If avian flu, SARS, swine flu or any other disease would spread, the negative impact on the public health in China could also negatively affect Goldrooster Group's business operations, in particular due to possible illness and loss of management, key employees or employees of sub-contractors. Goldrooster Group has not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, swine flu, SARS or any other epidemic.

The PRC legal system and regional and national taxation laws contain inherent uncertainties and inconsistencies.

Goldrooster Group's operations are subject to PRC law given that Goldrooster Group's operational business is exclusively conducted in China. China still does not have a comprehensive legal system compared to the legal systems of most Western countries. In particular, foreign investment laws and company law in China, including the regulations for the protection of shareholders' rights and the access to information do not award the same amount of protection as the laws that apply for e.g. to German corporate entities or those incorporated in other European Economic Area ("**EEA**") member states. As a consequence, e.g. legal provisions on local, regional and national bases often differ; there is no uniform interpretation of regulations by courts and authorities; judges and courts do neither have enough experience nor sufficient guidelines in respect of the interpretation of laws, and governmental authorities are entitled to make decisions with broad discretion which often means that decisions such as approvals, permissions and licenses, are simply revoked.

As a result, decisions, licenses, permissions and approvals granted by local authorities with regard to Goldrooster Group and its business might be annulled by national or regional authorities or courts due to a different interpretation of laws. Furthermore, the inconsistencies of the legal system as described above could make it difficult to receive protection by filing a claim or defending against a claim respectively. All these factors could have a negative impact on Goldrooster Group's business as far as it depends on administrative or court decisions.

The judiciary's lack of independence and limited experience and the difficulty of enforcing court decisions as well as governmental discretion in enforcing court orders in China could prevent Goldrooster Group from obtaining effective judicial remedies in court proceedings.

Compared to judicial systems in Western countries, China's judicial system is less independent from political, economic, financial or governmental influences. Judges are only appointed for certain terms, may be released at any time and are furthermore not well paid. As a result, some PRC courts may base their decisions on personal, political or financial factors rather than on the basis of PRC laws and regulations. Moreover, it is difficult to enforce judgements in China. If Goldrooster Group's Chinese subsidiary should therefore become subjected to a claim of a competitor, sub-contractor or any other party, it might be impossible to get a fair court procedure, and the result of a court hearing could not be foreseen, even if the facts appeared to be in favour of Goldrooster Group's subsidiary. Unfair or arbitrary judgement and the inability to enforce favourable judgements might have a negative effect on Goldrooster Group's business operations should it come to a court hearing.

Recognition and enforcement of judgments may be difficult to obtain in China.

Substantially all of Goldrooster Group's assets are located in China and most of the members of Goldrooster Group's management reside there. However, China is not party to any agreements regarding the recognition and enforcement of judgments of the courts of Germany or those of most other jurisdictions. Therefore, court decisions obtained by investors in connection with claims regarding the Offering could be considered as non-binding in China by PRC courts, and investors could be unable to enforce potential court decisions made by a foreign court against Goldrooster Group, its management, personnel or over its assets.

Foreign investment in PRC companies may be subject to additional restrictions in the future.

Due to the inconsistent application of recent PRC legislation which has been implemented to make investments in China easier for foreign investors, such foreign investors presently face practical barriers when investing in China. Although the PRC government eliminated some restrictions for foreign investment in China, in particular for certain industrial sectors in the past decade, it cannot be excluded that the PRC government will decide to impose tougher restrictions on foreign investors in the future. Such measures could make it difficult for foreign-invested entities to lead and control their PRC subsidiaries.

Risks Related to the Offering

The Offering may not result in an active and liquid market for the Company's shares.

No assurance can be given that liquid trading in the shares of the Company will develop after the Offering and that the stock exchange price will not fall below the offer price. The offer price for the shares will be determined by way of a book-building procedure and will not necessarily provide any indication of the stock exchange price at which the shares will subsequently be traded on the Frankfurt Stock Exchange or on any other exchange. The Company cannot make forecasts as to the extent that investors' interest in its shares will foster trading, nor whether a liquid trading market will develop. The stock exchange price of the Company's shares could become subject to greater volatility and therefore buy and sell orders might be executed less efficiently. Under certain circumstances, investors might not be able to sell their shares at the purchase price set for the Offering or at a higher stock exchange price; or they might not even be able to sell them at all.

The market price for the Company's shares may be volatile.

Following the Offering, the market price of the Company's shares may be highly volatile and may not always accurately reflect the underlying value of the Company's business. Factors such as, inter alia, variations in the Company's revenue, earnings and cash flows, the failure to meet analysts' expectations, announcements of new investments, strategic alliances and/or acquisitions, fluctuations in real estate prices in China as well as changes in PRC laws and regulations could cause the market price of the Company's shares to change substantially. The general volatility of stock exchange prices could also exert pressure on the market price of the Company's shares, and it is therefore possible that the Company's shares will be subject to changes in price that may not be directly related to Goldrooster Group's financial and business performance or its business prospects.

The sale, or perceived sale, of shares by the Existing Shareholders could adversely affect the market price of the Company's shares.

As a result of future sales of substantial amounts of shares in the public market, the market price of the Offer Shares could decline substantially. Upon completion of the Offering (assuming that all Offer Shares are placed), Zhuo Wei Investments Limited, Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited ("**Existing Shareholders**") will hold approximately 80% of the Company's shares (or approximately 77% if the Greenshoe Option is fully exercised). The Existing Shareholders have agreed with VEM that, for a period of 12 months after the date of commencement of trading in the Company's shares, they will not offer, pledge, sell, contract to sell, sell an option to buy, buy an option to sell or otherwise, directly or indirectly, transfer or dispose of shares of the Company or other securities that are convertible into or exchangeable for shares of the Company; enter into swap transactions or transactions that transfer the economic risk of holding the shares to a third party, in whole or in part, regardless of whether any such transaction is to be settled by delivery of shares, payment in cash or other consideration, as well as; initiate, vote in favour of or in any other way support a capital increase of the Company or issuance of shares which are exchangeable into shares of the Company or an economically equivalent transaction.

The Company can, however, not give any assurances that the Existing Shareholders will always observe and comply with this undertaking and/or that VEM will be in a position to enforce that market protection agreement.

The Offering may not be carried out in full which may negatively affect the growth prospects of Goldrooster Group and/or the liquidity of the shares in the market.

This Offering relates to 5,750,000 ordinary bearer shares consisting of 5,000,000 New Shares and 750,000 Greenshoe Shares. Thus, in case all of the 5,750,000 Offer Shares are allotted to investors, including all Greenshoe Shares in case of a full exercise of the Greenshoe Option, the Company's free float will amount to approximately 23 % of its total share capital. However, the actual number of Offer Shares that will be allotted to investors, i.e. the placement volume, will be jointly determined by the Company and the Sole Global Coordinator based on the orders received using the order book prepared during the bookbuilding process, and will also depend on the offer price and certain allotment criteria. There is no guarantee that all of the Offer Shares will eventually be placed with investors. If the amount of New Shares placed with investors is significantly lower, resulting in lower net proceeds than envisaged, the Company may not be able to fund certain of the investments for which it intends to use the proceeds from this Offering in full or at all which may affect the Company's growth strategy. In addition, if the overall placement volume is significantly lower than the number of Offer Shares which form the subject matter of the Offering, the free float will be significantly lower than the percentage stated above, which may have a material adverse effect on the tradability of the shares and on the shareholder structure of the Company.

The materialisation of any of the above risks could have a material adverse effect on the value of the shares of the Company.

There may be too little liquidity in the Open Market (*Freiverkehr*) and its sub-segment, the Entry Standard, for the Company's shares.

Neither the Open Market (*Freiverkehr*) nor its sub-segment, the Entry Standard, is a regulated market within the meaning of MiFID (Directive 2004/39/EC). The future success and liquidity of these markets for the Company's shares cannot be guaranteed. These markets are designed primarily for emerging or smaller companies. The market in the Company's shares may therefore be relatively illiquid or subject to fluctuation. Investments in shares traded on the Open Market (*Freiverkehr*) and its sub-segment, the Entry Standard, traditionally carry a higher degree of risk than investments in shares quoted on EU-regulated markets. It may therefore be more difficult for investors to realise their investment in the Company. There can be no assurance that the trading in the Company's shares on the Open Market (*Freiverkehr*) and its sub-segment, the Entry Standard, will prevail at satisfactory and sufficient liquidity levels.

Investors engaging in short sales may not be able to financially cover these sales through the delivery of shares.

The Listing Agreement provides that VEM may terminate the agreement given certain preconditions. Should the Listing Agreement be terminated, the Offering will not take place. If investors have engaged in so-called "short sales", they will bear the risk of not being able to financially cover these sales through the delivery of the shares.

GENERAL INFORMATION

Responsibility for the Content of the Prospectus

Goldrooster AG, with its registered office at c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany (the "**Company**", together with its direct and indirect subsidiaries, the "**Goldrooster Group**") assumes responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 5, para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and declares that, to its knowledge, all information contained in the Prospectus is correct and that no material facts have been omitted, and that it has exercised all reasonable diligence to ensure that, to its knowledge, the information contained in this Prospectus is correct and that no facts have been omitted which could likely affect the statements made in this Prospectus.

Subject Matter of this Prospectus

For the purpose of the public offering, this Prospectus relates to a total of up to 5,750,000 no par value ordinary bearer shares, each with a notional amount of the share capital of EUR 1.00 and each share vested with full dividend rights for the financial year 2011. The shares which are subject to the public offering consist of:

- 5,000,000 no par value ordinary bearer shares which emanate from a capital increase against cash contribution pursuant to a resolution adopted by the extraordinary shareholders' general meeting (*Hauptversammlung*) on 26 April 2012 (the "**New Shares**"); and

- 750,000 no par value ordinary bearer shares which are held by the Greenshoe Shareholders, i.e. by Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited in connection with a potential over-allotment (the "**Greenshoe Shares**" together with the New Shares the "**Offer Shares**")

Forward-Looking Statements

The Prospectus contains a range of forward-looking statements relating to future events and facts. All statements in this Prospectus, which do not refer to historical facts and events, are to be considered as forward-looking statements. This does, in particular, apply to statements made in this Prospectus regarding the future financial earning potential, regarding plans and expectations for the business and management of the Company, regarding growth and profitability as well as regarding economic and regulatory conditions to which the Company is exposed.

Such forward-looking statements are based on current assumptions and estimations made by the Company to the best of its knowledge. The occurrence or non-occurrence of uncertain events may result in that the actual results, including the business and financial condition of the Company and its results of operations will differ significantly from the expectations expressed or implied in such forward-looking statements. The business operations of Goldrooster Group are subject to a number of risks and uncertainties which may cause a certain forward-looking statement, assumption or prediction will become inaccurate. Investors should therefore carefully read the sections "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*", "*Business*", "*Regulatory Environment*" and "*Recent Developments and Outlook*" which contain a detailed description of the factors having an impact on the development of Goldrooster Group's business and the market in which Goldrooster Group operates.

In view of the risks, uncertainties and assumptions, the future events mentioned in this Prospectus may not occur. In addition, forward-looking estimates and predictions derived from third parties' surveys may prove to be inaccurate (*please see the section headed* "*Information Derived from Third Parties*"). Hence, neither the Company nor the Company's management are in a position to guarantee the correctness of the estimations or the actual occurrence of the projected developments as laid out in this Prospectus. Moreover, the Company does not assume responsibility to update such forward-looking statements or to adjust them to future events and developments.

Information Derived from Third Parties

This Prospectus contains numerous references to statistical information, data and studies prepared by third parties. In the preparation of this Prospectus, the following sources have been relied upon:

- Bundesverband deutsche Banken website:, http://www.bankenverband.de/waehrungsrechner/;
- China Statistic Press: China Statistical Yearbook 2010, Beijing, 2011;
- Euromonitor International Ltd.: Sportswear in Mainland China, February 2012;
- Human Resources and Social Security Bureau of Fujian Province: press release dated 12 March 2010 and 28 March 2011, website: http://www.fjlss.gov.cn/;
- National Statistics Bureau of China: Press release dated 28 February 2006, website: http://www.stats.gov.cn/;
- National Statistics Bureau of China: Press release dated 25 February 2010, website: http://www.stats.gov.cn/;
- National Statistics Bureau of China: Press release dated 28 February 2011, website: http://www.stats.gov.cn/;
- National Statistics Bureau of China: Press release dated 1 March 2011, website: http://www.stats.gov.cn/;
- National Statistics Bureau of China: 2010 sixth national population census report, April 2011.
- National Statistics Bureau of China: press release dated 3 May 2011, website: http://www.stats.gov.cn/;
- OECD: OECD Economic Survey of China 2005, Chapter 1, 10 September 2010, website: http://www.oecd.org/document/7/0,3343,en_2649_34109_35343687_1_1_1_1,00.html;
- PRC Ministry of Human Resources and Social Security: Statistics report of the development of Human Resources and Social Security in the Year 2010, 20 July 2011, website: http://www.mohrss.gov.cn;
- World Bank Annual Report of 31 December 2005.

Information in this Prospectus that is sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Market studies often rely on information and assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. This Prospectus also contains estimates made by the Company relating to market data of third parties that are based on published market data or figures from publicly available sources. Figures, market data or other information on which third parties based their studies have not been independently verified by the Company. Accordingly, the Company does not assume responsibility or make representation or warranty as to the accuracy of any information derived from information and studies of third parties included in this Prospectus.

Documents Available for Inspection

For the duration of the validity of this Prospectus, copies of the following documents will be available for inspection in printed form during regular business hours at the registered office of Goldrooster AG, c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany, as well as on the Company's website (www.goldrooster.de):

- the Company's Articles of Association (*Satzung*) and the by-laws (*Geschäftsordnung*) for the management board and the supervisory board;
- the audited financial statements of Jinjiang Goldrooster Sports Goods Co., Ltd. for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 based on International Financial Reporting Standards ("**IFRS**"), as adopted in the European Union ("**EU**"), and audited by Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Ulmenstraße 22, 60325 Frankfurt am Main, Germany ("**Grant Thornton**");
- the audited combined financial statements of Gold Rooster (Hong Kong) Holding Limited for the financial year ended 31 December 2011 based on IFRS, as adopted in the EU, and audited by Grand Thornton;
- the interim separate financial statements of Goldrooster Hong Kong as of 31 December 2010, audited by JRK Certified Public Accountants Limited;
- the audited interim financial statements of Goldrooster AG for the period from 3 June until 31 December 2011 under German GAAP.

Future annual reports and interim reports of the Company will be available at its German office.

Notes Regarding Financial and Currency Data

Some figures (including percentages) contained in this Prospectus have been rounded to the nearest whole number. As a result, figures in tables so rounded may in some cases not add up to the exact totals shown in the tables. Percentages quoted in the text were, however, calculated on the basis of actual values rather than the rounded values. Accordingly, percentages quoted in the text may in some cases differ from percentages based on the rounded values.

All information with respect to currencies in this Prospectus refers to Renminbi ("**RMB**") except otherwise stated. For the translation of RMB amounts which are not related to the Annual Financial Statements and the Combined Financial Statements, the exchange rate of RMB 8.242 per EUR 1.00 as at 31 December 2011 has been used.[1] Amounts denominated in other currencies are expressly identified as such with the corresponding currency designation or currency symbol. As at 31 December 2011, the exchange rate of Singapore dollar ("**SGD**") against EUR was SGD 1.683 per EUR 1.00, and the exchange rate of Hong Kong dollar ("**HKD**") against EUR was HKD 10.061 per EUR 1.00[2].

[1] Source: Bundesverband deutsche Banken (http://www.bankenverband.de/waehrungsrechner/)
[2] Source: Bundesverband deutsche Banken (http://www.bankenverband.de/waehrungsrechner/)

Auditors

The separate financial statements of Jinjiang Goldrooster Sports Goods Co., Ltd., as at and for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 and the combined financial statements of Gold Rooster (Hong Kong) Holding Limited for the financial year ended 31 December 2011 under IFRS and the interim financial statements of Goldrooster AG for the period from 3 June until 31 December 2011 under IFRS and under German GAAP have been audited by Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Ulmenstraße 22, 60325 Frankfurt am Main, Germany, independent accountants as stated in their reports appearing elsewhere herein and each are accompanied by an unqualified auditor's report, copies of which are included in this Prospectus. Warth & Klein Grant Thornton AG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

The interim separate financial statements of Goldrooster Hong Kong as of 31 December 2010 were prepared and have been audited by JRK Certified Public Accountants Limited, Room 3802, 38/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. JRK Certified Public Accountants Limited is a member of the Hong Kong Institute of Certified Public Accountants.

THE OFFERING

Subject Matter of the Offering

The Offering consists of a public offering in Germany and Luxembourg and private placements to institutional investors outside Germany, Luxembourg and the United States.

The Offering consists of up to 5,750,000 no par value ordinary bearer shares *(Inhaber-Stückaktien)* of Goldrooster AG, created under and in accordance with German law, each ordinary bearer share having a notional amount of the share capital of EUR 1.00 and each vested with full dividend rights for the entire financial year 2011, consisting of:

- 5,000,000 no par value ordinary bearer shares which emanate from a capital increase against cash contribution pursuant to a resolution adopted by the extraordinary shareholders' general meeting (*Hauptversammlung*) on 26 April 2012; and
- 750,000 no par value ordinary bearer shares which are held by the Greenshoe Shareholders, i.e. by Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited, in connection with a potential over-allotment.

No fixed tranches have been reserved for any particular group of investors nor for the intended private placement.

The nominal value of the 5,750,000 shares that are the subject of this Offering represents a total of up to EUR 5,750,000 of the share capital of the Company.

Upon implementation and registration of the capital increase against cash contribution pursuant to a resolution adopted by the extraordinary shareholders' general meeting (*Hauptversammlung*) on 26 April 2012, the share capital of the Company will amount to EUR 25,000,000.

In connection with the Offering, up to 20% of the shares of the Company (23% including shares available for an over-allotment) will be offered. The actual number of Offer Shares is expected to be published on 15 May 2012 in an announcement on the Company's website (www.goldrooster.de) and as a corporate news.

In connection with the Offering, the Company will receive the net proceeds from the sale of the New Shares. The Greenshoe Shareholders will receive the net proceeds from the sale of the Greenshoe Shares, if any.

VEM Aktienbank AG, Prannerstr. 8, 80333 Munich, Germany, is the Sole Global Coordinator, Sole Bookrunner and Lead Manager.

Timetable for the Offering

The scheduled timetable for the Offering is as follows:

27 April 2012	Expected Approval of the Prospectus by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") Expected Publication of the Prospectus on the Company's website (www.goldrooster.de)
2 May 2012	Commencement of the offer period
15 May 2012	End of the offer period at 12 a.m.(noon) (Central European Time) Approval of trading inclusion issued by the Frankfurt Stock Exchange

	Publication of the offer volume and the allotment criteria Publication of the offer volume as a corporate news and on the Company's website (www.goldrooster.de)
16 May 2012	Commencement of book-entry delivery of Offer Shares against payment of the offer price using a share loan by the Existing Shareholders
18 May 2012	Commencement of trading in the Company's shares
21 May 2012	Subscription of the New Shares by VEM
23 May 2012	Expected registration of the completion of the capital increase with the commercial register

The Prospectus will be published and available in electronic form for download on the Company's website (www.goldrooster.de) on the date of its approval. In addition, the Prospectus will be available in printed form as of the same date free of charge during regular business hours from the Company and VEM.

Offer Period, Offer Price, and Allotment

The offer price is EUR 4.00 per Offer Share. The offer price was set by the Company based upon a discount, as an incentive to investors, to its own valuation using typical valuation methods such as discounting cash flow.

The Offering will be denominated in Euros and the offer period, within which investors will have the possibility to place purchase orders for the shares, is expected to begin on 2 May 2012 and is expected to end on 15 May 2012. Interested investors are asked to pay attention to the announcements published in the media mentioned in the preceding paragraph for further details of the Offering. During the offer period, offers to purchase shares may be submitted by retail investors to their respective broker or bank. Institutional investors shall submit offers to purchase shares to VEM. On the last day of the offer period, investors will be able to submit offers to purchase shares until 12:00 a.m. (noon) (Central European Time).

The Company and VEM reserve the right to decrease the number of Offer Shares, to increase or decrease the price, and/or to extend or shorten the entire offer period. Should any of the terms of the offer be modified, the change will be published via an electronic information system and on the Company's website (www.goldrooster.de). This publication will be made to the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as a supplement (*Nachtrag*) to the Prospectus. There will be no individual notification of investors who have submitted purchase offers. Any changes to the number of Offer Shares or to the price or to any extension or shortening of the offer period will not nullify any purchase orders that have already been placed. Investors who have already placed purchase orders prior to the publication of a supplement will have the right to withdraw these purchase orders within two business days following publication of the supplement as is provided for in the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Instead of withdrawing their purchase orders, investors may also amend the purchase orders submitted prior to publication of the supplement (*Nachtrag*) or alternatively place new limited or unlimited purchase orders within two business days after publication of the supplement (*Nachtrag*).

Purchase orders are revocable until the end of the offer period.

Once the offer period has expired, the Offer Shares will be allotted to investors based on the orders that they submitted. It is expected that the offer volume be published on 15 May 2012 on the Company's website (www.goldrooster.de) and as a corporate news.

Investors who have submitted purchase orders with VEM will be able to obtain information from VEM regarding the number of shares which will be allotted to them at the earliest possible date but no earlier than the banking day which follows the expiration date of the offer period. Since retail investors will receive notice of the number of shares allotted to them by their broker or bank with which they have placed their purchase order, such notice could potentially be made after the first day of trading of the Company's shares in the Entry Standard of the Frankfurt Stock Exchange, which is expected to occur on 18 May 2012. Neither VEM nor Goldrooster have any influence on the timing of such notices as these are made by the retail investor's brokers or banks.

Multiple subscriptions are permissible. There is no minimum and/or maximum amount of subscription. Book-entry delivery of the allotted shares against payment of the offer price is expected to occur as of 16 May 2012. VEM reserves the right not to accept purchase orders in whole or in part, e.g. in case the placement volume proves insufficient to satisfy all the orders placed.

General Allotment Criteria

No agreements exist between the Company, the Existing Shareholders and VEM Aktienbank AG as to the allotment procedure prior to the commencement of the offer period. The Company and VEM will comply with the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) which were issued on 7 June 2000 by the Exchange Expert Commission (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). After the offer period has ended, the Company and VEM will determine and publish the details of the allotment method in accordance with the 'Principles for the Allotment of Share Issues to Private Investors'.

To the extent known to the Company, no major shareholders or members of the Company's management, supervisory or administrative bodies intend to subscribe New Shares, nor does any person intend to subscribe for more than five per cent of the offer.

Delivery and Settlement of the Offer Shares

Book-entry delivery of the allotted shares against payment of the offer price using a share loan by Existing Shareholders is expected to occur as of 16 May 2012. The shares will then be made available to shareholders as co-ownership interests in the respective global certificates.

Shares purchased pursuant to this Offering will be credited to a securities deposit account maintained by a bank at Clearstream Banking AG, Neue Börsenstrasse 1, in 60485 Frankfurt am Main, Germany, for the account of such investor or to the securities deposit account of a participant at Euroclear Bank S. A./N. V., 1, Boulevard Roi Albert II, 1120 Brussels, Belgium, as operator of the Euroclear Systems, or Clearstream Banking S. A., L-2967 Luxembourg.

Stabilisation Measures, Over-Allotments, and Greenshoe Option

VEM or persons acting on its behalf will act as stabilisation managers in connection with the Offering and the placement of the Offer Shares. The former are entitled to take measures aimed at supporting the stock exchange or market price of the Company's shares in order to offset any sales pressures that may exist.

A stabilisation manager is under no obligation to take stabilisation measures and there is therefore no guarantee that any such stabilisation measures will be effected. If any stabilisation measures are taken, they may be terminated at any time without prior notice. Such measures may be taken from the date of inclusion of the Company's shares in the trading in the Entry Standard, a sub-segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, and must be completed no later than on the 30th calendar day after such date.

Stabilisation measures may lead to the stock exchange or market price of the Company's shares being higher than it would have been in the absence of any such measures. Additionally, such measures may result in a stock exchange or market price at a level that is not sustainable. Regarding potential stabilisation measures, investors may be allotted up to 750,000 additional shares of the Company in addition to the New Shares as part of the allotment of the shares to be placed by the Company.

As to a potential over-allotment, up to 750,000 no par value ordinary bearer shares of the Greenshoe Shareholders will be made available to VEM through a securities loan. The Greenshoe Shareholders have also granted VEM the option of purchasing these shares of the Company at the offer price, less the agreed commissions (the "**Greenshoe Option**"). This option will expire 30 calendar days after the date of the commencement of trading of the shares.

Within one week after the end of the stabilisation period, information regarding possible stabilisation measures will be announced on the Company's website (www.goldrooster.de) and as a corporate news. This information will outline whether a stabilisation measure has been taken or not, the date on which such stabilisation measure has commenced, the date on which the last stabilisation transaction has been taken, and the price at which such stabilisation has been effected for each date on which stabilisation measures have been effected. The exercise of the Greenshoe Option, the date of such exercise and the number and type of shares involved will also be published without delay (*unverzüglich*). The publication will be effected in the manner and at the time prescribed above.

Greenshoe Shareholders

Should the Greenshoe Option be exercised, up to 750,000 Greenshoe Shares will be offered by the Greenshoe Shareholders, i.e. by Fortune United Investment Limited, Xanti Investments Limited and Season Market Limited. For further information about the shareholder structure of the Company please refer to the section headed “Shareholder Structure” of this Prospectus.

General and Specific Information on the Shares

Voting Rights

Each share confers one vote at the Shareholders’ General Meeting (*Hauptversammlung*) of the Company. There are no limitations to the voting rights. The Existing Shareholders of the Company do not have different voting rights.

Dividend Entitlement

Each share confers upon the shareholder the right to an equal share in any dividend paid by the Company. The shares are vested with full dividend rights for the entire financial year 2012.

Form and Certification of Shares

All shares of the Company have been and will be issued as no par value ordinary bearer shares as prescribed by the Company's articles of association. The current share capital of the Company in the amount of EUR 20,000,000 is represented by one or several global share certificates without dividend coupons, which are deposited with Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany.

Pursuant to Section 4 para. 4 sentence 3 of the Company’s Articles of Association (*Satzung*), the Company may issue multiple share certificates that evidence several individual shares (so-called global share certificates (*Globalurkunden*)). To the extent that global share certificates have been issued in respect of the shares of the Company, the shareholders have no claim to the issue of individual share certificates.

Securities Identification Numbers/Stock Symbol

German Securities Identification Number (WKN):	A0AYYU
International Securities Identification Number (ISIN):	DE000A0AYYU6
Ticker Symbol:	GO8

Transferability/Lock Up

The Company's shares are freely transferable. Except for the restrictions set forth under *Selling Restrictions (Lock-Up),* there are no prohibitions with respect to the disposal or the transferability of the shares of the Company.

Selling Restrictions (Lock-Up)

The Existing Shareholders have agreed with VEM that, for a period of 12 months ("**Lock Up Period**") after the date of commencement of trading in the Company's shares, they will not

- offer, pledge, sell, contract to sell, sell an option to buy, buy an option to sell or otherwise, directly or indirectly, transfer or dispose of shares of the Company or other securities that are convertible into or exchangeable for shares of the Company;
- enter into swap transactions or transactions that transfer the economic risk of holding the shares to a third party, in whole or in part, regardless of whether any such transaction is to be settled by delivery of shares, payment in cash or other consideration; as well as
- initiate, vote in favour of or in any other way support a capital increase of the Company or issuance of securities which are exchangeable into shares of the Company or an economically equivalent transaction.

With respect to shares owned by the Greenshoe Shareholders, VEM may, after an initial six months as from the first day of trading and lasting until the end of the Lock Up Period, release the Greenshoe Shareholders in whole or in part from their lock up obligation.

These restrictions do not apply to transactions relating to shares of the Company that are sold as part of the Offering, to Greenshoe Shares offered by the Existing Shareholders (to the extent the Greenshoe Option is exercised) and to shares purchased in the Open Market.

Inclusion in Trading

An application for the inclusion of the Offer Shares in the trading in the Entry Standard, a sub-segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, is expected to be filed on 3 May 2012. The inclusion approval is expected to be granted no later than 15 May 2012. Commencement of trading in the Entry Standard segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange is expected to take place on 18 May 2012. No admission of the Company's shares to the Regulated Market (*Regulierter Markt*) will be sought.

Designated Sponsors

VEM will assume the function of designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange and will be entitled to designate an appropriately licensed third party to perform its functions. Pursuant to the designated sponsor agreement between VEM and the Company, VEM may, among other things, place limited orders to buy or sell shares of the Company in the electronic trading system of the Frankfurt Stock Exchange during daily trading hours. This measure is expected to improve liquidity of trading for the shares of the Company.

REASONS FOR THE OFFERING, USE OF PROCEEDS, COSTS AND INTERESTS OF THIRD PARTIES INVOLVED IN THE OFFERING

Reasons for the Offering

The reason for the Offering is the intention of the Company's management to enhance Goldrooster Group's brand name, visibility and recognition and to finance its further expansion.

Use of Proceeds and Costs

The Company will receive the net proceeds from the sale of the Offer Shares ("**Net Proceeds**"), that is to say the gross proceeds from the sale of the Offer Shares ("**Gross Proceeds**") less commission paid by the Company to VEM and its pro-rata costs. The Gross Proceeds as well as the costs of the Offering depend on the number of shares offered and placed in the Offering. As the costs of the Offering depend on the total number of shares placed, the Company cannot, at the date of this Prospectus, reliably predict the costs of the Offering or the Net Proceeds.

Subject to the uncertainties stated above, the Company estimates that the costs of the Offering (including commissions of VEM) will be approximately EUR 1.5 million. Assuming placement of all offered shares, the Company believes that total net proceeds of approximately EUR 18.5 million are attainable.

The Net Proceeds will be used by the Company mainly for the future expansion of Goldrooster Group on the Chinese market. Increased capital resources will enable Goldrooster Group to expand its sales and distribution network and to open additional Goldrooster shops. The Company will also dedicate some of the received funds to increase its production capacity, enhance its design and development capacity and further build up its brand.

The following is an overview of the principal intended uses presented by order of priority of such uses assuming the Net Proceeds from the Offering to be 18.5 million:

(i) Network expansion

EUR 9.25 million (50% of the Net Proceeds) will be earmarked for this purpose. The Company will embark on a two to four year plan to set up its own self-operated stores in Sichuan province and Jiangsu province. In addition, it will open flagship stores to promote brand awareness and to fuel growth of the newly opened stores.

(ii) Increase production capacity

The Company intends to use EUR 2.96 million (16% of the Net Proceeds) to install one footwear production line and one apparel production line in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012. According to the Company's own estimation, the new footwear and apparel production lines will add a production capacity of 1 million[1] pairs of shoes and 1 million[2] pieces of apparel, respectively. The new production lines will help the Company to reduce its reliance on third party contract manufacturers and improve its gross profit margin

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[1] Unaudited figure.

[2] Unaudited figure.

(iii) Design and development expenditure

The Company will use EUR 1.85 million (10% of the Net Proceeds) to improve its design and development capabilities by purchasing materials used for design and development activities and strengthening its design and development team through the recruitment of qualified designers and procurement of strategic cooperations with international design teams.

(iv) Brand building and promotion

The Company will use EUR 2.96 million (16% of the Net Proceeds) for brand promotion activities to support its sales growth. Key activities include engaging brand spokespersons, TV advertisements, product sponsorship activities in key events etc.

(iv) Working capital for expanded operations

The Company will reserve EUR 1.48 million (8% of the Net Proceeds) for working capital purposes to finance its proposed expanded operations.

Interests of Third Parties Involved in the Offering

The Greenshoe Shareholders have an interest in the Offering because of the portion of the Offering proceeds they will receive.

VEM has entered into a contractual relationship with the Company in connection with the implementation of the Offering. It has been mandated as Underwriter and will advise the Company in connection with the implementation of the Offering and coordinate its structuring and execution and will purchase and sell the Offer Shares in accordance with the executed Listing Agreement. The compensation of VEM is incentive-based and depends, among other factors, on the amount of the offer proceeds such that VEM has an interest in the successful implementation of the Offering.

VEM and affiliated companies will be able to acquire Offer Shares on their own accounts, hold, purchase or sell them on their own accounts and offer or sell them outside the Offering. VEM does not intend to disclose the scope of such investments or transactions where such disclosure is not legally required.

The Company's CFO and member of its management board, Mr. Tiong Yuen Ashley Soh, has an interest in the Offering given that he is entitled to a bonus payment in the amount of SGD 100,000 (approximately EUR 59,418) from the part of Goldrooster Hong Kong once the Offering is completed.

DIVIDEND POLICY AND EARNINGS PER SHARE

General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of profits is determined based on their respective interest in the Company's share capital. In a German stock corporation (*Aktiengesellschaft*), resolutions regarding the distribution of dividends for a given fiscal year and the amount and payment date of such dividends are adopted by the shareholders' general meeting of the subsequent fiscal year upon a joint proposal by the management board and the supervisory board.

Dividends may only be distributed from the distributable profit of the Company. Said distributable profit is calculated based on the Company's annual unconsolidated financial statements prepared in accordance with the German accounting principles, i.e. the accounting principles laid out in the German Commercial Code (*Handelsgesetzbuch*).

When determining the amount available for distribution, net income for the year must be adjusted for profit/loss carry-forwards from the prior year and release of or allocations to reserves. Certain reserves are required to be set up by law and must be deducted when calculating the profit available for distribution. The management board must prepare the financial statements (balance sheet, income statement and notes to the financial statements) and the management report for the previous fiscal year by the statutory deadline, and present these to the auditors and then the supervisory board after preparation. At the same time, the management board and supervisory board must present a proposal for the allocation of the Company's distributable profit pursuant to Section 170 of the German Stock Corporation Act (*Aktiengesetz*). Pursuant to Section 171 of the German Stock Corporation Act, the supervisory board must review the financial statements, the management board's management report and the proposal for the allocation of the distributable profit, and report to the shareholders' general meeting in writing on the results. The supervisory board must submit its report to the management board within one month after the documents have been received. If the supervisory board approves the financial statements after its review, these are deemed adopted unless the management board and supervisory board resolve to assign adoption of the financial statements to the shareholders' general meeting. If the management board and supervisory board choose to allow the shareholders' general meeting to adopt the financial statements, or if the supervisory board does not approve the financial statements, the management board must convene a shareholders' general meeting without delay.

The shareholders' general meeting's resolution on the allocation of the distributable profit must be passed with a simple majority of votes cast. If the management board and supervisory board adopt the financial statements, they can allocate an amount of up to half of the Company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. Dividends resolved by the shareholders' general meeting are paid annually shortly after the shareholders' general meeting, as provided in the dividend resolution, in compliance with the rules of the respective clearing system. Dividend payment claims are subject to a three-year standard limitation period. If dividend payment claims expire, the Company becomes the beneficiary of the dividends.

Dividend income is subject to German dividend withholding tax (*Kapitalertragsteuer*) (see: *Taxation in Germany – Taxation of Shareholders – Taxation of Dividends*).

Dividend Policy and Earnings per Share

Until the Offering is completed and trading in the Company's shares in the Entry Standard segment of the Open Market (*Freiverkehr*) has commenced, no dividends will be paid to the Existing Shareholders and retained earnings will remain with the Company. Future dividends will depend on the Company's earnings and financial position, the results of operation, the capital needs, the plans for expansion, the profit after tax financial position, the expected financial performance, the projected capital expenditures and other investment plans, any restriction on dividend payments under the Company's financing arrangements as well as other factors. The Company intends to distribute profits only if and to the extent covered by the annual net income (*Jahresüberschuss*) which is shown in the respective Company's annual financial statement and to the extent that profits are not needed to fund the Company's further growth. The remaining profit, if any, shall be booked into retained earnings and shall be used to finance the further development of the Company's business and its internal growth. In order to report net profits available for distribution, Goldrooster AG as a holding company depends on profit distributions from its subsidiaries (see *Risk Factors – Risks Related to Goldrooster's Business – The Company is a holding company, the liquidity of which depends upon having access to the liquid funds of its operating subsidiary located in the PRC, which might not be able to remit profits*). The costs of this offering will have a one-time impact that will adversely affect the Company's results of operations in the financial year 2012.

The Company was founded on 9 February 2011 as a shelf-company (*Vorratsgesellschaft*) and incorporated upon registration in the commercial register (*Handelsregister*) with the local court (*Amtsgericht)* of Munich on 3 June 2011. It became the ultimate holding company of Goldrooster Group only on 2 March 2012. and Goldrooster Hong Kong only became the intermediate holding company and parent company of Jinjiang Goldrooster on 25 August 2011. On the basis of the audited financial statements under IFRS of Jinjiang Goldrooster of the financial years 2009 and 2010 and the audited combined financial statements under IFRS of Goldrooster Hong Kong for the financial year 2011, the following summary shows the earnings of Jinjiang Goldrooster (rounded to two decimal points), the earnings per share, each in accordance with IFRS and the distributed dividends as at and for the years 2009, 2010 and 2011.

Earnings per Share:

	Financial Year		
	2009	**2010**	**2011**
Profit for the year (in EUR thousand)**	9,234	13,154	17,020
Number of shares*	20,000,000	20,000,000	20,000,000
Earnings per share in EUR (undiluted)	0.4617	0.6577	0.851
Earnings per share in EUR (diluted)	0.4617	0.6577	0.851
Dividends per share in EUR...	0.3156	0.4457	-

* For better comparability, the current number of shares in the Company of 20,000,000 has been used throughout the period.

** Profit attributable to controlling party and equity holders of the Company

CAPITALISATION AND INDEBTEDNESS

The data presented in the following table shows the capitalisation of the Company in IFRS as at 31 January 2012. As a result of the net proceeds obtained from the Offering, the capitalisation of the Company will change following the Offering.

	As at 31 January 2012 **(in EUR thousand)** (audited)
	The Company
	IFRS
Capitalisation	
Total Current Liabilities	**409**
thereof secured..	-
thereof guaranteed...	-
thereof unguaranteed/unsecured..........................	409
Total Non-current Liabilities	-
thereof secured..	-
thereof guaranteed...	-
thereof unguaranteed/unsecured.........................	-
Shareholder's Equity	**(61)**
thereof share capital...	50
thereof capital reserve......................................	-
thereof statutory reserve...................................	-
thereof merger reserve......................................	-
thereof foreign currency translation reserve.........	-
thereof retained earnings....................................	(99)
thereof transaction costs of equity transactions..........	(12)
	-
Liquidity/(Indebtedness)	-
Liquidity..	**76**
thereof cash and cash equivalents......................	76
thereof trading securities......................................	-
Current Financial Receivables[1]....................	**-**
Current Financial Debt[2]...................................	-
thereof current bank debt................................	-
thereof current portion of non-current debt............	-
thereof other current financial debt......................	409
Net Current Financial Liquidity/(Indebtedness) [3].....	**(333)**
Non-current Financial Debt[4]......................................	-
thereof non-current bank loans....................................	-
thereof bonds issued..	-
thereof other non-current loans...............................	-
Net Financial Liquidity/(Indebtedness) [5]..................	**(333)**

(1) Current financial receivables are financial assets defined in IAS 32.11 which are expected to be recovered or settled no more than twelve months after the balance sheet date (except for cash and cash equivalents disclosed under liquidity). They include trade receivables and prepayments.

(2) Current financial debt as defined in IAS 32.11 which are expected to be recovered or settled no more than twelve months after the balance sheet.

(3) Liquidity plus Current Financial Receivables minus Current Financial Debt.

(4) Non-current financial debt as defined in IAS 32.11 which are expected to be recovered or settled more than twelve months after the balance sheet.

(5) Net Current Financial Liquidity/(Indebtedness) minus Non-current Financial Debt.

The total assets and total equity of the Company in the unaudited interm financial statements at 31 January 2012 in IFRS amount to TEUR 348 and negative TEUR 61 respectively. Therefore, the equity ratio (equity divided by total assets) as at 31 January 2011 in IFRS is negative 17.5%.

The Company has no requirement for debt financing within the near future due to the availability of funds internally within the Group.

Working Capital Statement

Despite the net financial indebtedness position, the Company will have funds available in the form of dividends from its subsidiaries or intercompany advances subsequent to the capital increase. Accordingly, the Company believes that its working capital (not taking into account the proceeds from the Offering) is sufficient for its requirements during the period of validity of this Prospectus, meaning that it is sufficient to cover at least those payment obligations which will become due within the next twelve months from the date of this Prospectus.

DILUTION

The book value (deficit) of the shareholders' equity of the Company as reflected in the balance sheet as of 31 December 2011 amounted to EUR -80,301.35. This is equivalent to approximately EUR -0.004 per share (calculated on the basis of 20,000,000 shares held by the Existing Shareholders as of the date of registration of the captical increase against contribution of the shares in Goldrooster Hong Kong.

Assuming that all 5,000,000 New Shares of the Company are placed applying the price per offered share of EUR 4.00, the gross issue proceeds obtained by the Company will be EUR 20,000,000.00 and the Company would obtain net proceeds of approximately EUR 18,500,000. If the Company had obtained this amount as at 31 December 2011, the book value of shareholders' equity at that time would have been about EUR 18,420,000 or around EUR 0.737 per share (based on the increased number of shares after the Offering of 5,000,000 New Shares). Consequently, under the above-mentioned assumptions, the implementation of the Offering would lead to a direct increase in the net book value of shareholders' equity of about EUR 0.741 per share for Existing Shareholders and a direct dilution of about EUR 3.263 per share for the purchasers of the Offer Shares and thus, investors who acquire at EUR 4.00 per Offer Share are diluted by about 81.6%.

SELECTED FINANCIAL INFORMATION

The Company was founded on 9 February 2011 as a shelf-company (*Vorratsgesellschaft*) and registered in the commercial register (*Handelsregister*) with the local court (*Amtsgericht*) of Munich on 3 June 2011.

The operational business of Goldrooster Group is exclusively carried out by Jinjiang Goldrooster Sports Goods Co., Ltd. ("**Jinjiang Goldrooster**"), which is an indirectly wholly owned subsidiary of the Company. All shares in Jinjiang Goldrooster are owned by Gold Rooster (Hong Kong) Holding Limited ("**Goldrooster Hong Kong**"), a company incorporated under Hong Kong law and wholly owned by the Company.

In order to present the business, financial condition and results of operations of Goldrooster Group, the Company has prepared separate financial statements of the key operating subsidiary Jinjiang Goldrooster for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 ("**Annual Financial Statements**") in accordance with IFRS, as endorsed for application in the EU. The Annual Financial Statements were audited by Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Germany **("Grant Thornton")**. They are not the legally required financial statements of the Company but have been prepared on a voluntary basis for the purpose of this Offering. The purpose of these financial statements is to enable the investors to better compare the development of the business, financial condition and the results of Goldrooster Group over the periods under review.

Due to the fact that Goldrooster AG Group only came into existence as of 2012, no Combined Financial Statements of Goldrooster AG, could be prepared. Instead Combined Financial Statements have been prepared on the level of the interim holding company Goldrooster (Hong Kong) for the financial year ended 31 December 2011. These Combined Financial Statements were audited by Grant Thornton.

In addition, the interim financial statements of the Company as of 31 December 2011 were prepared and have been audited by Grant Thornton. The interim financial statements of Goldrooster Hong Kong as of 31 December 2010 were prepared and have been audited by JRK Certified Public Accountants Limited.

Goldrooster's selected financial information as at and for the financial years ended 31 December 2009, 2010 and 2011, which is reflected in this section, was derived from the above Financial Statements.

The following figures were subject to rounding adjustments that were carried out according to established commercial standards. As a result, the figures stated in the table may not exactly add up to the total values that may also be stated in the table.

Jinjiang Goldrooster Sports Goods Co., Ltd., and Gold Rooster (Hong Kong) Holding Limited.

	Jinjiang Goldrooster Sports Goods Co., Ltd.			Gold Rooster (Hong Kong) Holding Limited, Combined Financial Statements
	31 December			31 December
	2009	*2010*	*2011*	*2011*
	(in EUR thousand)			*(in EUR thousand)*
	(audited)[1]			*(audited)*[1]
Selected Income Statement Data				
Revenues	58,888	80,098	104,035	104,035
Cost of sales	-42,973	-58,122	-75,182	-75,182
Gross profit	**15,915**	**21,976**	**28,853**	**28,853**
Other income	78	96	148	148
Selling and distribution expenses	-2,141	-2,776	-3,698	-3,698
Administrative expenses	-1,536	-1,750	-2,180	-2,440
Profit before taxation	**12,316**	**17,546**	**23,123**	**22,863**
Income tax expense	-3,082	-4,392	-5,843	-5,843
Net profit	**9,234**	**13,154**	**17,280**	**17,020**
Selected Balance Sheet Data				
Non-current assets	1,659	1,842	1,898	1,898
Current assets	16,064	25,825	49,048	49,092
Total assets	**17,723**	**27,667**	**50,946**	**50,990**
Current liabilities	7,990	12,290	16,270	16,550
Total liabilities	**7,990**	**12,290**	**16,270**	**16,550**
Capital and reserves	9,733	15,377	34,676	34,440
Total equity and liabilities and	**17,723**	**27,667**	**50,946**	**50,990**
Selected Cash Flow Data				
Profit before taxation	12,316	17,546	23,123	22,863
Operating profit before working capital changes	12,367	17,589	23,093	22,833
Net cash generated from operating activities	9,341	11,268	19,892	19,869
Net cash used in investing activities	-11	-45	-1,130	-1,130
Net cash used in financing activities	-6,312	-8,914	-	26
Net increase in cash and bank balances	3,018	2,309	18,762	18,765
Cash and bank balances at end of financial year	**6,115**	**9,350**	**29,787**	**29,789**
	31 December			31 December
	2009	*2010*	*2011*	*2011*
	(in EUR thousand)			*(in EUR thousand)*
	(unaudited)[2]			*(unaudited)*[2]
<u>Other selected Financial Data</u>				
EBIT [3]	12,316	17,546	23,123	22,863
EBIT margin [4]	20.91 %	21.91 %	22.23 %	21.98 %
Net profit margin [5]	15.68 %	16.42 %	16.61 %	16.36 %
Number of employees [6]	625	666	687	687

[1] Audited information with the exception of "Other Selected Financial Data" and except of "Total Liabilities".
[2] Unaudited information with the exception of "Number of employees".
[3] Profit before taxation plus interest expense.
[4] EBIT divided by revenues multiplied by 100.
[5] Net profit for the period divided by revenues multiplied by 100.
[6] Average numbers of the financial period. Audited information for the period 2009-2011.

Goldrooster AG

	31. Dec.	
	2011	
	(in EUR)	
	(IFRS, audited)[1]	
Selected Income Statement Data		
Administrative expenses	-118,098	
Taxation	18,689	
Net result	**-99,409**	
Selected Balance Sheet Data		
Non-current assets	18,689	
Current assets	254,000	
Total assets	**272,689**	
Non-current liabilities	-	
Current liabilities	334,301	
Total liabilities	**334,301**	
Total Equity	-61,612	
Total equity and liabilities	**272,689**	
	31. Dec.	
	2011	
	(in EUR)	
	(IFRS, audited)	
Selected Cash Flow Data		
Result after income tax/ Loss	-99,409	
Cash flows from operating activities	-48,710	
Cash flows from investing activities	-	
Cash flows from financing activates	-	
Net decrease in cash and bank balances	-48,710	
Cash at end of financial year	**1,290**	
Other selected Financial Data		
EBIT[2]	-118,098	
Number of employees	-	

[1] Audited information with the exception of "Other Selected Financial Data, EBIT" and except of "Total Liabilities".
[2] Profit before taxation plus interest result.

Gold Rooster (Hong Kong) Holding Limited

	Period from 2 November 2010 to 31 December 2010		**Financial year ended 31 December 2011**	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, audited)	*See Note A below*	*(IFRS, audited)*	*See Note A below*
Selected Income Statement Data				
Revenues	-	-	-	-
Net result	**-**	**-**	**(2,339,581)**	**(260,300)**
Selected Balance Sheet Data				
Current asset	4,279	487	382,366	45,676
Total assets	**4,279**	**487**	**3,299,166**	**364,156**
Current liability	4,278	486	2,357,146	281,581
Total liabilities	**4,278**	**486**	**2,357,146**	**281,581**
Capital	1	1	3,281,601	358,312
Total equity	**1**	**1**	**942,020**	**82,575**
Total equity and liabilities	**4,279**	**487**	**3,299,166**	**364,156**
	Period from 2 November 2010 to 31 December 2010		**Financial year ended 31 December 2011**	
	(in RMB)	*(in EUR)*	*(in RMB)*	*(in EUR)*
	(IFRS, audited)	*See Note A below*	*(IFRS, audited)*	*See Note A below*
Selected Cash Flow Data				
Net cash generated from/(used in) operating activities	4,278	486	(357,794)	(23,533)
Net cash used in investing activities	-	-	(2,916,800)	(318,480)
Net cash generated from financing activities	1	1	3,281,600	358,311
Net increase in cash and bank balances	4,279	487	7,006	861
Cash at end of financial year	**4,279**	**487**	**11,285**	**1,348**

Note A: The functional currency of Goldrooster Hong Kong is RMB. The above financial information has been translated from RMB to the presentation currency of EUR using respective exchange rates applicable in accordance in IFRS. For clarity, financial information of Goldrooster Hong Kong for the period from 2 November 2010 to 31 December 2010 is presented only in EUR in subsequent sections of this Prospectus, with the accompanying analysis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the business, financial condition and results of operations of Goldrooster Group should be read in conjunction with the other information in this Prospectus, including the financial information and related notes thereto beginning on page F-1 and the section "Selected Financial Information".

Background

Upon completion of the restructuring on 2 March 2012, Goldrooster Group comprises three member companies, i.e. Goldrooster AG ("**Company**"), the ultimate holding company based in Berlin, Germany, the intermediate holding company, Gold Rooster (Hong Kong) Holding Limited ("**Goldrooster Hong Kong**") based in Hong Kong and the sole operating company, Jinjiang Goldrooster Sports Goods Co., Ltd. ("**Jinjiang Goldrooster**") incorporated under the laws of the People's Republic China and with its registered address in Jinjiang, Fujian province, China.

The Company was founded on 9 February 2011 as a shelf-company (*Vorratsgesellschaft*) and registered in the commercial register (Handelsregister) with the local court (*Amtsgericht*) of Munich on 3 June 2011.

Goldrooster Hong Kong was established by Ms. Shu Hsia Li on 2 November 2010. On 30 March 2011, she entered into a share purchase agreement with Mr. Wenwen Li and Mr. Wensi Lai to purchase the entire equity interest in Jinjiang Goldrooster. Accordingly, Goldrooster Hong Kong became the holding company of Jinjiang Goldrooster, which is a limited liability company incorporated under the laws of the PRC on 14 November 2005 and having its legal domicile in Jinjiang, PRC. Jinjiang Goldrooster exclusively carries out the operating business within Goldrooster Group.

Effective as at 2 March 2012, all shares in Goldrooster Hong Kong were contributed to the Company by way of a contribution in kind and, as a result, the Company became the holding company of Goldrooster Hong Kong and the ultimate holding company of Goldrooster Group.

In order to present the business, financial condition and results of operations of Goldrooster Group, the Company has prepared separate financial statements of the key operating subsidiary Jinjiang Goldrooster for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 ("**Annual Financial Statements**") in accordance with IFRS, as endorsed for application in the EU. The Annual Financial Statements were audited by Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, Germany ("**Grant Thornton**"). They are not the legally required financial statements of the Company but have been prepared on a voluntary basis for the purpose of this Offering. The purpose of these financial statements is to enable investors to better compare the development of the business, financial condition and the results of Goldrooster Group over the periods under review.

Due to the fact that Goldrooster Group only came into existence as of 2 March 2012, no combined financial statements of Goldrooster AG could be prepared. Instead combined financial statements have been prepared at the level of the interim holding company Goldrooster Hong Kong for the financial year ended 31 December 2011 (the "**Combined Financial Statements**"). These Combined Financial Statements were audited by Grant Thornton.

In addition, the interim financial statements of the Company as of 31 December 2011 were prepared and have been audited by Grant Thornton. The interim financial statements of Goldrooster Hong Kong as of 31 December 2010 were prepared and have been audited by JRK Certified Public Accountants Limited.

This discussion and analysis contains some forward-looking statements that are subject to known and unknown risks and uncertainties. The actual results and the timing of events could differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the heading "Risks Factors".

The following figures were commercially rounded. It is therefore possible that the addition of such rounded amounts will not yield the same values as the sum of the full amounts.

Overview

Goldrooster Group engages in the business of designing, manufacturing and distributing sports fashion apparel, footwear and accessories products in the PRC. With unique fashion designs, widespread distribution network and clear-cut brand and market positioning, Goldrooster Group has achieved rapid and significant growth since its inception in 2005. Goldrooster Group's sales revenue increased from approximately TEUR 58,888 for the financial year 2009 to approximately TEUR 80,098 for the financial year 2010 and to approximately TEUR 104,035 for the financial year 2011, representing a constant growth rate of about 36.0% in the financial year 2010 and about 29.9% in the financial year 2011. Goldrooster Group's net profits increased from approximately TEUR 9,234 for the financial year 2009 to approximately TEUR 13,154 for the financial year 2010 and to approximately TEUR 17,020 for the financial year 2011, representing a constant growth rate of about 42.5% in the financial year 2010 and about 29.4% in the financial year 2011.

Goldrooster Group offers various apparel, footwear and accessories products for all seasons. Designed primarily by its in-house design and development team, Goldrooster Group's products are, in the Company's view, produced with strong emphasis on a combination of premier design with high quality, and mainly target white collar consumers as well as middle and upper class income earners in the age range of eighteen to 35 by catering to what Goldrooster Group perceives as a rising demand for distinctive personal style and fashion taste in China.

Sports apparel continues to be Goldrooster Group's core business segment while shoes and accessories function as its secondary and supplemental segment, respectively. In terms of percentage contribution to total sales revenue, apparel has grown from 69.6% in the financial year 2009 to 72.5% in the financial year 2010 and to 74.1% in the financial year 2011. The balance contributed by shoes and accessories is in the range of 21.2% to 25.6% and 4.7% to 5.2%, respectively, during the same period.

Goldrooster Group believes that its strengths are deeply rooted in its commitment to continuous product design and innovation. Goldrooster Group maintained a design and development team with 102[1] staff as at 31 December 2011, consisting of 23[2] designers and eight[3] design assistants. This team achieved 566[4] models of new products for the two trade fairs held in 2011 and expects to further increase the number of new models of product designs to 625 in 2012.

The designers visit domestic and international fashion stores and fashion shows and attend various domestic trade exhibitions to keep themselves informed of the latest fashion trends. They also analyse past and on-going sales performance, consumer surveys, feedback from distributors and retailers on end-consumer preference together with market conditions and the competitive landscape to create the overall design concept.

The shoes are manufactured at production facilities in Jinjiang, Fujian province, PRC. For the financial years 2009, 2010 and 2011, Goldrooster Group only manufactured its footwear products and outsourced its entire apparel and accessories production to contract manufacturers. Goldrooster Group believes that outsourcing arrangements allow it to enjoy more flexibility and meet production demand in a timely and cost-effective manner. Goldrooster Group also believes that the partial outsourcing of its production allows it to concentrate its management resources on its core businesses and brand building.

[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.

Goldrooster Group sells its products on a wholesale basis to its distributors through two trade fairs taking place each year, which offer the seasonal collections for the upcoming seasons. The distributors then sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then resell the Goldrooster products at Goldrooster retail outlets operated by such authorised retailers. As at 31 December 2011, Goldrooster Group had an extensive distribution network reaching eighteen[1] provinces, autonomous regions and municipalities and over 170[2] cities in the PRC, and its products are sold to its end-consumers through 1,344[3] Goldrooster retail outlets, which exclusively sell the Goldrooster Group's products and are operated by 30[4] distributors and their authorised retailers. Goldrooster Group plans to establish 150 self-operated Goldrooster retail outlets in Sichuan province and Jiangsu province, in a coordinated and structured effort and intends to further increase the number of its retail outlets to over 1,900[5] by the end of 2013.

Goldrooster Group values its brand and has made substantial investments into its brand building activities. Goldrooster Group has launched multiple-facets advertising campaigns within various areas in which distributors and retailers are based. Advertisements are aimed at attracting end-consumers and increase the sales of its distributors. Goldrooster Group's advertising activities includes advertising on internet media, fashion website portals, billboards, style magazines and through product sponsorship and participation in major clothing and garment exhibitions.

The Company's registered office is located at c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany. The production facilities of Goldrooster Group are located in Jinjiang, Fujian province, PRC.

Key Factors Affecting Results of Operations

Goldrooster Group believes that the following factors had and will continue to have a material effect on its results of operations and financial condition.

Growth of the PRC Economy and Development of the Chinese Market for Consumer Goods

The PRC economy has grown rapidly under the "open door" economic reforms in coastal areas dated back to the 1970s with gradual expansion to other parts of the PRC in the 1990s. The PRC economy has continued to expand rapidly and recently emerged as the world's second largest economy next to the United States. The PRC economy remained relatively unscathed by the global financial crisis. By leveraging on its vast domestic demand and investment spending, the PRC economy managed to show signs of stabilization and steady improvement. With the Central Government's proactive financial policies and moderately relaxed monetary measures coupled with its active efforts on economic structural adjustments, the PRC was among the first few countries to shake off the financial crisis. Despite being well-poised to benefit from PRC's growth and supportive policies, Goldrooster Group continues to stay vigilant by closely monitoring changes in the operating environment that may arise. As China is integrated in the global economy, any economic slowdowns in other parts of the world will cast a negative impact on China's economy and Goldrooster Group's business.

All revenues of Goldrooster Group are generated by the sale of its products in the PRC market. Goldrooster Group believes that sustained economic growth, accelerated urbanisation and increasing disposable income of Chinese consumers underpin the rising domestic demand for consumer goods including sportswear products. In recent years, China's gross domestic product ("**GDP**") experienced continued growth at double digit rates. Accordingly, the disposable income of Chinese consumers, in particular of urban residents, increased significantly (*Please see the section*

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[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.

headed “Industry Overview”). An increase in the growth rate of the Chinese market for consumer goods including sportswear products is likely to have a positive effect on Goldrooster Group’s revenues and profitability, while a decrease is likely to have a negative effect.

Competition in the PRC Fashion Markets

Goldrooster Group competes in the PRC with an increasing number of local and international players. International brands traditionally dominate the high-end market, but local brands have advantages in price and sales networks and are increasingly competitive in mid-to-high-end markets. Goldrooster Group believes that it can compete with significant advantages on the basis of brand image, design, product mix, quality, price, customer service and the breadth of its retailer network. Competitors include those brands which target second- and lower-tier cities in the PRC. Goldrooster Group is of the view that intense competition in the PRC fashion sportswear industry is set to stay and that such form of competition will continue to exert influence on the performance of Goldrooster Group.

Regulatory Environment

The regulatory environment in PRC is complex to a certain extent and subject to frequent changes. In particular, the following PRC laws and regulations are applicable to Goldrooster Group’s operations and business (*Please see “Regulatory Environment” for a summary of the relevant laws*):

- Foreign Investment Industrial Guidance;.
- Product Quality Law;
- Consumer Protection Law;
- Trademark Law;
- Environmental Protection Law;
- Social Insurance Regulations, including Interim Measures concerning the Maternity Insurance; Interim Regulations concerning the Management of the Registration of Social Insurance; and the Regulations on Occupational Injury Insurance.

Goldrooster Group’s operation and business are subject to potential changes of the above mentioned and other laws and regulations.

Product Development and Design

Goldrooster Group believes that design is critical to attaining its success. Goldrooster Group places particular emphasis on product design coupled with high product quality. With this in mind, Goldrooster Group continuously thrives to be at the forefront of the fashion sportswear industry in the PRC.

The research and development department takes into account Goldrooster Group’s brand strategies, drawing inspirations from domestic and international fashion trends and in close collaboration with both suppliers and distributors fine-tunes designs in a way to constantly adapt them to the volatile consumer trends in the fashion sportswear industry.

Key Cost Factors

<u>Material Costs (including purchases from contract manufacturers)</u>

For the financial years 2009, 2010 and 2011, material costs in the cost of sales accounted for TEUR 40,681, TEUR 55,086 and TEUR 71,551, respectively, and constituted 69.1%, 68.8% and 68.8%, respectively, of Goldrooster Group’s revenues. The percentages have remained relatively stable for the financial periods under audit, representing Goldrooster Group’s ability to manage cost at this level. However, in the event of an increase in material prices, be it raw materials from suppliers and/or purchases of finished goods from contract manufacturers, and Goldrooster Group is not able to pass the increased cost on to its distributors, its results of operations will be adversely affected. Conversely, if material costs decrease and Goldrooster Group does not have to lower the price of its products accordingly, its results of operations will be positively affected.

Labour Costs

The production of shoes in the PRC is very labour intensive and all of Goldrooster Group's work force is located in the PRC. Average annual salaries of urban employees in the PRC increased significantly in the periods under review. This increase is also a result of the introduction of new labour law legislation in the PRC that became effective as of 1 January 2008 and general workforce shortages in the PRC. Labour costs in the PRC have been increasing rapidly in recent years. In 2010, the average wage per capita of employees of private enterprises in PRC increased by approximately 14.1% compared to 2009.[1] The minimum wages for workers in the city of Jinjiang, where Goldrooster Group's production facilities are located, have increased from RMB 800 (approximately EUR 97) per month in 2010 by approximately 18.8% to RMB 950 (approximately EUR 115) in 2011, and are likely to increase further.

For the financial years 2009, 2010 and 2011, labour costs accounted for TEUR 1,507, TEUR 1,891 and TEUR 2,385, respectively, and constituted 2.6%, 2.4% and 2.3%, respectively, of Goldrooster Group's revenues. The marginal improvement in percentage in labour costs to revenues over this period is mainly attributable to improved economies of scale as Goldrooster Group's business grew.

To the extent that Goldrooster Group will be subject to an increase in labour costs without an increase in revenues, this will adversely affect its business and results of operations.

Capacity Utilisation

Goldrooster Group outsources the production of its apparel and accessories entirely to a designated panel of third party contract manufacturers and produces all its footwear products using its own footwear production lines. Goldrooster Group believes that the outsourcing arrangements with reliable contract manufacturers will allow it to concentrate its management resources on its core business and brand building. Accordingly, the quantity of merchandise produced by external contractors will continue to grow in tandem with sales growth.

Jinjiang Goldrooster's current production site is equipped with three[2] production lines for footwear with an aggregate annual production capacity of 3 million[3] pairs. For the financial years 2009, 2010 and 2011, the actual outputs of Goldrooster Group's footwear were 2,099,394[4], 2,334,032[5] and 2,779,672[6] pairs respectively and account for 70.0%[7], 77.8%[8] and 92.7%[9] of Goldrooster Group's production capacity for the same period. In view of the growing market demand, Goldrooster Group plans to install two[10] additional production lines for its footwear and apparel products by the end of 2012 with a production capacity of 1 million[11] pairs of footwear and 1 million[12] pieces of apparel, respectively. If the new production facilities are unable to operate at optimal capacity, the

[1] PRC Ministry of Human Resources and Social Security
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.
[6] Unaudited figure.
[7] Unaudited figure.
[8] Unaudited figure.
[9] Unaudited figure.
[10] Unaudited figure.
[11] Unaudited figure.
[12] Unaudited figure.

production costs will increase and pose a negative impact on gross profit margins, thus affecting the business and results of operations of the Goldrooster Group.

Inventories

Inventories consist of raw materials, work-in-progress and finished goods. Inventories of Goldrooster Group increased marginally from TEUR 1,781 as at 31 December 2010 by TEUR 49 to TEUR 1,830 as at 31 December 2011. Goldrooster Group believes that stocks can be sold at the net realisable value in the ordinary course of business.

In the event Goldrooster Group is unable to achieve its expected realisable value, Goldrooster Group's operation and business may be adversely affected.

Price Level for the Products

Goldrooster Group has adopted a standard retail pricing system that is applicable to all its designated distributors to uphold its brand image and avoid price competition amongst its distributors. Goldrooster Group sells products to all its distributors at a uniform discount to the recommended retail price of the products. The distributors then resell Goldrooster Group's products to their authorised retailers at certain discounts agreed between them and their authorised retailers. Goldrooster Group's distributors and their authorised retailers sell the Goldrooster products to retail customers at the Goldrooster retail outlets with reference to the suggested retail price. The recommended retail prices of Goldrooster Group's products are set mainly based on production costs, projected profit margin, historical prices of Goldrooster Group's products and prices of competing products. Subject to Goldrooster Group's approval, the distributors and their authorised retailers may, after taking into account local market conditions, offer retail customers a discount to the suggested retail price, so as to prevent the accumulation of inventory by distributors and their authorised retailers, which may adversely affect the volume of their orders of Goldrooster Group's products for upcoming seasons. Accordingly, Goldrooster Group's operation and business may be influenced by the price level of the products.

Proposed Establishment of Self-Operated Retail Stores

As part of the plan to enhance its sales and profitability, Goldrooster Group seeks to establish its own retail sales network by establishing 150 self-operated Goldrooster retail stores by the end of 2013 and launch its B2C e-commerce retail program in the second half of 2012. To effectively manage the expansion of its sales network, Goldrooster Group also plans to upgrade its current financial controlling system and implement an enterprise resource planning system ("**ERP System**") and a point of sales management system ("**POS System**") in its Goldrooster retail outlets starting in 2012 to track financial and sales data on a daily basis. To implement such plans, Goldrooster Group needs to make substantial investments in the future operation of its self-owned retail network.

The successful expansion and operation of self-owned retail may therefore lead to an increase in revenues and profitability, whilst failure to successfully expand and operate its self-owned retail network could lead to negative impact to Goldrooster Group's revenue and profitability.

Effects of Currency Fluctuations

The standalone and combined financial statements of Jinjiang Goldrooster and Goldrooster Hong Kong, respectively, for the periods under audit were prepared in EUR and the Company's future combined financial statements will be prepared in EUR, while Goldrooster Group's functional currency is RMB, which is currently not a freely convertible currency. A devaluation of the RMB versus the EUR would have an adverse foreign currency translation effect on Goldrooster Group's financial statements. For example, the aforementioned Financial Statements were prepared using an average exchange rate for the financial years 2009, 2010 and 2011 of EUR 1.00 = RMB 9.505625, EUR 1.00 = RMB 8.9749833 and EUR 1.00 = RMB 8.988025, respectively. Goldrooster Group's revenues increased by 36.0% (compared to an increase of 28.4% in RMB) from 2009 to 2010 and increased by 29.9% (compared to an increase of 30.1% in RMB) from 2010 to 2011. As the value of RMB is controlled by PRC authorities, it is possible that foreign exchange policies of the PRC government could have a significant impact on foreign currency exchange rates. An appreciation (depreciation) in the value of the RMB against the EUR would therefore increase (decrease) Goldrooster Group's profitability measured in EUR.

Fluctuation in Corporate income tax

The corporate income tax rates applicable to companies in the PRC range between 18% and 25%. According to the China's Corporate Income Tax ("**CIT**") Law that was passed by the Standing Committee of the Tenth National People's Congress ("**NPC**") on 16 March 2007 and the Notice of the State Council on the Transitional Preferential Policy regarding the implementation of the CIT Law (Guo Fa [2007] No. 39) issued on 26 December 2007, the income tax rate has been revised to 25% with effect from 1 January 2008. Jinjiang Goldrooster has been paying corporate income tax at 25% for the financial years under audit.

Results of Operations

In order to present the business, financial condition and results of operations for the last three years in relation to the business of Goldrooster Group, the following tables present the income statement, statement of financial position and statement of cash flow of Jinjiang Goldrooster ("standalone") and certain segment information as at and for the years ended 31 December 2009, 2010 and 2011 as well as the combined income statement, combined statement of financial position and combined statement of cash flow of Goldrooster Hong Kong ("combined") and certain segment information as at and for the years ended 31 December 2011. The comparative information for the year ended 31 December 2010 pertains to the standalone financial statements of Jinjiang Goldrooster.

The tables also present results of operations as a percentage of revenues for the financial years under audit.

	Year ended 31 December					
	2009		2010		2011	
	Standalone		Standalone		Standalone	
	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	% of Revenue
	(audited)					
Revenue	**58,888**	**100.0%**	**80,098**	**100.0%**	**104,035**	**100.0%**
Cost of sales	(42,973)	(73.0%)	(58,122)	(72.6%)	(75,182)	(72.3%)
Gross profit	**15,915**	**27.0%**	**21,976**	**27.4%**	**28,853**	**27.7%**
Other income	78	0.1%	96	0.1%	148	0.1%
Selling and distribution expenses	(2,141)	(3.6%)	(2,776)	(3.5%)	(3,698)	(3.6%)
Administrative expenses	(1,536)	(2.6%)	(1,750)	(2.2%)	(2,180)	(2.1%)
Profit before taxation	**12,316**	**20.9%**	**17,546**	**21.9%**	**23,123**	**22.2%**
Income tax expense	(3,082)	(5.2%)	(4,392)	(5.5%)	(5,843)	(5.6%)
Net profit	**9,234**	**15.7%**	**13,154**	**16.4%**	**17,280**	**16.6%**
Currency translation differences	(692)	(1.2%)	1,404	1.8%	2,019	2.0%
Total Comprehensive Income	**8,542**	**14.5%**	**14,558**	**18.2%**	**19,299**	**18.6%**

	Year ended 31 December			
	2010		2011	
	Standalone		Combined	
	TEUR	% of Revenue	TEUR	% of Revenue
	(audited)			
Revenue	**80,098**	**100.0%**	**104,035**	**100.0%**
Cost of sales	(58,122)	(72.6%)	(75,182)	(72.3%)
Gross profit	**21,976**	**27.4%**	**28,853**	**27.7%**
Other income	96	0.1%	148	0.1%
Selling and distribution expenses	(2,776)	(3.5%)	(3,698)	(3.6%)
Administrative expenses	(1,750)	(2.2%)	(2,440)	(2.3%)
Profit before taxation	**17,546**	**21.9%**	**22,863**	**22.0%**
Income tax expense	(4,392)	(5.5%)	(5,843)	(5.6%)
Net profit	**13,154**	**16.4%**	**17,020**	**16.4%**
Currency translation differences	1,404	1.8%	2,017	1.9%
Total Comprehensive Income	**14,558**	**18.2%**	**19,037**	**18.3%**

For purposes of clarity, the analysis of the financial year 2011 is done by comparing Goldrooster Hong Kong's combined income statement for 2011 with Jinjiang Goldrooster standalone income statement for 2010.

Revenues

Revenues increased from TEUR 58,888 in the financial year 2009 by TEUR 21,210 or 36% to TEUR 80,098 in the financial year 2010. In RMB terms, sales increased by 28.4% during this year. The increase primarily resulted from increased sales activities as evidenced by an increase in the number of distributors (outlets) from 28[1] (827[2]) in 2009 to 30[3] (1,059[4]) in 2010 as well as an increase in average selling prices per piece and increased average sales per retail outlet. In addition, the increase was partially fuelled by the introduction of the couple and skiing series in 2010.

Revenues increased from TEUR 80,098 in the financial year 2010 by TEUR 23,937 or 29.9% to TEUR 104,035 in the financial year 2011. In RMB terms, sales increased by 30.1% during this year. The increase is primarily contributed by the increase in number of outlets from 1,059[5] in 2010 to 1,344[6] in 2011, an increase in average selling prices per piece as well as the full impact of increased sales arising from the launch of the couple and skiing series as discussed in the preceding paragraph.

Revenue Breakdown by Product Type

The following table provides a breakdown of total revenues by product type for each of the financial years ended 31 December 2009, 2010 and 2011. The table also presents revenues by product type as a percentage of total revenues for the years under audit.

[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.
[6] Unaudited figure.

	Year ended 31 December					
	2009		2010		2011	
	Standalone		Standalone		Combined	
	TEUR	**% of Cost of Sales**	**TEUR**	**% of Cost of Sales**	**TEUR**	**% of Cost of Sales**
	(audited)					
Apparel	40,966	69.6%	58,062	72.5%	77,060	74.1%
Shoes and accessories	17,922	30.4%	22,036	27.5%	26,975	25.9%
TOTAL	**58,888**	**100.0%**	**80,098**	**100.0%**	**104,035**	**100.0%**

The increase in sales in the above segments is mainly attributable to the rapid expansion of Goldrooster's sales network and the successful positioning of its products to capture its target market.

Apparel

Apparel contributed to 69.6%, 72.5% and 74.1% of total revenues for the financial years 2009, 2010 and 2011, respectively. The overall increase in revenues is generally due to an increase in retail outlets coupled with an increase in average sales prices as well as the launch of new product series. The contribution of apparel products in Goldrooster Group's sales revenue has been on a rising trend from 69.6% in 2009 to 74.1% in 2011 as apparel products generally fetch higher prices than footwear and accessories products. Moreover, Goldrooster Group's brand is mainly featured by its apparel products and supplemented by footwear and accessories products.

Revenues from the sale of apparel increased from TEUR 40,966 in 2009 by TEUR 17,096 (41.7%) to TEUR 58,062 in 2010 and further by TEUR 18,998 (32.7%) to TEUR 77,060 in 2011 due to an increase in sales activities coupled with an increase in average selling prices during the period.

Shoes and Accessories

Shoes and accessories contributed to 30.4%, 27.5% and 25.9% of total revenues for the financial years 2009, 2010 and 2011, respectively. The overall increase in revenues from the sale of shoes and accessories is in tandem with the overall increase in revenues, out of which 25.6%, 22.3% and 21.2% of total revenues are contributed by shoes in the financial years 2009, 2010 and 2011, respectively.

Cost of Sales

Cost of sales comprises materials, labour costs for personnel employed in production, depreciation of property, plant and equipment used for production purposes, operating lease expenses, purchases of finished goods and processing services from contractors and others (mainly utilities and maintenance costs).

The following table shows a breakdown of cost of sales for the years under audit for each category. The table also presents cost of sales as a percentage of total cost of sales for the years under audit.

	Year ended 31 December					
	2009		2010		2011	
	Standalone		Standalone		Combined	
	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	% of Revenue
	(audited)					
Materials	8,387	14.2%	9,808	12.2%	11,769	11.3%
Labour	1,507	2.6%	1,891	2.4%	2,385	2.3%
Depreciation of property, plant and equipment	90	0.2%	95	0.1%	79	0.1%
Operating lease expense	107	0.2%	114	0.1%	113	0.1%
Purchases from subcontractors	32,294	54.8%	45,278	56.5%	59,782	57.5%
Others	588	1.0%	936	1.2%	1,054	1.0%
TOTAL	**42,973**	**73.0%**	**58,122**	**72.6%**	**75,182**	**72.3%**

Cost of sales increased from TEUR 42,973 in the financial year 2009 by TEUR 15,149 or 35.3% to TEUR 58,122 in the financial year 2010, which closely matched the 36% increase in sales during the financial year. This increase is primarily due to an increase of purchases from contractors from TEUR 32,293 in 2009 by approximately 40.2% to TEUR 45,278 in the financial year 2010. In addition, the increase in direct materials from TEUR 8,387 in the financial year 2009 to TEUR 9,808 in financial year 2010 also contributes to the increase of cost of sales.

Cost of sales increased from TEUR 58,122 in the financial year 2010 by TEUR 17,060 or 29.4% to TEUR 75,182 in the financial year 2011, which is in tandem with the 29.9% increase in sales during the financial year. This increase is primarily due to an increase of purchases from contractors from TEUR 45,278 in 2010 by approximately 32.0% to TEUR 59,782 in the financial year 2011. In addition, the increase in direct materials from TEUR 9,808 in the financial year 2010 to TEUR 11,769 in the financial year 2011 also contributed to the increase of cost of sales.

Cost of Sales Breakdown by Product Type

The following table presents a breakdown of costs of sales by the type of product for each of the financial years ended 31 December 2009, 2010 and 2011. The table also presents costs of sales by product type as a percentage of total cost of sales for the years under audit.

	Year ended 31 December					
	2009		2010		2011	
	Standalone		Standalone		Combined	
	TEUR	% of Revenue	TEUR	% of Revenue	TEUR	% of Revenue
	(audited)					
Apparel	30,141	70.1%	42,466	73.1%	56,199	74.8%
Shoes and accessories	12,832	29.9%	15,656	26.9%	18,983	25.2%
TOTAL	**42,973**	**100.0%**	**58,122**	**100.0%**	**75,182**	**100.0%**

Cost of sales relating to apparel increased from TEUR 30,141 in the financial year 2009 by TEUR 12,325 (40.9%) to TEUR 42,466 in 2010 due to higher sales volumes and unit costs as well as the introduction of two new product series. Cost of sales relating to shoes and accessories increased from TEUR 12,832 in the financial year 2009 by TEUR 2,824 (22.0%) to TEUR 15,656 in the financial year 2010 due to higher sales volume. The percentage increase in the respective product types is proportionate with that of sales.

Cost of sales relating to apparel increased from TEUR 42,466 in the financial year 2010 by TEUR 13,733 (32.3%) to TEUR 56,199 in 2011 due to higher sales volumes and unit costs as well as the full impact arising from the introduction of two new product series. Cost of sales relating to shoes and accessories increased from TEUR 15,656 in the financial year 2010 by TEUR 3,327 (21.3%) to TEUR 18,983 in the financial year 2011 due to a higher sales volume. The percentage increase in the respective product types is proportionate with that of sales.

Gross Profit Margin

The overall gross profit margin increased marginally from 27% in the financial year 2009, to 27.4% in the financial year 2010, and to 27.7% in the financial year 2011. The marginal increase in the gross profit margin for the years under audit is the result of Goldrooster Group's ability to manage costs and benefit from economies of scales as its business grew.

Other Income

Other income comprises principally finance income on bank deposits and notional interest income on loan to a related party. Other income amounted to TEUR 78, TEUR 96 and TEUR 148 for the financial years 2009, 2010 and 2011, respectively. Other income as a percentage of revenues was 0.1% for all the financial years under audit. The Y-o-Y increase for the years under review is mainly explained by increased cash holdings from operating activities.

Selling and Distribution Expenses and Administrative Expenses

Selling and distribution expenses and administrative expenses mainly comprise advertising, sales rebates, salaries, research and development expenses, travelling expenses, operating lease expenses, sponsorship fees and other miscellaneous expenses.

Selling and distribution expenses and administrative expenses increased from TEUR 3,677 in the financial year 2009 by TEUR 849 (23.1%) to TEUR 4,526 in the financial year 2010. This increase was primarily due to the increase in sales rebates from TEUR 932 in 2009 by approximately 42.7% to TEUR 1,330 in the financial year 2010, in line with the respective increase in sales. In addition, there was an increase in advertising expenses from TEUR 1,020 in the financial year 2009 to TEUR 1,226 in the financial year 2010.

Selling and distribution expenses and administrative expenses increased from TEUR 4,526 in the financial year 2010 by TEUR 1,612 (35.6%) to TEUR 6,138 in the financial year 2011. This increase was primarily due to the increase in sales rebate from TEUR 1,330 in the financial year 2010 by approximately 47.0% to TEUR 1,955 in the financial year 2011, in line with the resepective increase in sales. Advertising expenses rose from TEUR 1,226 in the financial year 2010 to TEUR 1,355 in the financial year 2011 to support the increase in sales activities. In October 2011, Jinjiang Goldrooster successfully sponsored the Golden Rooster Hundred Flower Movie Festival and incurred sponsorship fees of TEUR 111 (2010: Nil). In addition, there were expenses incidental to the preparation of the Offering of TEUR 296 charged off in 2011 (2010: Nil).

The percentage of selling and distribution expenses and administrative expenses to total sales was 6.2%, 5.7% and 5.9% in the financial years 2009, 2010 and 2011 respectively.

Income Tax Expense

Income tax expense increased from TEUR 3,082 in the financial year 2009 to TEUR 4,392 in the financial year 2010 and to TEUR 5,843 in the financial year 2011. Goldrooster Group was taxed at 25% for the financial years under audit and the increase in income tax expense is generally explained by the strong operating pre-tax profits.

Balance Sheet Data

The following table presents the balance sheet data of Jinjiang Goldrooster ("standalone") as at 31 December 2009, 2010, and 2011, which was derived from the audited Annual Financial Statements, as well as the balance sheet data of Goldrooster Hong Kong ("combined") as at 31 December 2011, which was derived from the audited Combined Financial Statements.

	Year ended 31 December			
	Standalone			Combined
	2009	2010	2011	2011
	EUR'000	EUR'000	EUR'000	EUR'000
	(audited)			
Assets				
Non-current				
Property, plant and equipment	766	773	684	684
Amount due from related party	893	1,069	-	-
Intangible assets	-	-	1,214	1,214
	1,659	1,842	1,898	1,898
Current				
Inventories	1,612	1,781	1,830	1,830
Trade and other receivables	8,337	14,694	17,431	17,473
Cash and bank balances	6,115	9,350	29,787	29,789
	16,064	25,825	49,048	49,092
Total assets	**17,723**	**27,667**	**50,946**	**50,990**
Equity and Liabilities				
Capital and Reserves				
Share capital	103	103	103	358
Merger reserves	-	-	-	(229)
Statutory reserve	1,705	3,021	4,772	4,772
Foreign currency translation reserve	32	1,436	3,455	3,453
Retained earnings	7,893	10,817	26,346	26,086
Total equity	**9,733**	**15,377**	**34,676**	**34,440**
Current liabilities				
Trade and other payables	7,196	11,026	14,334	14,533
Amount due to related party	-	-	171	252
Corporate income tax payable	794	1,264	1,765	1,765
	7,990	12,290	16,270	16,550
Total equity and liabilities	**17,723**	**27,667**	**50,946**	**50,990**

For purposes of clarity, the analysis of the financial year 2011 is done by comparing Goldrooster Hong Kong's combined statement of financial position as at 31 December 2011 with Jinjiang Goldrooster's standalone statement of financial position as at 31 December 2010.

Non-Current Assets

Property, Plant and Equipment

Property, plant and equipment comprise mainly plant and machinery, motor vehicles and office equipment.

Property, plant and equipment increased from TEUR 766 as at 31 December 2009 by TEUR 7 (0.9%) to TEUR 773 as at 31 December 2010. The increase resulted primarily from translation differences arising from a marked appreciation of the RMB against the EUR, which more than offset the annual depreciation amount.

Property, plant and equipment decreased from TEUR 773 as at 31 December 2010 by TEUR 89 (11.5%) to TEUR 684 as at 31 December 2011. This decrease is the result of annual depreciation.

Intangibles

This relates to the purchase of seventeen trademarks by Jinjiang Goldrooster from a related party at a consideration of RMB 10,160,800 in 2011. Prior to this, Jinjiang Goldrooster did not own any intangibles.

Amount Due from Related Party

This relates to an advance made to a related party which is unsecured, interest-free and has no fixed terms of repayment. This amount is discounted using prevailing interest rates and carried at amortised cost.

Amount due from related party increased from TEUR 893 as at 31 December 2009 by TEUR 176 (19.7%) to TEUR 1,069 as at 31 December 2010. This increase resulted mainly from a marked appreciation of the RMB from 1 EUR = RMB 9.9569 in 2009 to 1 EUR = RMB 8.7771 at the close of 2010 coupled with the effects of discounting.

The amount due from the related party was fully repaid during 2011.

Current Assets

Current assets mainly comprise inventories, trade and other receivables and cash and bank balances.

Inventories

Inventories increased from TEUR 1,612 as at 31 December 2009 by TEUR 169 (10.5%) to TEUR 1,781 as at 31 December 2010, mainly due to the translational impact of a stronger RMB against EUR in 2010. In RMB terms, there was a strategic decrease in inventories by 2.6% in 2010 as a result of better inventory management.

Inventories increased marginally from TEUR 1,781 as at 31 December 2010 by TEUR 49 (2.8%) to TEUR 1,830 as at 31 December 2011.

Trade and Other Receivables

Trade and other receivables increased from TEUR 8,337 by TEUR 6,357 (76.3%) to TEUR 14,694 as at 31 December 2010. The increase is disproportionately higher than the 36% increase in sales, primarily due to a surge in sales in the fourth quarter of 2010.

Trade and other receivables increased from TEUR 14,694 by TEUR 2,779 (18.9%) to TEUR 17,473 as at 31 December 2011. The increase is mainly arising from trade receivables and explained by higher sales by approximately EUR 8.4 million booked in the last quarter of 2011 as compared to same period of 2010.

Cash and Cash Equivalents

Cash and bank balances comprise cash at bank and cash on hand.

Cash and cash equivalents amounted to TEUR 6,115, TEUR 9,350 and TEUR 29,789 as at 31 December 2009, 2010 and 2011, respectively. For a description of the changes in cash and cash equivalents of each period, please refer to the subsection headed “Liquidity” in this section.

Equity

Equity comprises share capital, statutory reserve, foreign currency translation reserve, merger reserve and retained earnings.

Statutory reserve relates to the statutory reserve required under PRC law, where Jinjiang Goldrooster is required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of Jinjiang Goldrooster's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

The merger reserve represents the difference between the nominal value of shares issued by Goldrooster Hong Kong in exchange for the nominal value of shares of Jinjiang Goldrooster acquired which is accounted for under "merger accounting".

Equity increased from TEUR 9,733 as at 31 December 2009 by TEUR 5,644 (58.0%) to TEUR 15,377 as at 31 December 2010. The increase is explained by strong after tax profits of EUR 13.2 million partially offset by dividend appropriation of EUR 8.9 million. In addition, there was a positive movement in foreign currency translation reserves of EUR 1.4 million, which resulted from the translation of the functional currency of RMB to the presentation currency of EUR.

Equity increased from TEUR 15,377 as at 31 December 2010 by TEUR 19,063 (124.0%) to TEUR 34,440 as at 31 December 2011. The sharp increase is explained by strong after profits of EUR 17 million coupled with the fact that there was no dividend distribution for the full year ended 31 December 2011. Furthermore, as the EUR continued to weaken against the RMB, the foreign currency translation reserves increased by EUR 2 million, which resulted from the translation of the functional currency of RMB to the presentation currency of EUR.

Current Liabilities

Current liabilities comprise trade and other payables, amount due to related parties and current income tax payable.

Trade and Other Payables

Trade and other payables comprise mainly trade payables, salary payables and other payables.

	Year ended 31 December			
	Standalone			Combined
	2009	2010	2011	2011
	EUR'000	EUR'000	EUR'000	EUR'000
Trade and other payables				
Trade payables	6,605	10,155	13,109	13,109
Salary payables	198	268	259	280
Other payables	393	603	966	1,144
	7,196	**11,026**	**14,334**	**14,533**

Trade Payables

Trade payables increased from TEUR 6,605 as at 31 December 2009 by TEUR 3,550 (53.8%) to TEUR 10,155 as at 31 December 2010, which is disproportionately higher than the 10.5% increase in inventories. The increase is consistent with the increase in trade receivables by 76.3% due to a surge in sales in the fourth quarter of 2010.

Trade payables increased from TEUR 10,155 as at 31 December 2010 by TEUR 2,954 (29.1%) to TEUR 13,109 as at 31 December 2011. The increase is consistent with the increase in sales activity in the last quarter of 2011 as compared to same period of 2010.

Salary Payables

Salary payables mainly comprise accrued payroll and staff related expenses.

Accrued payroll increased from TEUR 198 as at 31 December 2009 by TEUR 70 (35.4%) to TEUR 268 as at 31 December 2010. This increase was primarily due to an increase in sales and related labour costs during the year.

Accrued payroll increased from TEUR 268 as at 31 December 2010 by TEUR 12 (4.5%) to TEUR 280 as at 31 December 2011. This increase was primarily due to an increase in sales and related labour costs during this period.

Other Payables

Other payables mainly comprise value added tax ("**VAT**") payables, other tax payables and miscellaneous payables.

Other payables increased from TEUR 393 as at 31 December 2009 by TEUR 210 (53.4%) to TEUR 603 as at 31 December 2010.

Other payables increased from TEUR 603 as at 31 December 2010 by TEUR 541 (89.7%) to TEUR 1,144 as at 31 December 2011.

The increase over the reporting periods was mainly driven by higher sales and additional accrual of social security insurance and hence a higher level of VAT and other tax payables, respectively. In addition, for the year 2011, there was a surge in miscellaneous payables from TEUR 139 by TEUR 248 to TEUR 387 due to movie festival sponsorship fees and expenses arising from the preparation of the Offering.

Amount Due to Related Party

For the financial year 2011, the amount due to a related party amounting to approximately TEUR 252 relates to the payment of expenses made on behalf by the Company.

Liquidity

The following table presents cash flow data of Jinjiang Goldrooster for the years ended 31 December 2009, 2010 and 2011, which was derived from the audited Annual Financial Statements, as well as the cash flow data of Goldrooster Hong Kong for the year ended 31 December 2011, which was derived from the audited Combined Financial Statements.

	Year ended 31 December			
	Standalone			Combined
	2009	**2010**	**2011**	**2011**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**
	(audited)			
Cash flows from operating activities				
Profit before taxation	12,316	17,546	23,123	22,863
Adjustments for:				
Interest income	(78)	(96)	(148)	(148)
Depreciation of property, plant and equipment	129	139	118	118
Operating profit before working capital changes	12,367	17,589	23,093	22,833
(Increase)/decrease in inventories	(184)	48	37	37
Increase in trade and other receivables	(1,463)	(5,236)	(830)	(873)
Increase/(decrease) in trade and other payables	1,505	2,862	2,946	3,226
Cash generated from operations	12,225	15,263	25,246	25,223
Interest received	31	41	79	79
Income tax paid	(2,915)	(4,036)	(5,433)	(5,433)
Net cash generated from operating activities	*9,341*	*11,268*	*19,892*	*19,869*
Cash flows from investing activities				
Purchase of property, plant and equipment	(11)	(45)	-	-
Acquisition of intangibles	-	-	(1,130)	(1,130)
Acquisition of subsidiary	-	-	-	-
Net cash used in investing activities	*(11)*	*(45)*	*(1,130)*	*(1,130)*
Cash flows from financing activities				
Dividends paid	(6,312)	(8,914)	-	-
Proceeds from issuance of ordinary shares	-	-	-	358
Acquisition of subsidiary	-	-	-	(332)
Net cash used in financing activities	*(6,312)*	*(8,914)*	-	*26*
Net increase in cash and bank balances	**3,018**	**2,309**	**18,762**	**18,765**
Cash and bank balances at beginning of financial year	**3,501**	**6,115**	**9,350**	**9,350**
Effects of currency translation	**(404)**	**926**	**1,675**	**1,674**
Cash and bank balances at end of financial year/period	**6,115**	**9,350**	**29,787**	**29,789**

For purposes of clarity, the analysis of financial year 2011 is done by comparing Goldrooster Hong Kong combined statement of cash flows as at 31 December 2011 with Jinjiang Goldrooster standalone statement of cash flows as at 31 December 2010.

The analysis of the statement of cash flows is as follows:

Net Cash Flow Generated from Operating Activities

Net cash flow generated from operating activities increased from TEUR 9,341 in the financial year 2009 by TEUR 1,927 (20.6%) to TEUR 11,268 in the financial year 2010. The increase was mainly attributable to an increased profit before tax, partially offset by a significant increase in cash resources used to finance working capital.

Net cash flow generated from operating activities increased from TEUR 11,268 in the financial year 2010 by TEUR 8,601 (76.3%) to TEUR 19,869 for the same period of 2011. The increase was mainly attributable to an increased profit before tax coupled with a decrease in cash outflow to finance working capital.

Net Cash Flow (used in) / Generated from Investing Activities

Net cash used in investing activities comprises mainly the acquisition of property, plant and equipment as well as intangibles for the three years under audit. During 2011, there was an acquisition of seventeen trademarks by Jinjiang Goldrooster from a related party for a consideration amount of TEUR 1,130 (RMB 10,160,800).

Net Cash Flow Used in Financing Activities

Net cash used in financing activities amounting to TEUR 6,312 and TEUR 8,914 for the financial years 2009 and 2010, respectively, relates solely to dividends distribution. There was no dividends distribution for 2011. During the year 2011, Goldrooster Hong Kong acquired Jinjiang Goldrooster using proceeds from a capital injection and this led to a positive cash effect amounting to TEUR 26.

Cash and Bank Balance at End of Financial Year

Cash and bank balance at end of financial year amounted to TEUR 6,115, TEUR 9,350 and TEUR 29,789 as at 31 December 2009, 2010 and 2011, respectively. The increase over the years under audit is backed by strong operating profits.

Future Commitments

As at 31 December 2011, Goldrooster Group had future commitments amounting to TEUR 2,527 (RMB21,150,000) and TEUR 18 relating to advertising contracts and non-cancellable operating lease agreements respectively.

Contingent Liabilities

Social Insurance Back Payments

According to PRC law, in particular, Chinese regulations for social insurance and housing funds, Goldrooster Group's operating companies are required to make contributions for the social insurance and for the housing funds to their employees. Goldrooster Group has in the past not paid the full amount which should have been paid in respect of these contributions, but considers the risk for additional payments for prior periods to be not probable. As at 31 December 2011, an amount of approximately RMB 4.99 million[1] (approximately TEUR 596.1) for social insurance contributions and an amount of approximately RMB 2.83 million[2] (approximately TEUR 338.1) for housing fund contributions have been identified as being outstanding. The Company's indirect controlling shareholder, Ms. Shu Hsia Li has agreed to indemnify Jinjiang Goldrooster for all amounts payable in respect of the outstanding payments as well as for all fines and surcharges for

[1] Unaudited figure.
[2] Unaudited figure.

overdue payments which are or may become payable by Jinjiang Goldrooster as a result of the non-compliance as above mentioned.

Off-Balance Sheet and Other Arrangements

Goldrooster Group does not have any off-balance sheet obligations or transactions. There are no other obligations or risks that are not reflected in the financial statements of Goldrooster Group entities or disclosed in the notes to the financial statements.

Critical Accounting Policies

Goldrooster Group has identified the following critical accounting policies which require its management to make assumptions about matters that were uncertain at the time those policies were applied, and with respect to which the Company's management could reasonably have made different assumptions in the relevant period, or with respect to which changes in the assumptions reasonably likely to occur from period to period would have a material impact on the presentation of its financial condition, changes in financial condition or results of operations. Investors should read the following paragraphs in conjunction with the audited financial statements and interim combined financial statements, including the related notes, set out in the section headed "Financial Section" of this Prospectus.

Key Sources of Estimation Uncertainty

Income Taxes

Goldrooster Group has exposure to income tax arising from its operations in the PRC. Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. Goldrooster Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax expense and deferred tax provisions in the period in which such determination is made. The carrying amount of Jinjiang Goldrooster's income tax payable as at 31 December 2009 and 2010 amounted to approximately TEUR 794 and TEUR 1,264. The carrying amount of Goldrooster Hong Kong group's income tax payable as at 31 December 2011 amounted to approximately TEUR 1,765.

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management determines useful lives of property, plant and equipment to be within five to ten years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. A 5% change in the expected useful lives of the property, plant and equipment would not result in a significant change to Goldrooster Group's net profit for the respective financial years.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the Company's management takes into account the most reliable evidence available at the times the estimates are made. Goldrooster Group's core business is subject to raw material prices changes and changes in customer behaviour which may cause selling prices to change rapidly.

Provisions

The respective legislation in the PRC requires Goldrooster Group to commit itself to remediate any environmental damages which may have been incurred. Management is of the opinion that no environmental damage has been caused by Goldrooster Group and hence has not provided for this.

Critical Accounting Estimates and Judgement

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Goldrooster Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical Judgement Made in Applying Accounting Policies

In the process of applying Goldrooster Group's accounting policies as described below, the Company's management is of the opinion that there are no instances of application of judgements that are expected to have a significant effect on the amounts recognised in the Financial Statements.

<u>Impairment of Trade Receivables</u>

Goldrooster Group's management assesses the collectability of trade receivables. This estimate is based on the credit history of Goldrooster Group's distributors and the current market condition. Management assesses the collectability of these trade receivables at the statement of financial position date and makes the provision, if any.

Further details of the accounting policies pertaining to the financial statements of Goldrooster Group are included in the section headed "Financial Section" of this Prospectus.

Additional Information from the Individual (Unconsolidated) Interim Financial Statements of Goldrooster AG (in Accordance with the German Commercial Code (*Handelsgesetzbuch*) and IFRS)

The single entity interim financial statements of the Company for the period ended 31 December 2011 were prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch*) ("**HGB**") and the supplementary provisions of the German Stock Corporation Act (*AktG*) as well as IFRS. These financial statements are audited by Grant Thornton.

According to these financial statements prepared in accordance with HGB, the Company's total equity amounted to negative TEUR 80.3 and the Company's total liabilities amounted to TEUR 334.3 as at 31 December 2011. The net loss of TEUR 130.3 for the financial period under review is caused by costs related to the preparation of the Offering, which have been financed by cash on incorporation and non-interest bearing advances from a pre-IPO investor and a related party. Under IFRS, the net loss is TEUR 99.4 due the capitalisation of certain qualifying expenses relating to the Offering and recognition of deferred tax asset arising from a pre-tax loss of TEUR 118.1. The amount of TEUR 12.2 and TEUR 18.7 are presented as "Transaction costs of equity transactions" under capital and reserves and deferred tax asset, respectively, on the face of the balance sheet.

The interim financial statements of the Company in accordance with HGB and IFRS as at 31 December 2011 are reproduced in the Financial Section of this Prospectus.

The analysis of the Company's income statements is as follows:

	Period ended 31 December 2011	
	(EUR)	(EUR)
	(HGB, audited)	(IFRS, audited)
Income Statement Data		
Revenues	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Other income	-	-
Selling and distribution expenses	-	-
Administrative expenses	-	-
Other operating expenses	(130,301)	(118,098)
Results from ordinary operations	**(130,301)**	**(118,098)**
Net loss	**(130,301)**	**(99,409)**

Other operating expenses

Other operating expenses comprise mainly expenses relating to the preparation of the Offering charged off amounting to TEUR 99.8 in accordance with the requirements of HGB and the supplementary provisions of the German Stock Corporation Act (AktG) as well as audit and accounting fees amounting to TEUR 30.2. Under IFRS, other operating expenses comprise mainly expenses relating to the preparation of the Offering charged off amounting to TEUR 93.6 as well as audit and accounting fees amounting to TEUR 24.2. The lower operating expenses are due to the capitalisation of certain qualifying expenses incidental to the preparation of the Offering, which is permitted under IFRS.

The total operating expenses of TEUR 130.3 and TEUR 118.1 under HGB and IFRS, respectively, contributed entirely to the net loss of the Company for the period ended 31 December 2011.

The analysis of the Company's statements of financial position is as follows:

	Period ended 31 December 2011	
	(EUR)	(EUR)
	(HGB, audited)	(IFRS, audited)
Balance Sheet Data		
Assets		
Non-current assets		
Deferred tax asset	-	18,689
Current assets		
Other assets	252,710	252,710
Cash and bank balances	1,290	1,290
Total assets	**254,000**	**272,689**
Equity and Liabilities		
Capital and Reserves		
Share capital	50,000	50,000
Transaction costs of equity transactions	-	(12,203)
Retained earnings	(130,301)	(99,409)
Total equity	**(80,301)**	**(61,612)**
Current liabilities		
Other accruals	12,500	12,500
Other current liabilities	321,801	321,801
Total liabilities	**334,301**	**334,301**
Total equity and liabilities	**254,000**	**272,689**

Non-current assets

Under IFRS, non-current assets comprises deferred tax assets of TEUR 18.7 arising from pre-tax losses of TEUR 118,1.

Current Assets

Current assets comprise mainly amounts due from related companies and cash in banks of TEUR 252.7 and TEUR 1.3, respectively. The former relates to payment of expenses made on behalf of Jinjiang Goldrooster and Goldrooster Hong Kong.

Equity

Under HGB, the negative equity of TEUR 80.3 arose given that the existing share capital of TEUR 50 is insufficient to cover the net loss of TEUR 130.3. For financial statements prepared in accordance with IFRS, the net loss is reduced from TEUR 130.3 per HGB by TEUR 30.9 to TEUR 99.4 as a result of the capitalisation of certain Offering related expenses of TEUR 12.2 and the recognition of deferred tax assets arising from pre-tax losses of TEUR 18.7 as described above.

Current Liabilities

Current liabilities comprise mainly other accruals and other payables of TEUR 12.5 and TEUR 321.8, respectively. The former comprises accruals of audit and accounting fees. Other payables include amounts due to a pre-IPO investor and a related party as well as unpaid expenses related to the preparation of the Offering.

The analysis of the Company's cash flow statements is as follows:

	Period ended 31 December 2011
	(EUR)
	(IFRS, audited)
Cash Flow Statement	
Cash flows from operating activities	
Result after income tax / Loss	-99,409
Increase in accruals	12,500
(Increase) in trade receivables and other assets not related to investing or financial activities	-252,710
Increase in trade payables and other liabilities not related to investing or financial activities	321,801
Change related to transaction costs	-12,203
Change of deferred taxes	-18,689
Net cash generated from / (used in) operating activities	**48,710**
Cash flows from investing activities	-
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	-
Net cash generated from / (used in) financing activities	-
Net increase / (decrease) in cash and bank balances	-48,710
Cash and bank balances at beginning of the period	50,000
Cash and bank balances at end of financial period	1,290

Net Cash Flow Generated from / (Used in) Operating Activities

The net cash flow used in operating activities of TEUR 48.7 is mainly made up of an increase in the amount due from related parties of TEUR 252.7 and the net loss of TEUR 99.4 and further adjustments of TEUR 12.2 and TEUR 18.7, partially offset by an increase in other payables and accruals of TEUR 321.8 and TEUR 12.5 respectively.

Net Cash Flow Generated from / (Used in) Investing Activities

Nil.

Net Cash Flow Generated from / (Used in) Financing Activities

Nil.

Cash and Bank Balances at End of the Period

Cash and bank balance at the end of the financial period ended 31 December 2011 amounted to TEUR 1.3.

Additional Information from the Individual (Unaudited) Interim Financial Statements of Goldrooster Hong Kong (in Accordance with IFRS)

The single entity interim financial statements of Goldrooster Hong Kong for the period from the date of incorporation on 2 November 2010 to 31 December 2010 were prepared in accordance with IFRS. They are not the statutorily required financial statements of Goldrooster Hong Kong but have been prepared on a voluntary basis for the purpose of this Offering.

Other than the issue of one ordinary share of 1.00 Hong Kong dollar ("HKD") and initial cash deposit of HKD 5,000 by a related party, Goldrooster Hong Kong was dormant from 2 November 2010 to 31 December 2010. Accordingly, only the statement of financial position and statement of cash flows were prepared, as set out in the following tables.

The following table presents the balance sheet data of Goldrooster Hong Kong as at 31 December 2010, which was derived from the audited interim financial statements.

	Period from 2 November 2010 to 31 December 2010
	(EUR)
	(audited)
Balance Sheet Data	
Assets	
Current assets	
Cash and bank balances	487
Total assets	**487**
Equity and Liabilities	
Capital and Reserves	
Share capital	1
Retained earnings	-
Total equity	**1**
Current liabilities	
Amount due to related party	486
Total liabilities	**486**
Total equity and liabilities	**487**

Current assets

Current assets comprise cash in bank of EUR 487, which relates to an initial cash deposit by a related party.

Equity

This relates to share capital arising from the issuance of one ordinary share of HKD 1.00 upon incorporation of Goldrooster Hong Kong on 2 November 2010.

Current Liabilities

Current liabilities comprise an initial cash deposit by a related party as described above.

The following table presents the cash flow data of Goldrooster Hong Kong for the year ended 31 December 2010, which was derived from the audited interim financial statements.

	Period from 2 November 2010 to 31 December 2010
	(EUR)
	(audited)
Cash Flow Statement	
Cash flows from operating activities	
Profit / (loss) before taxation	-
Increase in amount due to a related party	486
Net cash generated from operating activities	*486*
Cash flows from investing activities	-
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	1
Net cash generated from financing activities	*1*
Net increase in cash and bank balances	**487**
Cash and bank balances at date of incorporation	**-**
Cash and bank balances at end of financial year	**487**

Net cash flow generated from / (used in) operating activities

Net cash flow generated from operating activities relates to initial cash deposit by a related party.

Net cash flow generated from / (used in) investing activities

Nil.

Net cash flow generated from / (used in) financing activities

Net cash flow generated from financing activities of EUR 1 relates to issuance of 1 ordinary share of HKD1 on incorporation.

Cash and bank balances at end of the period

Cash and bank balance at the end of financial period ended 31 December 2011 amounted to EUR 487.

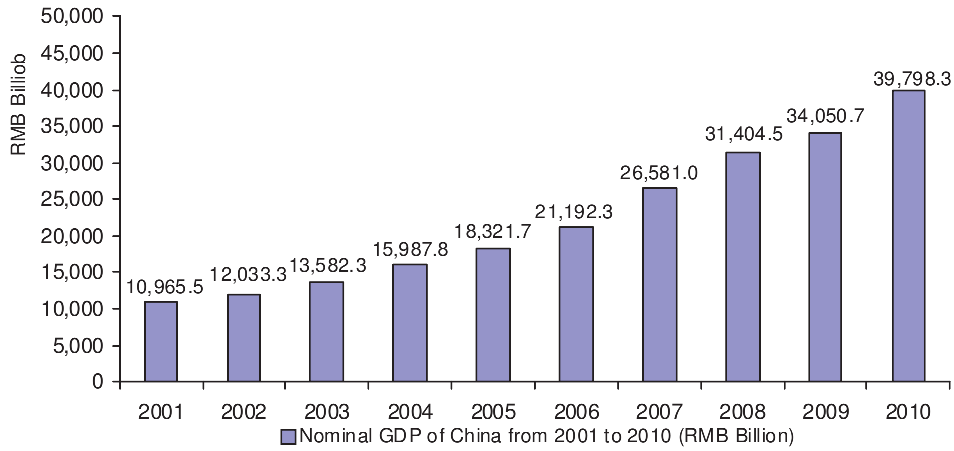
INDUSTRY OVERVIEW

Economic growth and Urbanization in China

Economic Growth

The Chinese economy has grown significantly since the Chinese government introduced economic reforms in the late 1970s.[1] Furthermore, China's accession to the World Trade Organisation (WTO) in 2001 has accelerated the reform and growth of the Chinese economy. According to the National Statistics Bureau of China, China's nominal gross domestic product, or GDP grew from approximately RMB 11.0 trillion (approximately EUR 1.3 trillion) in 2001[2] to approximately RMB 39.8 trillion (approximately EUR 4.83 trillion) in 2010[3], representing a compound annual growth rate ("**CAGR**") of 15.4%. Despite the negative impact of the global financial and economic crisis, China's nominal GDP still recorded an increase by 8.4% and 16.9% in 2009 and 2010 respectively[4], from the year before. As a result, measured by its nominal GDP, China overtook Japan as the world's second-largest economy in 2010. The following chart sets forth the historical nominal GDP of China from 2001 to 2010:

Chart 1: Nominal GDP of China, 2001–2010



Source: National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated 28 February 2011, website: http://www.stats.gov.cn/;

With the rapid development of the Chinese economy, per capita nominal GDP has also grown quickly, from RMB 8,621.7 (approximately EUR 1,046.1) in 2001[5] to RMB 29,748.0 (approximately EUR 3,609.3) in 2010[6], representing a CAGR of 14.8%. The following chart sets forth the historical per capita nominal GDP of China from 2001 to 2010:

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[1] OECD Economic Survey of China 2005, Chapter 1; see also WTO Trade Policy Review Report by the Secretariat, 12 August 2008, WT/TPR/S/199/Rev.1

[2] National Statistics Bureau of China, China Statistical Yearbook 2010

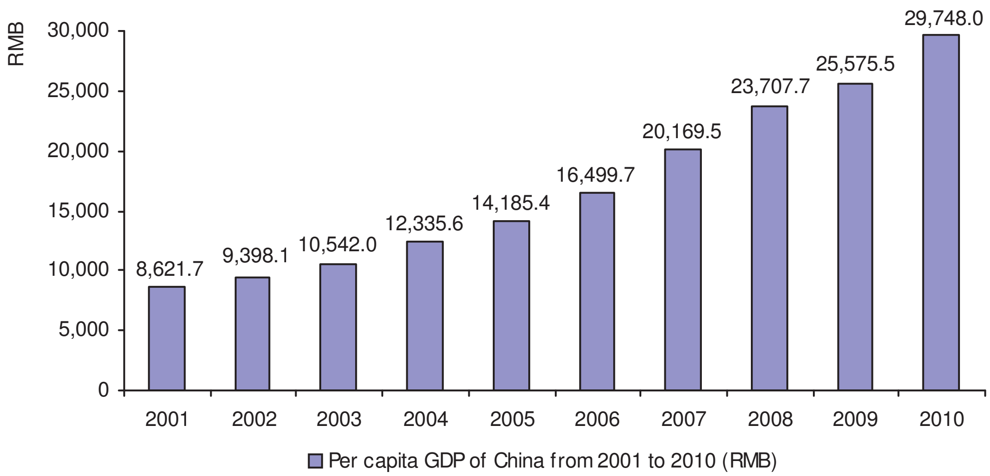
[3] National Statistics Bureau of China, Press release dated 28 February 2011, website: http://www.stats.gov.cn/

[4] National Statistics Bureau of China, Press release dated 28 February 2011, website: http://www.stats.gov.cn/

[5] National Statistics Bureau of China, China Statistical Yearbook 2010

[6] National Statistics Bureau of China, China Statistical Yearbook 2010

Chart 2: Per Capita Nominal GDP of China, 2001–2010

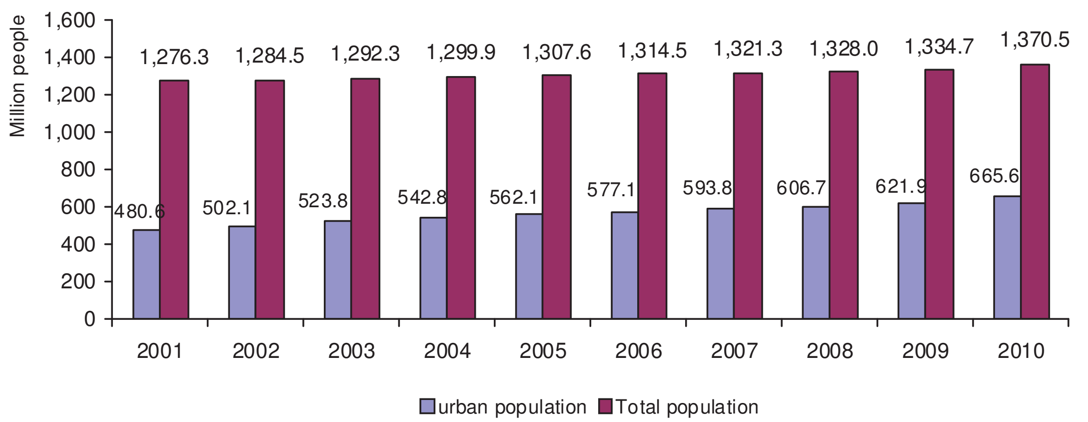


Source: National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated 1 March 2011, website: http://www.stats.gov.cn/

Accelerating Urbanisation

Urbanisation has accelerated in China as a result of rapid economic growth. Populations in large urban cities have increased with the influx of people from rural and less developed areas. According to the National Statistics Bureau of China, the total urban population in China increased from 480.6 million at the end of 2001[1] to 665.6 million at the end of 2010[2], representing a CAGR of 3.7%, outpacing a CAGR of 0.8% for total population growth for the same period. The following chart sets forth the urban population in China from 2001 to 2010:

Chart 3: Total Population and Urban Population, 2001-2010



Source: National Statistics Bureau of China, China Statistical Yearbook 2010, 2010 sixth national population census report

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1 National Statistics Bureau of China, China Statistical Yearbook 2010

2 2010 sixth national population census report

Strong Growth in Disposable Income and Retail Sales in China

Strong Growth in Disposable Income of Urban Households in China

The income levels of urban households have been elevated by the rapid economic growth and urbanisation. According to the National Statistics Bureau of China, the per household annual disposable income of urban residents increased from RMB 6,859.6 (approximately EUR 832.3) in 2001[1] to RMB 19,109.0 (approximately EUR 2,318.5) in 2010[2], representing a CAGR of 12.06%. The increase indicates that the purchasing power of the urban consumers in China is continuously rising, enabling urban consumers in China to purchase products of higher quality. The following chart sets forth the historical annual per household disposable income of urban residents in China for the periods indicated:

Chart 4: Per-Capita Disposable Income of Urban Households in China, 2001-2010

Source: National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated 28 February 2011, 25 February 2010, 28 February 2006, website: http://www.stats.gov.cn/

Substantial Growth in China's Retail Market

Along with the accelerating income level, the purchasing power of consumers was strengthened, which underpinned the good performance of the retailing industry. According to the National Statistics Bureau of China, the retail sales of consumer goods reached RMB 15,699.8 billion (approximately EUR 1,904.9 billion) in 2010[3], 3.6 times larger than the respective figure for 2001[4]

The following chart sets forth the historical retail sales value of consumer goods in China for the periods indicated:

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[1] National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated, 28 February 2006, website: http://www.stats.gov.cn/

[2] National Statistics Bureau of China, Press release dated 28 February 2011, website: http://www.stats.gov.cn/

[3] National Statistics Bureau of China, Press release dated 28 February 2011, website: http://www.stats.gov.cn/

[4] National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated 28 February 2006, website: http://www.stats.gov.cn/

Chart 5: Retail Sales Value of Consumer Goods in China, 2001-2010

Source: National Statistics Bureau of China, China Statistical Yearbook 2010, Press release dated 28 February 2011, 25 February 2010, 28 February 2006, website: http://www.stats.gov.cn/

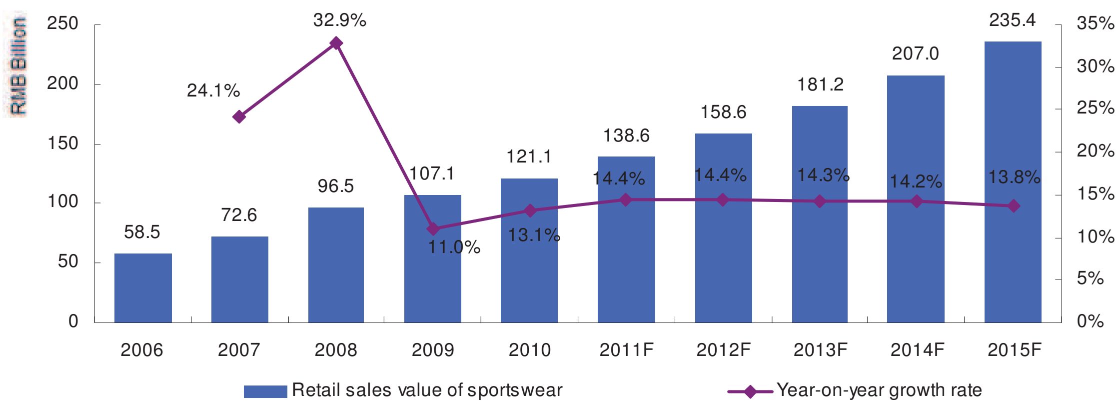
Overview of Sportswear Market in Mainland China

With an accelerated life pace especially in urban areas, more consumers form the habit of regular exercises, leading to an increasing demand for sportswear in China. In addition to its use for exercises, sportswear in China enjoys an enlarged consumer base, which underpins the steady market demand for sportswear in China, with value sales amounting to RMB 121.1 billion in 2010[1].

Euromonitor International Ltd. ("**Euromonitor**")expects that sportswear will experience a strong value CAGR of 14.2% in the Forecast Period from 2011 to 2015 ("**Forecast Period**"), mainly boosted by the rising market demand. The ongoing urbanization and steadily developing economy in China are anticipated to further support the take-off and boom of second- and third-tier cities, creating significant potentials for domestic demand, including the market demand for sportswear over the Forecast Period[2].

The following chart illustrates the actual and forecasted retail sales value of sportswear in the Chinese market from 2006 to 2015:

Chart 6: Retail Sales Value of Sportswear, 2006-2015



Source: Euromonitor International

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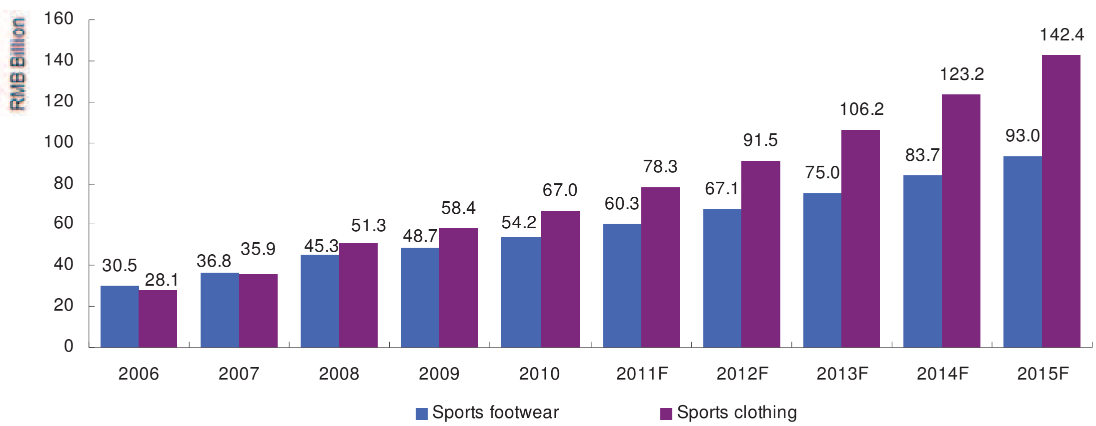
[1] Euromonitor, "Sportswear in Mainland China", February 2012
[2] Euromonitor, "Sportswear in Mainland China", February 2012

Within the overall sportswear, sports clothing outperformed sports footwear in 2010, in terms of both value sales and value growth. Sports clothing represented approximately 55.3% in the total value sales in 2010, with a CAGR value growth of 24.3% in the review period from 2006 to 2010 ("Review Period")[1].

The chart below illustrates the actual and forecasted retail sales value of sportswear by clothing and footwear in the Chinese market from 2006 to 2015:

Chart 7: Retail Sales Value of Sportswear by Clothing and Footwear, 2006-2015



Source: Euromonitor International

In addition, the Guidance on Accelerating the Development of the Sports Industry, promulgated by the State Council in March 2010, is also perceived as the positive factor for the buoyant growth. According to this Guidance, the relative authorities in China will invest more to cultivate globally influential domestic sports brands with Chinese characteristics as well as key sportswear enterprises in China with international market competitiveness by 2020. Euromonitor expects that this supporting government policy will boost the overall market performance of sports clothing and sports footwear in the Forecast Period[2].

In view of the continuous market segmentation in the sportswear sector in the Review Period, more brands or industry players are likely to follow suit over the Forecast Period, to seek more corporate growth engines. Dedicated professional sportswear could be one of the focuses by many leading players. Adidas, for example, plans to roll out Adidas kids outdoor sportswear in early 2012 while Kappa aims to launch more professional sportswear in the Forecast Period. Gender-specific sportswear, particularly products targeting women consumers, is likely to register significant growth in the Forecast Period, with many players to launch relevant products. Anta launched new series of women's sportswear in March 2011, namely, sports sculpting and beauty shaping, to better address women consumers' changing needs. Such segmented market development is likely to help consumers identify their own sports needs and boost demand as well as sales accordingly.[3]

Main Retail Channels of Sportwear in China

The main retail channels of sportwear in China include, among other things, clothing and footwear specialist stores, department stores, supermarkets/hypermarkets, and online shopping. Clothing

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[1] Euromonitor, "Sportswear in Mainland China", February 2012

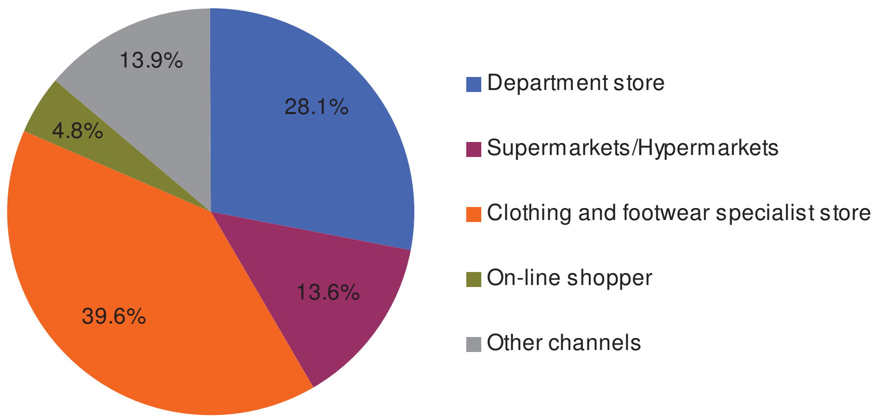
[2] Euromonitor, "Sportswear in Mainland China", February 2012

[3] Euromonitor, "Sportswear in Mainland China", February 2012

and footwear specialist stores currently take the lead among all distribution channels, which takes up 39.6% of the total in 2010.

The following chart illustrates the share of sportswear in China by distribution channels in 2010:

Chart 8: Maket Shares of Sportswear by Distribution Channel, 2010

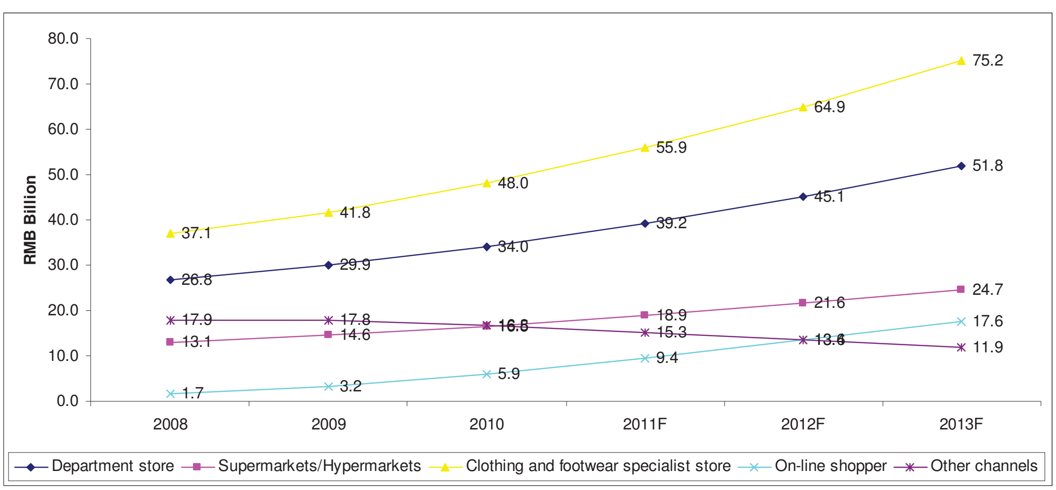


Source: Euromonitor International

With the chained specialist stores penetrating further into inland and lower-tier cities mainly via licensing or franchising, this distribution channel is expected to continue its significant growth from 2011 to 2013, to represent even more value share among the total by the end of 2013.[1]

The following chart illustrates the actual and forecasted retail sales value of sportswear by distribution channel from 2008 to 2013:

Chart 9: Retail Sales Value of Sportswear by Distribution Channel, 2008-2013



Data Source: Euromonitor International

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[1] Euromonitor, "Sportswear in Mainland China", February 2012

Segmentation of Sportswear Market by Style

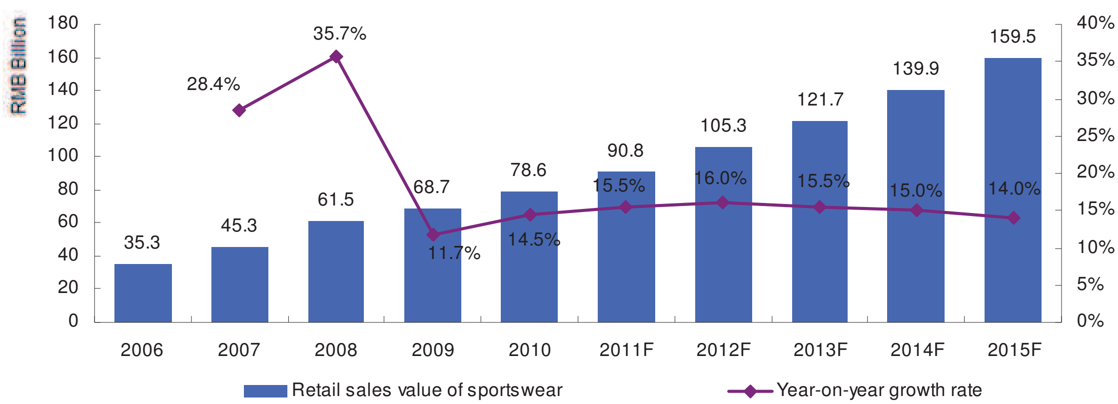
Non-professional Sportswear, the Mainstay in the China Sportswear Market

Professional sportswear is tailor-made for specific sports games, with an attempt to enhance athletes' performance, such as tennis footwear, badminton footwear, basketball clothing etc. Hence, it naturally has a much smaller consumer base compared to non-professional sportswear in China. Comfort is another major reason behind non-professional sportswear's popularity among especially youngsters, who are usually active in varied exercises and sports activities. Non-professional sportswear is usually more affordable, which offers similar functions as professional sportswear for mass consumers[1].

Non-professional sportswear boasts an even larger consumer group in China, as mass consumption is the key trend for the sportswear market. With the growing disposable income and the climbing awareness of personal outer appearance, more mass consumers are fond of stylish sportswear, resulting in a rising demand for non-professional sportswear in China. Meanwhile, the growing health consciousness among mass consumers has also given rise to a strong market demand for general sportswear, leading to the significant growth of non-professional sportswear in the review period. Furthermore, non-professional sportswear seems suitable for many occasions, even including some workplaces.

Since 2006 to 2010, non-professional sportswear has dominated the overall sportswear market in China, with its retail value sales representing 64.9% of the total in 2010[2]. The following two charts illustrate the actual and forecasted retail sales value of non-professional sportswear and professional sportswear respectively from 2006 to 2015.

Chart 10: Retail Sales Value of Chinese Non-professional Sportswear, 2006-2015



Source: Euromonitor International

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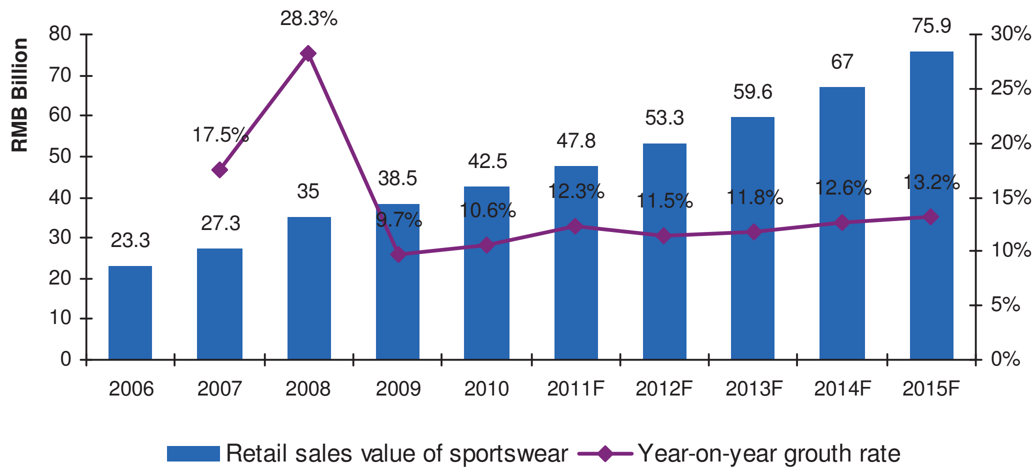
[1] Euromonitor, "Sportswear in Mainland China", February 2012

[2] Euromonitor, "Sportswear in Mainland China", February 2012

Chart 11: Retail Sales Value of Chinese Professional Sportswear, 2006-2015



According to the above charts, the current value growth of non-professional sportswear amounted to 14.5% in 2010, outperforming 10.6% for professional sportswear. Furthermore, non-professional sportswear is expected to continue outpacing professional sportswear in the Forecast Period, with a CAGR value growth of 15.2% from 2010 to 2015, to outperform professional sportswear at 12.3%.

Non-professional Sportswear Enjoys a Wider Base of Consumers

Non-professional sportswear boasts a wide range of consumers in China. Sports lovers, particularly entry-level ones, can do exercises with their non-professional sportswear while general consumers may purchase non-professional sportswear as their daily attire, when they are out for shopping, working or visiting friends, so long as the occasion is not too formal.[1]

Major Retail Channel of Non-professional Sportswear

Clothing and footwear specialist stores have taken the lion's share in the distribution of non-professional sportswear. A wide variety of product types, with attractive window and shelf display, may be the major reason to draw great interest among consumers. Furthermore, specialist stores, currently popular in first- and second-tier cities, provide an even richer choice for customers. This retailing format is penetrating into lower-tier cities in China, with leading players in the market rapidly expanding this retailing format. On the other side, department stores still remain an important distribution channel in China, particularly in lower-tier cities and rural areas, where clothing and footwear specialist stores are relevantly weak in terms of market presence. Department stores are still many consumers' first choice for one-stop shopping for the whole family[2].

Upbeat Outlook for Non-professional Sportswear

Non-professional sportswear, owing to its predominant consumer base in China and industry players' active product research and development, is expected to continue to outpacing professional sportswear in the Forecast Period, with a CAGR value growth of 15.2% from 2010 to 2015, to outperform professional sportswear at 12.3%. Such significant growth is anticipated to stem also from the growing population involved in sports activities to keep fit and to combat

[1] Euromonitor, "Sportswear in Mainland China", February 2012

[2] Euromonitor, "Sportswear in Mainland China", February 2012

mounting pressure from life and work in China as well as the supporting government policy, the Guidance on Accelerating the Development of the Sports Industry[1].

Major Constraints

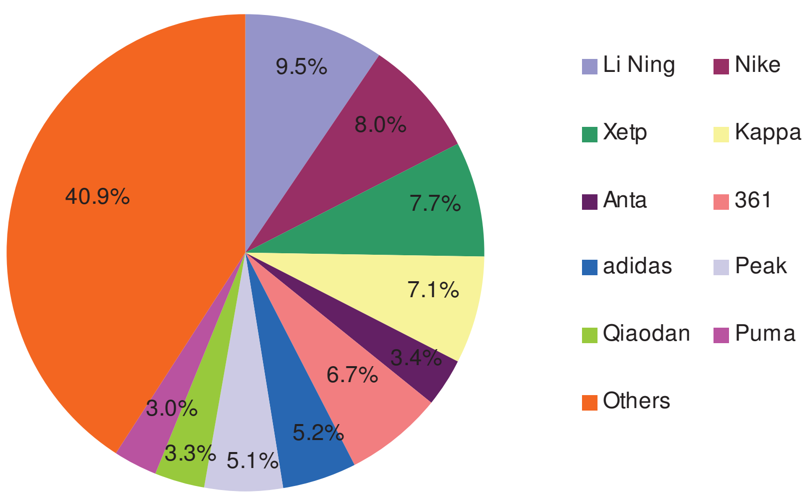
To seize more market share, many leading players have been engaged in the quick expansion of chained outlets, either self-owned or franchised, in the Review Period. By the end of 2011, Li Ning topped among its peers in outlet number, with a total of 8,300 outlets in China. Other leading players boasting over 7,000 outlets by the end of 2011 include Peak, Anta, Xtep, Nike and 361°. However, seeking revenue growth via outlet expansion came to a bottleneck in 2010 and 2011. Hence the growth momentum of outlet expansion is slowing down in 2011, with many top players toning down their expansion plans[2].

In addition to the fierce competition among domestic peers, international players are also a major threat to domestic manufacturers in the non-professional sportswear sector Multi-national players have penetrated into the lower-tier cities and have launched specifically-targeted products in second- and third-tier cities. Market competition is expected to become even fiercer in the Forecast Period. Rising costs could be another major threat, mainly reflected in raw materials, rents and labour. With the rising minimum wage in China, labour costs are expected to be on the rise too in the Forecast Period[3].

Competitive Landscape of Non-professional Sportswear in China

The following chart illustrates the top ten brands in the China non-professional sportswear market in 2010.

Chart 12: Market Share of Top 10 Non-professional Sportswear Brands in China, 2010



Source: Euromonitor International

The non-professional sportswear market is fairly consolidated in China, with the top ten brands representing 59.1% of the total value sales in 2010. Established brand awareness, constant new launches and widespread distribution networks across the country are shared by these leading players. Celebrity endorsement is a commonly adopted marketing strategy of these companies.[4]

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[1] Euromonitor, "Sportswear in Mainland China", February 2012
[2] Euromonitor, "Sportswear in Mainland China", February 2012
[3] Euromonitor, "Sportswear in Mainland China", February 2012
[4] Euromonitor, "Sportswear in Mainland China", February 2012

Domestic players got an upper hand among the top ten brands in 2010. The most influential domestic player, Li Ning, remained in the pole position in 2010, with a value share of 9.5%, followed by multinational player Nike which is more prominent in professional sportswear, with a share of 8%. Xtep, another domestic player whose primary focus seems to be on non-professional sportswear, was ranked third in the market, with a value share of 7.7% in 2010[1].

Fiercer Market Competition

In the early stage of the Review Period, multinational players had a strong foothold in first-tier cities while domestic brands were more popular in second- and third-tier cities. With the increasingly solid base in first-tier cities, international brands began to penetrate into second- and third-tier cities, to seize more market share, thereby intersifying the market competition in these second- and third-tier cities. Meanwhile, with rising disposable income in second- and third-tier cities, consumers there are also eyeing on more premium products, whereas most domestic brands are generally impressing consumers as mass market positioned. On the other hand, top domestic players also aim to set a sturdy foothold in first-tier cities, where they used to be relatively weak in terms of market presence. Anta, for instance, opened its 1,000-square-meter flagship store in Beijing in May, 2011[2].

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[1] Euromonitor, “Sportswear in Mainland China”, February 2012

[2] Euromonitor, “Sportswear in Mainland China”, February 2012

BUSINESS

Overview

Goldrooster Group is a fast growing designer and manufacturer of sports fashion apparel and footwear products in the PRC. With a particular design focus on sports fashion and a distinct brand and market positioning, Goldrooster Group has been able to rapidly penetrate the sports apparel and footwear markets while establishing an extensive distribution network. As at 31 December 2011, Goldrooster Group had expanded its distribution network to 30 [1] exclusive regional distributors and 1,344[2] Goldrooster retail outlets. Benefiting from the expansion of its distribution network and its marketing and operating strategies, Goldrooster Group has achieved a steady and substantial growth in its revenue and net profits during the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011. Goldrooster Group's sales revenue increased from approximately TEUR 58,888 for the financial year 2009 to approximately TEUR 80,098 for the financial year 2010 and to approximately TEUR 104,035 for the finanicial year 2011, representing a constant growth rate of around 36% in the financial year 2010 and of around 29.9% in the financial year 2011. Goldrooster Group's net profits increased from approximately TEUR 9,234 for the financial year 2009 to approximately TEUR 13,154 for the financial year 2010 and to approximately TEUR 17,020 for the financial year 2011, representing a constant growth rate of around 42.5% in the financial year 2010 and of around 29.4% in the financial year 2011.

Goldrooster Group offers customers sports apparel, footwear, and accessories for all seasons under its brand. The products of Goldrooster Group aim to combine premier design with high quality and primarily target white collar consumers as well as middle and upper class income earners in the age range of eighteen to 35 by catering to what the Company perceives as a rising demand for distinctive personal style and fashion taste. Goldrooster Group offers various apparel products, such as T-shirts, sweaters, coats, jackets, windbreakers, vests, trousers, pants, shorts, skirts etc., and the product portfolio of its footwear covers casual shoes, skateboard shoes, basketball shoes, and sports shoes. As a supplement to its apparel and footwear products, Goldrooster Group also provides its customers with accessories products, e.g. bags, caps, belts, socks, scarves, protective gear, etc. Apparel is the main product line of Goldrooster Group. For the financial year 2011, apparel products generated 74.1% of Goldrooster Group's sales revenue, while footwear and accessories products took up 21.2% and 4.7%, respectively.

Goldrooster Group's products can be further divided into various product series for different seasons. Each product series is designed with a separate theme and distinctive features to meet varying consumer preferences.

Goldrooster Group relies on outdoor advertisement and promotional activities at its retail stores to attract its end-consumers. Goldrooster Group also places advertisements by means of internet media, fashion website portals and style magazines and participates in major clothing and garment exhibitions. Moreover, as an essential part of its brand building strategy, Goldrooster Group also seeks opportunities of product sponsorships in major advertisement and marketing events. As a result of these attempts, Goldrooster Group has, among other things, succeeded in becoming one of the designated apparel sponsors of the 20th China Golden Rooster Hundred Flower Movie Festival which was held in October 2011. Going forward, Goldrooster Group also plans to engage celebrities as spokespersons and brand communication experts.

Goldrooster Group benefits from the extensive experience of the Company's CEO, Mr. Wenwen Li, and of its senior management team in the footwear and apparel industries. In the Company's view, the expertise and deep insights of Goldrooster Group's senior management team in relevant industries help Goldrooster Group to promptly identify and swiftly respond to shifting market

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[1] Unaudited figure.
[2] Unaudited figure.

demands and design trends, and their networks of contacts in such industries provide Goldrooster Group with access to a wide network of suppliers, distributors and contract manufacturers.

Goldrooster Group places great emphasis on its design and development capacities. Goldrooster Group maintained a design and development team with 102[1] staff as at 31 December 2011 comprising of 23[2] designers and eight[3] design assistants. Most products of Goldrooster Group are designed by its in-house design and development team, which has just recently designed and developed 566[4] models of new products for two trade fairs held in 2011. Goldrooster Group expects the number of new models of product designs to be further increased to 625 in 2012.

The product design cycle of Goldrooster Group starts with market research. The designers collect and analyse historical sales statistics of Goldrooster Group's products and customer feedback provided by the distributors and retail outlets to detect market trends and customer preferences. They also visit domestic and international fashion stores and fashion shows from time to time and gather market information from domestic product exhibitions.

The product design and development team of Goldrooster Group also closely collaborates with distributors on product design. Continuous feedback from distributors helps the product design and development team to timely identify market trends and to adjust its designs of prototype products.

For the financial years 2009, 2010 and 2011, Goldrooster Group ifself only manufactured its footwear products while outsourcing its entire apparel and accessories production to contract manufacturers. Goldrooster Group believes that the partial outsourcing of its production allows it to concentrate its management resources on its core businesses and brand building. While maintaining its outsourcing production model, Goldrooster Group also plans to add one new footwear production line and one new apparel production line, respectively, by the end of 2012 so as to reduce its reliance on contract manufacturers and increase its overall profit.

Goldrooster Group sells its products on a wholesale basis to its distributors through two trade fairs in China taking place each year, which offer the seasonal collections for the upcoming seasons. The distributors then sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then resell Goldrooster Group's products at Goldrooster retail outlets operated by such authorised retailers. As at 31 December 2011, Goldrooster Group had an extensive distribution network reaching eighteen[5] provinces, autonomous regions and municipalities and covering over 170[6] cities in the PRC, and its products are sold to its end-consumers through 1,344[7] Goldrooster retail outlets, which exclusively sell Goldrooster Group's products and are operated by 30[8] distributors and their authorised retailers. Goldrooster Group plans to establish 150 self-operated Goldrooster retail outlets in Sichuan province and Jiangsu province in a coordinated and structured effort and intends to further increase the number of its retail outlets to over 1,900[9] by the end of 2013.

Goldrooster Group values its brand and has made substantial investments into its brand-building activities. Goldrooster Group has launched multifaceted advertising campaigns within the various PRC provinces in which distributors and retailers are based. Advertisements are aimed at attracting end-consumers and increasing the sales of its distributors. Goldrooster Group's advertising

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[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.
[6] Unaudited figure.
[7] Unaudited figure.
[8] Unaudited figure.
[9] Unaudited figure.

activities includes advertising by means of internet media, fashion website portals, billboards, and in style magazines and through participation in major clothing and garment exhibitions.

Strengths

The Company believes the following to be the key factors for its future growth:

Clear and unique positioning of Goldrooster Group's brand and products

Since 2006, Goldrooster Group's brand has been positioned as a brand for sports fashion. According to its own assessment, by relying on a unique combination of fashion and sports in its product designs, in the Company's view Goldrooster Group was able to avoid the highly competitive environment of the traditional sports industry in China. Such brand positioning has earned Goldrooster Group the recognition and acceptance of its customers and has become one of the major driving forces of its growth and success.

Goldrooster Group's products are primarily targeted at white collar consumers as well as middle and upper class income earners in the age range of eighteen to 35. With its products, Goldrooster Group seeks to meet what it perceives as a rising demand for a more unique and distinctive fashion style. Goldrooster Group sells its products at a mid-range price with a particular market focus on second-, third- and fourth-tier cities in the PRC. The Company believes that its unique brand positioning and market strategies have led to its current business success and will allow it to operate and grow successfully in the future.

Strong product design capability and diversified product offering

Goldrooster Group's sports footwear, apparel and accessories feature distinctive designs. Most products of Goldrooster Group are designed by Goldrooster Group's in-house design team. As at 31 December 2011, Goldrooster Group maintained a design and development team of 102[1] staff, comprising 23[2] designers and eight[3] design assistants. Most of Goldrooster Group's designers are internally trained and are familiar with the history and development of Goldrooster Group and its brand. Since its inception, the design team has maintained its stability and a diversified age structure, combining youthful energy with senior design industry experience.

Product designs that timely respond to fashion trends and appeal to customers are of vital importance to Goldrooster Group's business success. Goldrooster Group has adopted a market-oriented product development process, which requires its design, production and marketing personnel to closely cooperate in order to effectively detect and respond to continuously changing market trends and consumer preferences and to make sure that the designs are effectively implemented at the production stage. In addition to collecting feedbacks during its biannual trade fairs, Goldrooster Group also regularly visits its Goldrooster retail outlets and carries out market research in order to gather first-hand market information about its products and customers' needs prior to designing new products. Goldrooster Group's product design and development team has a proven track record of timely identifying and responding to market trends of the Chinese sports fashion industry, thereby significantly contributing to the rapid and continuous growth of Goldrooster Group's business.

Goldrooster Group offers a diversified product portfolio encompassing a broad range of sports apparel, footwear and accessories. Goldrooster Group's products can be further divided into various distinctive product series, including the golf wear series, the flag series, the skiing series, the seafaring series, the fashion series, the classic/logo series, the couple series, the denim series and the accessories series. Supported by its design and development, sales and marketing as well as its production teams, Goldrooster Group has been able to design and develop 340 models of new apparel products, 100 footwear products, and 126 new models of accessories items for its two trade fairs held in 2011. Of these 272 models of apparel products, 80 models of footwear products

[1] Unaudited figure.

[2] Unaudited figure.

[3] Unaudited figure.

and 101 models of accessories items were finally put into production. The Company believes that its diversified product portfolio and innovative product lines enable it to provide end-consumers with a one-stop shopping experience in which they can mix and match products according to their tastes without having to resort to multiple outlets. The Company believes that this tailored approach significantly contributed to the strong demand for its products in the past.

Established business model and extensive distribution network in China

Goldrooster Group has an extensive and established distribution network spanning eighteen[1] provinces, autonomous regions and municipalities and over 170[2] cities in China (as at 31 December 2011). Goldrooster Group conducts its sales exclusively through its distributors, which sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then sell Goldrooster Group's products at Goldrooster retail outlets operated by them. As at 31 December 2011, Goldrooster Group sold all of its products to retail customers through 1,344[3] Goldrooster retail outlets, which exclusively sell Goldrooster Group's merchandise and are operated by its 30[4] distributors along with their authorised retailers. The majority of Goldrooster Group's retail outlets are located in China's second-, third- and fourth-tier cities. Goldrooster Group's strong presence in China's second-, third- and fourth-tier cities enables it to capture the business opportunities in these fast growing markets with less competitive pressure than in first-tier cities in the PRC. Goldrooster Group's sales and distribution model also contributes to the consolidation and rapid expansion of its distribution network, and allows Goldrooster Group to focus its resources on the development of its brand and the design and marketing of new and innovative products. Goldrooster Group therefore sees itself ideally positioned to quickly and effectively respond to shifting market demand in the sports fashion industry in China.

Effective management of distribution network

As the distribution network is vital to its business operation, Goldrooster Group carefully selects its distributors according to stringent procedures and re-evaluates their performance bi-annually. In order to effectively manage its distribution network, Goldrooster Group also requires its distributors, authorised retailers as well as the retail outlets operated by them to comply with certain operational guidelines. Goldrooster Group's distributors and authorised retailers are required to manage their retail outlets according to Golderooster Group's Goldrooster Outlets Operational Manual. Goldrooster Group's distributors and authorised retailers are also required to follow its pricing policies and adopt the standardised retail outlet design and promotional materials provided by Goldrooster Group. To ensure the compliance of its operational policies by its distributors and authorised retailers, Goldrooster Group assigns dedicated sales personnel to conduct on-site inspections at its distributors' premises and at Goldrooster retail outlets on a regular basis. Collaborating closely with its distributors in developing and implementing a structured expansion plan, Goldrooster Group requires all distributors to submit their expansion plans for its approval and provides them with the necessary support in opening new retail stores. Goldrooster Group also organises training programs on a regular basis for all distributors and authorised retailers regarding its products, brand image, company policies and customer service. The Company believes that the implementation of uniform sales and operational policies in all Goldrooster retail outlets by Goldrooster Group will help to strengthen its brand recognition and to build a consistent brand image and management nationwide.

Consumer oriented promotion and marketing activities

Goldrooster Group tailors its promotional and marketing activities to its end-consumers. Goldrooster Group relies on outdoor advertisements and promotional activities at its retail stores to

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[1] Unaudited figure.

[2] Unaudited figure.

[3] Unaudited figure.

[4] Unaudited figure.

attract its end-consumers. The outdoor advertisements are mainly put on billboards located within the areas covered by Goldrooster Group's sales network with a particular focus on Heilongjiang and Fujian provinces. The promotional activities at its retail stores are conducted with special discount or product offerings at the end of a season or in certain festivals, such as Chinese Valentine's Day. Goldrooster Group believes that such promotional and marketing strategies are well accepted by its end-consumers.

Experienced and well-connected management team

In recent years, Goldrooster Group's experienced and dedicated senior management team has been a key factor to its successful performance and steady growth.

Mr. Wenwen Li, age 45, is the chairman of the management board and CEO of the Company. He started his career in the footwear industry as early as 1986, when he worked in a shoe market in Beijing. In 1991, he founded his own workshop in his hometown in Fujian province to produce sports shoes on an OEM basis and developed his small business into a modern factory during the 1990s and up to 2003. In 2004, he was awarded a dealership for shoes in China from Montagut, an international shoe brand, and changed his business focus from manufacturing to distribution. In 2005, Mr. Li went on to join Goldrooster Group. The Company believes that through his strong corporate vision of growth and sustainability, he managed to nurture the brand and helped Goldrooster Group grow into its present state.

Mr. Tiong Yuen Ashley Soh, age 37, is the Company's Chief Financial Officer ("**CFO**") and a member of its management board. He graduated from Nanyang Technological University of Singapore in 1999 with a bachelor's degree in accounting and then received a master's degree in finance from the National University of Ireland in 2008. He started his career with Richard Ho and Co. where he worked in the capacity of an audit assistant until September 2000. From October 2000 to November 2003, he worked with KPMG as an auditor. Between January 2004 and June 2008, he worked as the group finance manager of Unza Holding Limited. He then went on to work as accounting manager of New City Asia Fund Management Pte. Ltd. from June 2008 to February 2009. He also worked as senior manager in the finance department of Raffles Medical Group Limited from March to July 2009 and as manager in the corporate finance department of Petra Foods Limited between July 2009 and February 2011. Mr. Soh joined Goldrooster Group in February 2011 as CFO of Jinjiang Goldrooster. He oversees the accounting, financial reporting, management information system and control matters of Goldrooster Group. He is a non-practicing member of the Institute of Certified Public Accountants of Singapore (ICPAS).

Mr. Huagui Yang, age 39, is the deputy general manager of Jinjiang Goldrooster. He joined Jinjiang Goldrooster as deputy general manager in April 2006. He is responsible for brand building of Goldrooster Group's brand and has been heavily involved in the day to day operations of Jinjiang Goldrooster. With over ten years experience in the garment and sportswear industry, he is, as the Company believes, instrumental to Goldrooster Group's success.

Mr. Zhaofu Chu, age 32, is sales director and deputy general manager of Jinjiang Goldrooster. He has extensive experience in the areas of sales and marketing as well as business consulting in the garment and footwear industries. He joined Jinjiang Goldrooster as sales director and deputy general manager in August 2006 and is in charge of developing the sales strategies, marketing plans and business of Jinjiang Goldrooster. He was named in the "Top 50 Professional Managers in Quanzhou" list in 2008 and is currently pursuing an MBA at Quanzhou University.

Strategy

Goldrooster Group pursues the following strategic goals:

Further expand its sales and distribution network

Goldrooster Group plans to continue the active expansion of its sales and distribution network nationwide, with a particular emphasis on the Sichuan and Jiangsu provinces. The Company believes that, as Jiangsu province, a key market in eastern China, and Sichuan province, a key market in western China, both have great influence on their surrounding markets, they are ideally positioned to function as hubs for its distribution network. In addition, the two provinces are amongst the most populated, affluent and fastest growing areas in China, and they themselves have, in the Company's view, great potential for Goldrooster Group's market expansion. Goldrooster Group also intends to extend its sales network to new areas in China by engaging new distributors who have existing sales networks and share the corporate values of Goldrooster Group. Goldrooster Group also plans to establish self-operated Goldrooster retail outlets to diversify its sales channels. Goldrooster Group had 1,344 [1] Goldrooster retail outlets across eighteen provinces, autonomous regions and municipalities in China as at 31 December 2011, and aims to increase the number of Goldrooster retail outlets to over 1,900[2] by the end of 2013, of which 150 new outlets will be opened and operated by Goldrooster Group itself. Goldrooster Group intends to concentrate its self-operated retail network expansion efforts on Sichuan province and Jiangsu province, and will set up an operating subsidiary in each of said provinces in the first half of 2012 to decentralise its management of self-operated retail outlets in the region. The Company believes that self-operated Goldrooster retail outlets will allow Goldrooster Group to directly communicate with its end customers and collect first hand information on its customers' needs and demands, thereby enabling it, to more effectively design, develop and market its products. Goldrooster Group expects that the development of its self-operated retail network will boost its revenue and profit margin. Moreover, Goldrooster Group plans to launch its B2C e-commerce retail program in the second half of 2012. In addition to the domestic market, Goldrooster Group also intends to explore overseas markets like Southeast Asia and the Middle East starting in 2014.

To supplement its expansion plan, Goldrooster Group intends to strengthen the management of its sales and distribution network as well as its retail outlets. Goldrooster Group aims at strengthening its supervision over the performance of its distributors, authorised retailers and retail outlets through its dedicated sales personnel who are specifically assigned to monitor and manage the distribution network. To effectively manage its expansion, Goldrooster Group plans to upgrade its current financial controlling system and implement an enterprise resource planning system ("**ERP System**") and a point of sales management system ("**POS System**") in all Goldrooster retail outlets starting in 2012 to track financial and sales data on a daily basis. With such an advanced information system, the Company believes that it will be able to gather real-time information on consumer purchases, monitor consumer preferences, make timely assessments regarding market trends, make timely changes to its design, production and marketing plans in response to market conditions and promptly implement these changes at the retail level.

Add new production lines

Goldrooster Group currently has three production lines for footwear and outsources the production of all of its apparel and accessories products to third party contract manufacturers. In order to meet growing demand for its products, reduce its reliance on contract manufacturers and improve its overall profit, Goldrooster Group plans to install one new footwear production line and one new apparel production line in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012.

Enhance market recognition and awareness of the Goldrooster Group's brand

Goldrooster Group intends to further refine its brand strategy and intensify its product promotion in order to better target its consumer base. Goldrooster Group expects to increase what it perceives as an awareness of its brand as a premier brand for sports fashion in China by continuing its presence at key trade exhibitions in China and seeking opportunities of product sponsorships in major advertisements and marketing events. Goldrooster Group also plans to expand its marketing channels alongside its expanding sales and distribution network. To emphasise its product features and to further extend its marketing reach in second-, third- and fourth-tier cities, Goldrooster Group plans to intensify its advertisement efforts with internet media, fashion website portals, billboards and style magazines. Going forward, Goldrooster Group also plans to engage celebrities as spokespersons and brand communication catalysts.

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[1] Unaudited figure.

[2] Unaudited figure.

The perception of Goldrooster Group's retail channels is critical to its brand recognition. Goldrooster Group updates its standardised layout design for its Goldrooster retail outlets and marketing materials on a regular basis to appeal to its target consumers. Starting in 2012, Goldrooster Group plans to establish flagship stores in prime locations in China and initially in Chengdu, Sichuan province, and Nanjing, Jiangsu province. These flagship stores will be established to showcase Goldrooster Group's latest products and immerse customers in a complete experience of the brand culture of Goldrooster Group. Goldrooster Group expects its flagship stores to serve both retail and marketing functions, thereby raising the profile of its brand. Goldrooster Group also plans to enhance its training programs for its distributors, authorised retailers and retail outlet staff to improve their capabilities in operations management as well as sales and customer service, in order to enhance the shopping experience of Goldrooster Group's customers and to increase sales at its retail outlets.

Moreover, Goldrooster Group plans to furnish a special product offering under a premium brand to solidify its customer base and enhance its profitability.

Strengthen product design and development capabilities and broaden product range

As at 31 December 2011, Goldrooster Group maintained an in-house design and development team of 102[1] staff, which comprising 23[2] designers and eight[3] design assistants. To strengthen its design and development capacities, Goldrooster Group intends to establish a close cooperation with international designer teams to keep abreast of the latest fashion styles and anticipate future trends around the globe. In addition, Goldrooster Group will try to recruit experienced designers and experts with strong knowledge of and experience in the sports and fashion industry and invest in design technology and equipment to further enhance the performance, durability and functionality of its products.

Goldrooster Group has developed nine product series, namely the golf wear series, the flag series, the skiing series, the seafaring series, the fashion series, the classic/logo series, the couple series, the denim series and the accessories series. Each theme has distinctive features to meet varying consumer preferences. Goldrooster Group will continue to develop and offer new and distinctive designs and product collections to its customers in order to maintain its competitiveness in the Chinese sports fashion industry. For its two trade fairs held in 2011, Goldrooster Group has developed 566[4] models of new designs for its apparel, footwear and accessories products, and it expects to raise the overall number of models of new designs to 625 in 2012. The Company believes that enhanced design and development capabilities will enlarge its model pool of designs and thus contribute to the diversification of its final products and its market competitiveness.

Goldrooster Group plans to increase its product portfolio by exploring new categories of products, i.e. kids wear, family wear, and home comfort inner wear, which are expected to be launched in the second half of 2012. Goldrooster Group believes that the addition of new product lines will increase its customer base and improve its overall retail performance.

Moreover, Goldrooster Group plans to offer more environment-friendly products utilising ecologically compliant materials, such as recyclable materials and natural fibres. Goldrooster Group will continue to maintain high quality standards to ensure that its customers continue to associate its brand and products with safety and quality.

To achieve these objectives, Goldrooster Group intends to further increase its investments in design and development from RMB 7,265,186 (approximately EUR 808,318) in the financial year 2011 to approximately RMB 12.4 million (approximately EUR 1.5 million) in the financial year 2014.

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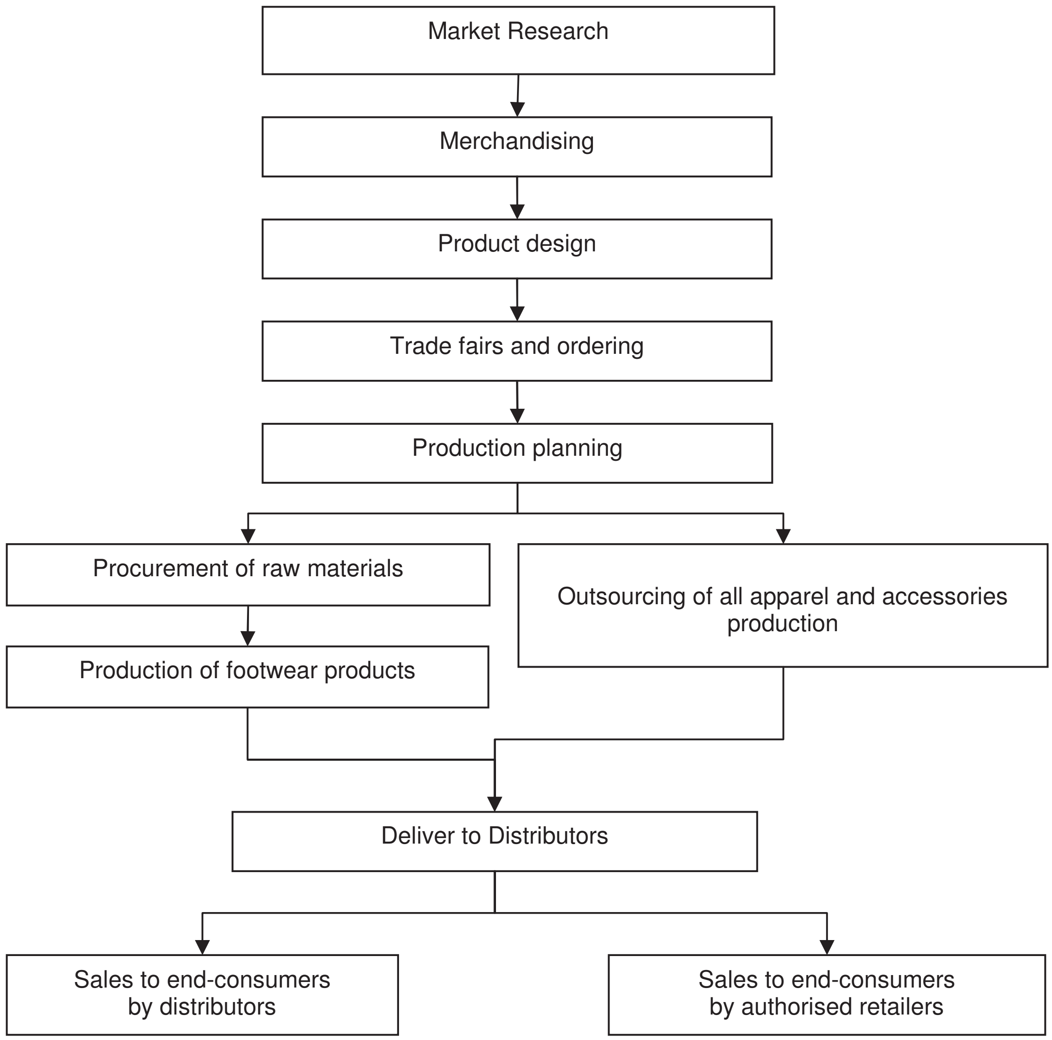
[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.

Business Model

According to its own assessment, Goldrooster Group has adopted a mature and well-proven business model for the footwear and apparel industries in China, enabling it to utilise its management and production resources efficiently, to swiftly and timely respond to market changes as well as to minimise business risks associated with inventory build-up or customer contractual issues as well as payments. The following diagram illustrates Goldrooster Group's current business model:



Brand and Products

Brand

Goldrooster Group's brand was created with a special emphasis on sports fashion, and was aimed at building a premier brand featuring a unique combination of sports and fashion. Goldrooster Group's brand targets the middle price market segment with a particular focus on customers between eighteen to 35 years of age, white collar consumers and middle and upper class income earners. Since 2006, Goldrooster Group has invested significant resources in marketing and promotion to bolster its brand position. Market awareness of Goldrooster Group's brand has quickly grown with the expansion of Goldrooster Group's sales and marketing coverage. The Company believes that its brand is well-positioned to capture the growing consumer group with a relatively high disposable income in second-, third- and fourth-tier Chinese cities.

Goldrooster Group has also adopted several slogans to enrich the meaning of its brand and to attract the attention of its target consumer group. The most prominent slogan Goldrooster Group has adopted is “Energy, Infinite Possibilities, Infinite Success”, which, according to Company, implies avant-garde fashion, passion and confidence. The Company believes that its slogans properly express the connotations of its brand and are helpful for its brand promotion.

Products

Goldrooster Group offers various sports apparel, footwear and accessories products. Goldrooster Group’s apparel products include T-shirts, sweaters, coats, jackets, windbreakers, vests, trousers, pants, shorts and skirts, and its product portfolio of footwear comprises casual shoes, skateboard shoes, basketball shoes, and sports shoes. As a supplement to its apparel and footwear products, Goldrooster Group also offers its customers accessories products, e.g. bags, caps, belts, socks, scarves and protective gear. Apparel is Goldrooster Group’s main product line. For the financial year 2011, apparel products generated 74.1% of Goldrooster Group’s sales revenue, with footwear and accessories products accounting for 21.2% and 4.7% respectively. The share of Goldrooster Group’s apparel products in its sales revenue has been increasing steadily, from 69.6% in the financial year 2009 to 74.1% in the financial year 2011. Goldrooster Group believes that this is because the apparel products generally have a higher price than footwear and accessories products and because Goldrooster Group’s brand is featured by its apparel products and supplemented by footwear and accessories products. As self-produced footwear products, in general, generate higher profit margins, Goldrooster Group intends to strengthen its development and promotion of footwear products in the future to achieve a balanced product mix and enhanced profitability.

Goldrooster Group aims to promote its brand as a symbol for fashion in the sports world. To meet its brand objectives, Goldrooster Group developed a broad product mix containing apparel, footwear and accessories, which is subdivided into different product series. Goldrooster Group offers products for all seasons each year in nine different product series, namely the golf wear series, the flag series, the skiing series, the seafaring series, the fashion series, the classic/logo series, the couple series, the denim series and the accessories series. Among all these product series, the flag series, fashion series, classic/logo series and accessories series were launched in 2006, the seafaring series, golf series and denim series were launched in 2008, and the couple series and skiing series were launched in 2010. All new product series were introduced at bi-annual trade fairs with increased promotional efforts.

The Company believes that each of the product series contains distinctive designs and unique styles. The end-consumers can purchase a comprehensive outfit by matching different apparel series with accessories series in accordance with his/her individual taste. The details of the product series are set out below:

Golf Wear Series

According to the Company, this series is charaterised by three “S”, i.e. stylishness, simplicity and sportiness**.**

Skiing Series

In this series, Goldrooster Group strives to use strong colours coupled with various design patterns to present simple and free-spirited designs under the general skiing theme.

Seafaring Series

In this series, Goldrooster Group focuses on marine styles of different countries. The series features the standard marine elements (i.e. anchor, rudder, oars, etc.) and basic colours.

Fashion Series

In this series, Goldrooster Group applies the techniques of decomposition of the core elements in apparel and 3-dimensional draping to its products.

Flag Series

This series is characterised by a display of European countries' national flag colours.

Couple Series

This series uses the concept of romance, coupled with simple patterns and bright colours.

Denim Series

This series adopts advanced washing techniques and starch technology in addition to creating distinctive embroidery and simple yet crisp designs.

Classic/Logo Series

This series combines the classic logo of Goldrooster Group's brand with national symbols of different countries.

Accessories Series

This series is a product line comprising shoes, bags, socks, headgear and other accessories products. It supplements and can be blended with the aforementioned apparel series.

Marketing

Goldrooster Group attributes its business success partly to its effective marketing and promotional strategy. Goldrooster Group's sales and marketing department comprised 32 personnel as at 31 December 2011 and is responsible for carrying out the overall marketing strategies and organising promotional events. Goldrooster Group's sales and marketing department is also responsible for designing the layout and interior of Goldrooster Group's retail outlets.

Goldrooster Group has launched multiple-facet advertising and promotional campaigns within various geographical areas in which distributors and retailers are based. Goldrooster Group's advertisements and promotional activities are aimed at attracting end-consumers, and by elevating consumer recognition and acceptance of its brand and products Goldrooster Group believes it will be able to enhance the sales performance of its distributors. Goldrooster Group relies on outdoor advertisements and promotional activities at its retail stores to attract its end-consumers. The outdoor advertisements are mainly put on billboards located within the areas covered by Goldrooster Group's sales network with a particular focus on Heilongjiang and Fujian provinces. The promotional activities at its retail stores are conducted with special discount or product offerings at the end of a season or in certain festivals, such as Chinese Valentine's Day. Goldrooster Group believes that such promotional and marketing strategies are well accepted by its end-consumers. Goldrooster Group also places advertisements on internet media, fashion website portals and in style magazines, and through participation in major clothing and garment exhibitions, such as the China International Sports Equipment Expo held in Beijing from 29 May to 1 June 2008, and the China International Garment Expo held in Beijing from 28 to 31 March 2008. Goldrooster Group sees product sponsorship in major advertisement and marketing events as an essential part of its brand building strategy. Goldrooster Group managed to become one of the designated apparel sponsors of the 20th China Golden Rooster Hundred Flower Movie Festival which was held in October 2011. The China Golden Rooster Hundred Flower Movie Festival is a well-known Chinese film festival. Going forward, Goldrooster Group also plans to engage celebrities as spokespersons and brand communication catalysts.

Goldrooster Group values its brand and has made substantial investments into its brand building activities. During the financial years 2009, 2010 and 2011, the marketing and advertising expenditures of Goldrooster Group were RMB 9.7 million (approximately EUR 1.0 million), RMB 11 million (approximately EUR 1.2 million) and RMB 12.2 million (approximately EUR 1.4 million), representing a constant growth rate of approximately 13.4% in the financial year 2010 and approximately 10.9% in the financial year 2011. Goldrooster Group expects a further increase of its expenditures in marketing and advertising activities from RMB 12.2 million (approximately EUR 1.4 million) in the financial year 2011 by an annual growth rate of around 50% to approximately RMB

61.7 million (approximately EUR 7.5 million) in the financial year 2015 to support its market expansion.

Competition

The demand for sportswear products in China has grown rapidly in recent years, in line with economic growth, increasing urbanisation and rising health awareness in China. The competition in China's sportswear industry is already intense, and Goldrooster Group foresees increasingly fierce competition in future.

Goldrooster Group positions itself as a fashion sportswear manufacturer to avoid what it perceives as a fiercer competition in the traditional sportswear market, and mainly competes with established international and domestic fashion sportswear brands in the PRC. In terms of product similarity and brand positioning, Goldrooster Group considers "KAPPA", "Puma", "Le Coq Sportif" and "Xtep" to be its main competing brands in the PRC. Some general information about Goldrooster Group's major competitors is summarised below:

KAPPA

The "KAPPA" brand originates from Italy and is one of the first foreign sports fashion companies to have entered the Chinese market for sports fashion. In the Company's view, the "KAPPA" brand has built up a strong brand awareness and a good reputation in the Chinese market, and has cultivated an expansive distribution network. The "KAPPA" brand targets a high-end customer group with a geographic focus on first- and second-tier cities.

Puma

The "Puma" brand originates from Germany and is, in the Company's view one of the first brands to have combined the elements of sports, leisure and style into one product. Its brand development focuses on the use of sports stars and celebrities and the use of renowned international fashion designers. Coupled with high pricing, it targets a high-end customer group with a geographic focus on first- and second-tier cities.

Le Coq Sportif

"Le Coq Sportif" originates from France and entered the Chinese market in 2004. With high pricing strategy and a small number of retail outlets, "Le Coq Sportif" retains a relatively small market share.

Xtep

"Xtep" is a domestic brand which emerged in 2001 and is operated by Xtep International Holdings Limited. It is one of the first Chinese sportswear manufacturers to combine sports and fashion. It currently has more than 5,000 retail outlets nationwide and is one of the fastest growing sports brands in China. It was successfully listed on the Hong Kong Stock Exchange in 2008.

The Company believes that it can compete with its competitors on the basis of product design, product variety, quality, price, distribution network and integration of product lines.

Compared to first-tier cities, second-, third- and fourth-tier cities have demonstrated great growth potential. In response to the fierce competition in first-tier cities in China, Goldrooster Group concentrates its expansion efforts especially on third- and fourth-tier cities. As market awareness of Goldrooster Group's brand has quickly grown with the expansion of Goldrooster Group's sales and marketing coverage, the Company believes that its brand is well-positioned to capture the growing consumer group with a relatively high disposable income in second-, third- and fourth-tier Chinese cities.

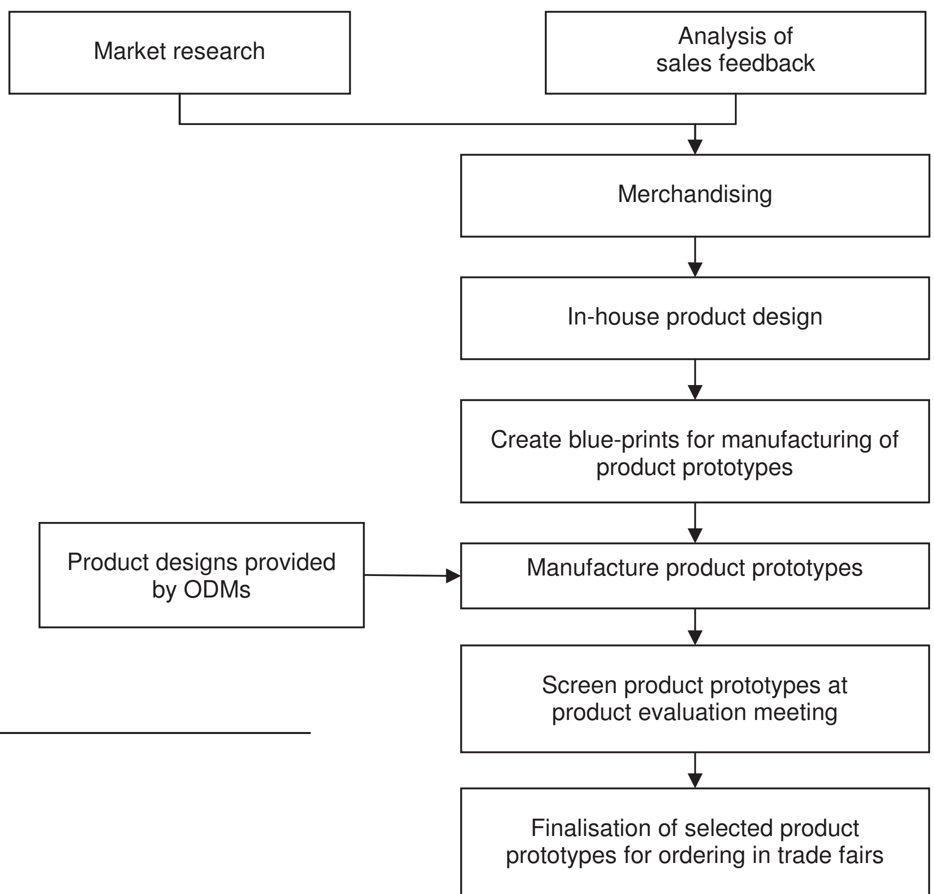
Product Design and Development

The Company believes that distinctive and trend-setting designs for its products are crucial to its success and future growth. As at 31 December 2011, Goldrooster Group maintained a design and development team of 102[1] staff, comprising 23[2] designers and eight[3] design assistants. To strengthen its design and development capability, Goldrooster Group plans to cooperate with international design teams to tap into their expertise and recruit additional experienced designers.

Goldrooster Group has built up an experienced in-house design team for each of its product categories. For the two Chinese trade fairs held in each 2009, 2010 and 2011, Goldrooster Group has introduced 286, 318, and 340 models of new apparel products, 75, 80, and 100 models of new footwear products, as well as 87, 125, and 126 new models of accessories items, respectively, among which, roughly 80% were selected for the further production of new apparel, footwear and accessories products.

Goldrooster Group also engages Original Design Manufacturers ("**ODMs**") to capitalise on their product design capacities and diversify its product designs. For the two trade fairs held in 2009, 2010 and 2011, Goldrooster Group has been provided with 57, 64 and 110 models of new apparel products and 17, 25 and 40 models of new accessories products, respectively, by the same six ODMs it engaged during the period, among which, over 60% were selected for the further production of new apparel and accessories products.

The product design process of Goldrooster Group can be divided into several stages. The diagram below sets out the typical design process for Goldrooster Group's products:



[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.

Goldrooster Group's product design process starts with market research. Goldrooster Group's product design and development team analyses the latest global trends for sports fashion based on both internal and external data. To this end, the team collects historical sales statistics of Goldrooster Group's products and customer feedback provided by distributors and authorised retailers so as to identify market trends and evolving customer preferences. Designers of Goldrooster Group's product design and development team also visit domestic and international fashion stores and fashion shows regularly and gather market information from domestic trade exhibitions.

After a thorough analysis of the gathered market information and taking into account the market conditions and competitive landscape, Goldrooster Group's product design team will conceive the overall design concept for the upcoming seasons, including fashion themes, colour schemes, product styles and price range. Once a design concept has been agreed upon for a specific product, Goldrooster Group's product design team creates a blueprint detailing the product design, production method, selected raw materials and size information, which is later used to manufacture product prototypes. The product designs provided by Goldrooster Group's OEMs are also used for the manufacturing of product prototypes after careful selection and modification. For the prototypes, Goldrooster Group invites all of its distributors and some representatives from its retail outlets to a product evaluation meeting to comment on and evaluate each of its proposed new prototypes. If a new prototype does not receive a positive feedback during the product evaluation meeting, it may be returned to the product design team for further modification, held for future use or set aside. For the two sales fairs held in 2009, 2010 and 2011, around 80% of said prototypes were selected for further production. Some of the selected prototype products then undergo modifications in their design based on Goldrooster Group's seasonal product needs and feedback from distributors and representatives of retail outlets. The finalised products are then introduced at trade fairs soliciting orders by distributors and authorised retailers and are finally put into production based on the quantity of orders received.

Goldrooster Group also provides regular internal and external trainings to its designers to further develop their designing skills and keep up with the latest fashion trends and developments in the sports fashion industry.

Goldrooster Group coordinates the activities of its product design team and its production team closely to render its design and production process as efficient as possible. According to its own assessment, Goldrooster Group has the technological capability to rapidly respond to market developments and consumer preferences. The design and production process for new product concepts normally takes three months to complete. When necessary, however, Goldrooster Group is able to manufacture new products in as few as 45 days.

Goldrooster Group's total expenditures for design and development, which mainly include compensation for design, research and development personnel, product testing fees and fees incurred during the design and production of product prototypes, amounted to RMB 6,222,042 (approximately EUR 654,564) in the financial year 2009, RMB 6,588,127 (approximately EUR 734,055) in the financial year 2010 and RMB 7,265,186 (approximately EUR 808,318) in the financial year 2011, representing approximately 1.11%, 0.92% and 0.78% of its total sales revenue for these periods. The decline of the overall percentage of design and development expenses in total sales revenue during the financial years 2009, 2010 and 2011 was an aftermath of the rapid increase in Goldrooster Group's sales revenue during the same period. Goldrooster Group expects an increase of such expenditures to approximately RMB 12.4 million (approximately EUR 1.5 million) in the financial year 2014.

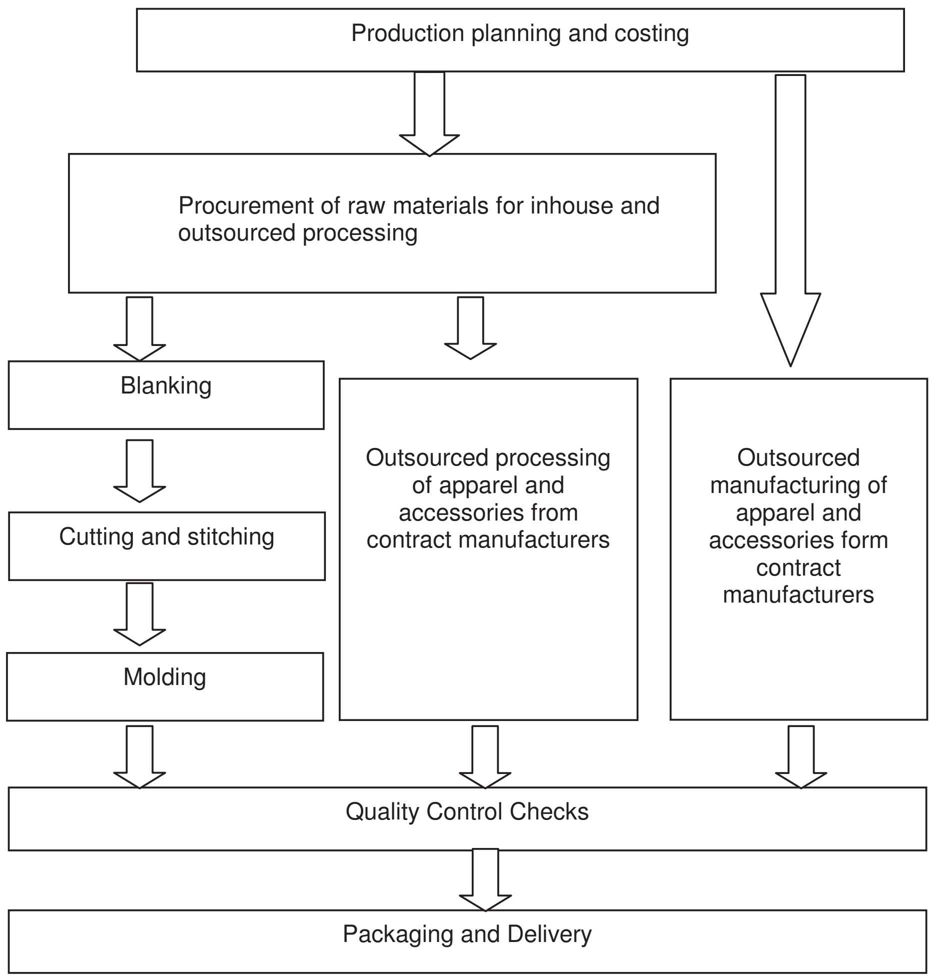
Goldrooster Group strives to cater to the varying tastes and preferences of consumers in different regions within China, all the while maintaining a unified image of its brand. Going forward, Goldrooster Group plans to further expand its product lines and series and diversify its product designs to meet varied market demands.

Production

Goldrooster Group utilises both self-production and outsourcing for the production of its products. Goldrooster Group manufactures all of its footwear products inhouse while outsourcing the production of all of its apparel and accessories products to independent third party contract manufacturers.

Production Process

The following diagram sets out the typical production process of Goldrooster Group:



Production Facilities

The production of Goldrooster Group's footwear is conducted by its operating subsidiary in the PRC, Jinjiang Goldrooster. Jinjiang Goldrooster is currently leasing two production sites located at Handai Village, Chendai Town, Jinjiang, Fujian province. One of the said production sites is leased from Morike with a floor area of 7,075.68 sq.m. and a lease term of one year which will expire on 31 December 2012. The lease agreement between Jinjiang Goldrooster and Morike has been renewed annually since 2006. The other production site is leased from Jinjiang Qieni Shoes &

Garments Co., Ltd., with a floor area of 400 sq.m. and a term of five years which is to end on 31 August 2016.

Jinjiang Goldrooster's current production sites are equipped with three [1] production lines for footwear with an aggregate annual production capacity of 3 million[2] pairs. For the financial years 2009, 2010 and 2011, the actual outputs of Goldrooster Group's footwear were 2,099,394 [3], 2,334,032[4] and 2,779,672[5] pairs, respectively, and accounted for 70%[6], 77.8%[7] and 92.7%[8] of Goldrooster Group's production capacity for the same period.

Plant and Equipment

Jinjiang Goldrooster owns plant and equipment comprising technical assets and machinery used in the manufacturing process. As at 31 December 2011, these assets amounted to approximately TEUR 473. These assets are properly insured and not encumbered by mortgages or pledges, and they are currently not subject to any material environmental disputes that may impede Goldrooster Group's utilisation of these tangible fixed assets.

Expansion of Production Capacity

In order to meet the growing demand for its products, reduce its reliance on contract manufacturers and improve its gross profits, Goldrooster Group plans to install one new footwear production line and one new apparel production line in its planned new manufacturing facility located in Jinjiang, Fujian province, by the end of 2012.

According to the current construction plans, the new manufacturing facility will be installed in a leased factory premise in Jinjiang with an aggregate floor area of around 15,000 sq.m. The estimated capital investment is RMB 25 million (approximately EUR 3 million). It is estimated that the new footwear and apparel production lines will add a production capacity of 1 million[9] pairs of shoes and 1 million[10] pieces of apparel, respectively.

Production Outsourcing

In order to be able to concentrate its management resources on its core business and brand building, Goldrooster Group outsources to external contract manufacturers the production of all of its apparel and accessories products.

Goldrooster Group currently engages eleven contract manufacturers, six of which are ODMs and five are Original Equipment Manufacturers ("**OEMs**"). Goldrooster Group has established long-term and stable business relationships with all of its contractors for more than three years. For the financial years 2009, 2010 and 2011, the procurement costs of outsourced products accounted for 44.7%, 47.5% and 49.9% of Goldrooster Group's total cost of sales for the same periods, respectively. Purchases from the top five contract manufacturers accounted for 46.3%, 48.2% and 52.1%, respectively, of the total purchase of outsourced products for the same periods. Purchases from the largest contractor accounted for 12%, 14.1% and 15.9%, respectively, of the total purchases of outsourced products for the same periods.

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[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.
[6] Unaudited figure.
[7] Unaudited figure.
[8] Unaudited figure.
[9] Unaudited figure.
[10] Unaudited figure.

Goldrooster Group does not enter into long-term purchase contracts with its contract manufacturers. Instead, it signs separate purchase agreements with its contract manufacturers for each order. Under these purchase contracts, the contract manufacturers are required to keep the proprietary designs and technical parameters of Goldrooster Group confidential.

Goldrooster Group's purchase agreements with its contract manufacturers generally include the following terms and conditions:

- The pre-production samples together with the samples of raw materials and manufacturing process sheets must be approved by Jinjiang Goldrooster before mass-production.
- The contract manufacturers are responsible for the packaging and delivery of the finished products.
- Transportation costs shall be borne by the contract manufacturers.
- The contract manufacturers are not allowed to outsource their production for Jinjiang Goldrooster to third party manufacturers without prior consent of Jinjiang Goldrooster.
- Goldrooster Group performs selective inspections of the ordered products according to the previously agreed specifications as well as to national industrial standards. In case the product quality does not meet the requirements, Jinjiang Goldrooster is entitled to reject the defective products and require liquidated damages.
- 60% of the purchase price is payable within 30 days after delivery, and the balance is payable within 60 days after delivery.
- After delivery and within the period of quality guarantee, Jinjiang Goldrooster is entitled to return the defective products or claim for liquidated damages.
- The contract manufacturers are obliged to keep the designs and specifications of Jinjiang Goldrooster's products confidential and are responsible for any unauthorised use of the trade name of Jinjiang Goldrooster and Goldrooster Group's brand.

Goldrooster Group selects its contract manufacturers carefully, and requires each of them to satisfy certain pre-conceived criteria. Goldrooster Group evaluates the contract manufacturers' ability to produce high-quality products according to its specifications and contracted volumes, level of management, reputation and experience, among other factors, in determining whether to engage or continue to use their services. Before engaging a contract manufacturer, Goldrooster Group will perform a preliminary assessment of the contractor's qualifications and, if the contractor meets the Company's criteria, conduct an on-site evaluation. A summary of the on-site evaluation will be submitted to the senior management for consideration. If the senior management is satisfied with such contractor, there will be a second on-site evaluation involving senior management members before final selection. During the on-site evaluation process, Goldrooster Group also conducts an assessment to evaluate whether the contract manufacturer's operations are in compliance with relevant national laws and regulations.

With the growing demands for its products, Goldrooster Group expects production outsourcing to continue to increase in the future. Goldrooster Group also intends to engage a greater number of third-party contract manufacturers to maintain the flexibility of its overall production capacity when responding to increased consumer demand.

Suppliers

The raw materials used in the production of Goldrooster Group's footwear primarily consist of fabric and pre-manufactured rubber shoe soles. Goldrooster Group procures all of its raw materials in bulk from domestic suppliers based on the orders it receives from its distributors.

Goldrooster Group places strong emphasis on the quality of raw materials it procures from its suppliers and implements stringent internal criteria for selecting qualified suppliers. The main factors that Goldrooster Group will take into account when choosing qualified suppliers are product quality, production costs, volume supply capacity, speed of delivery, management level, experience and reputation.

Goldrooster Group also outsources the production of all of its apparel and accessories to third party contract manufacturers. For the outsourced products purchased from contract manufacturers, Goldrooster Group maintains a quality control mechanism throughout their production process. Some of the contract manufacturers of Goldrooster Group procure raw materials on their own, however, Goldrooster Group also supplies raw materials to some of its contract manufacturers merely for processing. Goldrooster Group's contract manufacturers are responsible for the transportation costs incurred for delivering finished products to warehouses designated by Goldrooster Group.

Goldrooster Group assesses the performance of its suppliers and contract manufacturers on a bi-annual basis, and categorises and manages them in different groups based on the results of the performance appraisal.

Goldrooster Group maintains long-term relationships with its suppliers and has cooperated with most of its suppliers for three years or longer.

The top five suppliers (including contract manufacturers) of Goldrooster Group for the period from 1 January 2009 to 31 December 2011 are set out in the following table:

Number	Name of suppliers	Financial Year 2009		Financial Year 2010		Financial Year 2011	
		Purchase RMB/(TEUR)	%	Purchase RMB/(TEUR)	%	Purchase RMB/(TEUR)	%
1	Supplier A	43,529,770 (4,579)	12.0	64,801,310 (7,220)	14.1	73,737,664 (8,204)	12.3
2	Supplier B	39,446,245 (4,150)	10.9	56,599,554 (6,306)	12.3	94,937,271 (10,563)	15.9
3	Supplier C	38,027,523 (4,001)	10.5	41,325,527 (4,605)	9.0	74,149,729 (8,250)	12.4
4	Supplier D	26,931,725 (2,833)	7.4	33,049,644 (3,682)	7.2	32,769,966 (3,646)	5.5
5	Supplier E	20,205,831 (2,126)	5.6	26,429,334 (2,945)	5.7	36,195,189 (4,027)	6.0
	Sub-total for top five suppliers	168,141,094 (17,689)	46.3	222,205,369 (24,758)	48.2	311,789,819 (34,689)	52.1
	Total purchase for each financial year	362,782,210 (38,165)	100.0	461,031,363 (51,368)	100.0	598,766,842 (66,618)	100.0

Despite the historic focus of Goldrooster Group on its five largest suppliers, all of which are contract manufacturers, the Company believes that it is not dependent on any individual suppliers for procurement.

Goldrooster Group generally enters into purchase orders with its suppliers of raw materials on an order-by-order basis.

The main terms of Goldrooster Group's contracts with its raw material suppliers generally include the following.

- Delivery: Suppliers are responsible for the transportation costs incurred for delivering raw materials to an agreed location.
- Payment: Payment is generally remitted via telegraphic transfer.
- Credit: The credit terms for the purchases are generally 45 days.

Sales and Distribution

Sales Model

Goldrooster Group's products are sold to end-consumers through a network of retail outlets operated by its distributors and their authorised retailers. All sales of Goldrooster Group are made on a wholesale basis to its distributors. The distributors then sell Goldrooster Group's products in their own Goldrooster retail outlets or on a wholesale basis to authorised retailers who then sell Goldrooster Group's products at Goldrooster retail outlets operated by them. The Company believes that the sales model it adopts has enabled it to best utilise its management and production resources and has greatly contributed to its rapid expansion.

Trade fairs and ordering process

Goldrooster Group launches its new products at trade fairs in China, which are conducted twice a year for the spring/summer and autumn/winter seasons. Goldrooster Group invites its distributors and their authorised retailers to attend these trade fairs to review and order the new products introduced for the upcoming seasons. The main steps of Goldrooster Group's ordering process can be summarised as follows:

- Product design, evaluation and modification: Prior to the trade fair, Goldrooster Group invites all of its distributors and representatives from its retail outlets to a product evaluation meeting to comment on and evaluate each of the proposed new designs and sample products. Goldrooster Group's product design and development team then selects and modifies the proposed products based on the comments received at the product evaluation meeting.

- Pricing and pre-fair order estimates: Goldrooster Group's design, production and marketing teams work closely together in determining the suggested retail price for each of the products. Once the prices are determined, Goldrooster Group communicates with each of its distributors and discusses their order estimates for each product with them.

- Trade fairs and ordering: During the trade fairs, Goldrooster Group presents the finalised sample products to its distributors and their authorised retailers. Its distributors then collect orders from their respective authorised retailers and then place these orders to Goldrooster Group together with their own orders. All sales made to the distributors of Goldrooster Group at the trade fairs are final. Goldrooster Group does not permit its distributors to cancel or reduce their orders after they have been placed and confirmed by Goldrooster Group.

- Production: Goldrooster Group formulates production plans for the upcoming season based on sales orders it receives at and following the trade fairs.

Distribution Network

Goldrooster Group has an extensive, established and nationwide distribution network reaching eighteen provinces, autonomous regions and municipalities and over 170[1] cities in China (as at 31 December 2011). As at 31 December 2011, Goldrooster Group sold all of its products to retail customers through 1,344[2] Goldrooster retail outlets, which exclusively sell its merchandise and are operated by its 30[3] distributors along with their authorised retailers. Goldrooster Group breaks

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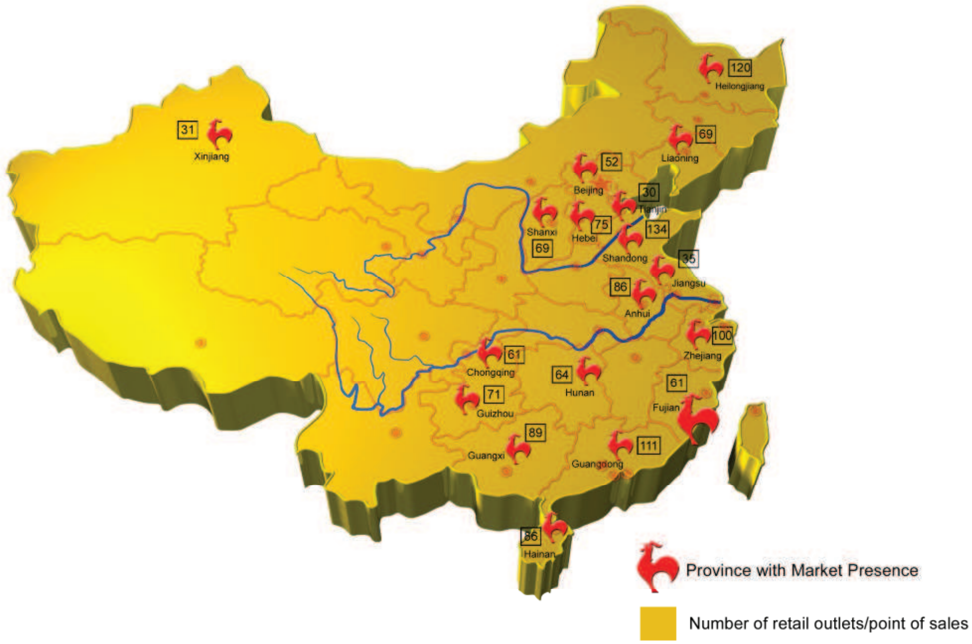
[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.

down its distribution network into six geographic regions and assigns dedicated sales personnel to each sales region in charge of developing region-based strategies, and to oversee and provide training and support to regional distributors and their authorised retailers.

The following map illustrates the market allocation and sales coverage of Goldrooster Group's distribution network as at 31 December 2011:



Source: The Company

The table following sets out the breakdown of the number of distributors and retail outlets as well as the sales revenue for the financial years 2009, 2010 and 2011 by geographic regions:

Domestic regions	**Number of distributors (as at 31 December 2011)**	**Number of retail outlets (as at 31 December 2011)**	Financial year 2009 RMB/(TEUR)	Financial year 2010 RMB/(TEUR)	Financial year 2011 RMB/(TEUR)
North Eastern China	3	189	81,874,232 (8,613)	102,047,784 (11,370)	129,691,344 (14,429)
South Central China	8	351	150,222,014 (15,803)	188,657,507 (21,020)	254,686,526 (28,336)
Northern China	6	226	97,357,330 (10,242)	128,424,801 (14,309)	158,144,300 (17,595)
Eastern China	10	416	159,076,080 (16,736)	211,387,847 (23,554)	282,573,769 (31,439)
North Western China	1	31	14,147,887 (1,488)	17,540,487 (1,954)	19,877,613 (2,212)
Southern Western China	2	131	57,092,096 (6,006)	70,823,766 (7,891)	90,099,368 (10,024)

Total	30[1]	1,344[2]	559,769,639 (58,888)	718,882,192 (80,098)	935,072,920 (104,035)

Note: North Eastern China includes Heilongjiang and Liaoning; South Central China includes Hainan, Guangdong, Guangxi and Hunan; Northern China includes Shanxi, Hebei, Beijing and Tianjin; Eastern China includes Shandong, Zhejiang, Fujian, Anhui and Jiangsu; North Western China includes Xinjiang; South Western China includes Guizhou and Chongqing.

Distributors

Goldrooster Group's distributors, all independent third parties, are responsible for the distribution of Goldrooster Group's products and the management of the network of its retail outlets. Goldrooster Group's distributors sell Goldrooster Group's products at wholesale to their authorised retailers or at retail level to end-consumers in their Goldrooster retail outlets. All distributors of Goldrooster Group operate Goldrooster Group's brand exclusively. Apart from coordinating the distribution of Goldrooster Group's products, distributors are responsible for ensuring that the Goldrooster outlets operated by their authorised retailers are in compliance with Goldrooster Group's retail policies. All distributors of Goldrooster Group are required to limit their operations within the exclusive geographic areas assigned to them pursuant to annual distributorship agreements.

As the distributors represent Goldrooster Group and its brand in their assigned regions, Goldrooster Group is very prudent in selecting its exclusive distributors. Before engaging a distributor, Goldrooster Group usually assesses the sales channels, capital resources, integrity and reputation, previous experience, commitment to Goldrooster Group's brand, marketing and management skills and business network of a distributor.

As at 31 December 2011, Goldrooster Group maintained a distribution network containing 30[3] exclusive distributors. Goldrooster Group maintains long and stable relationships with these distributors. Goldrooster Group has been cooperating with most of its distributors for more than three years. The number of exclusive distributors of Goldrooster Group remained stable during the financial years ended 2009, 2010 and 2011, and increased steadily from 28[4] in 2009 to 30[5] until 31 December 2011.

The top five distributors of Goldrooster Group for the period from 1 January 2009 to 31 December 2011 are set out in the table following:

Ranking	Name of customers	Financial Year 2009		Financial Year 2010		Financial Year 2011	
		Sales RMB/(TEUR)	%	Sales RMB/(TEUR)	%	Sales RMB/(TEUR)	%
1	Customer A	55,863,125 (5,877)	10.0	69,110,649 (7,700)	9.6	80,267,847 (8,931)	8.6
2	Customer B	45,240,384 (4,759)	8.1	57,639,885 (6,422)	8.0	68,638,975 (7,637)	7.3
3	Customer C	39,553,691 (4,161)	7.1	50,154,622 (5,588)	7.0	60,797,262 (6,764)	6.5
4	Customer D	36,150,508 (3,803)	6.5	44,504,283 (4,959)	6.2	51,559,581 (5,736)	5.5
5	Customer E	29,172,818 (3,069)	5.2	36,566,053 (4,074)	5.1	48,523,686 (5,399)	5.2

[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.
[4] Unaudited figure.
[5] Unaudited figure.

	Sub-total for top five customers	205,980,526 (21,669)	36.8	257,975,492 (28,743)	35.9	309,787,351 (34,467)	33.1
	Total sales for each financial year	559,769,639 (58,888)	100.0	718,882,193 (80,098)	100.0	935,072,920 (104,035)	100.0

Goldrooster Group has entered into distributorship agreements with all of its distributors with a general validity term of one year. The general terms and conditions of the distributorship agreements are summarised below:

- Duration and renewal: the distributorship agreements usually have a term of one year and may be renewed by mutual agreement of the parties.

- Territory: Each of the distributors is granted an exclusive right to sell Goldrooster Group's products at wholesale and retail. Distributors are prohibited from selling Goldrooster Group's products outside their designated territory without prior written consent of Goldrooster Group.

- Use of trademarks: The distributors are prohibited from using Goldrooster Group's brand beyond the authorised scope without prior consent of Goldrooster Group.

- Outlets operation: Before opening new Goldrooster retail outlets, distributors must obtain prior written consent from Goldrooster Group, and Goldrooster retail outlets are only allowed to sell Goldrooster Group's products exclusively purchased from Goldrooster Group.

- Pricing policies: Goldrooster Group sells its products to each distributor on a wholesale discount over the suggested retail price of the products.

- Reporting of sales statistics: It is an optional requirement for distributors to submit their monthly sales statistics, including purchase amount, sales amount and inventory level to Goldrooster Group.

- Logistics: Goldrooster Group is responsible for the transportation of its products to places designated by the distributors, and the transportation costs shall be borne by the distributors.

- Product exchange and return policy: Distributors are allowed to return or replace Goldrooster Group's products with quality defects but have to bear their own transportation costs.

- Sales support: Goldrooster Group provides sales support to its distributors by providing them with strategic guidance on retail network building and sales operations as well as specialised trainings on product knowledge, product display, brand image, sales techniques, customer service, promotional tactics, etc.

- Undertakings: Goldrooster Group's distributors undertake to comply with its sales and pricing policies and adhere to Goldrooster Group's standard and quality policies. The distributors also undertake the responsibility to manage the sales network within their designated territory and to ensure the retail outlets within their designated territory are operated in compliance with Goldrooster Group's policies.

- Image management: Goldrooster Group requires all of its Goldrooster retail outlets to adopt uniform external and internal designs and promotional materials, and to follow consistent policies for product display, customer service and staff dressing.

- Advertisement: Goldrooster Group is responsible for advertising and promotional activities at the national level or in key regions, and will provide support and subsidies to its distributors for their regional advertising and promotional initiatives approved by Goldrooster Group.

- Termination: The distributorship agreement can be terminated upon expiry of its term or by mutual agreement of both parties. In case any party breaches the agreement, the non-breaching party is entitled to terminate the agreement and claim damages from the breaching party.

Pricing policy

Goldrooster Group sells its products to its distributors at wholesale prices, which are determined by discounting the suggested retail prices of its products. The same discounts are applied to all distributors. The distributors then re-sell Goldrooster Group's products to their authorised retailers at certain discounts agreed between them and their authorised retailers within the price range set by Goldrooster Group. Goldrooster Group's distributors and their authorised retailers sell Goldrooster Group's products to retail customers at the Goldrooster retail outlets with reference to the suggested retail price.

The recommended retail prices of Goldrooster Group's products are set mainly based on production costs, projected profit margin, historical prices of Goldrooster Group's products and prices of competing products. Subject to Goldrooster Group's approval, the distributors and their authorised retailers may, after taking into account local market conditions, offer retail customers a discount to the suggested retail price, so as to prevent the accumulation of inventory by distributors and their authorised retailers, which may adversely affect the volume of their orders of Goldrooster Group's products for upcoming seasons. The distributors of Goldrooster Group are contractually bound by the distributorship agreements to follow Goldrooster Group's pricing policy. In addition, Goldrooster Group's distributors are responsible for enforcing the adherence to Goldrooster Group's pricing policy by their respective authorised retailers. Goldrooster Group also conducts regular on-site monitoring and random inspections of its distributors and Goldrooster retail outlets to ensure compliance with its pricing policies.

Payment, credit policy and return policy

Although there are no specific clauses relating to payment terms in all of the distributorship agreements effective as at the date of this Prospectus, in general, Goldrooster Group has a mutual understanding with its distributors that outstanding trade receivables shall be settled within 45 days. Payments by distributors are generally made by telegraphic transfer. Goldrooster Group performs ongoing credit evaluations of its distributors' financial conditions and generally requires no prepayment, deposit or collateral from them to secure their payment obligations. Goldrooster Group requires its distributors to comply with its credit policies, and its finance and sales departments carry out regular follow-ups and settling of outstanding balances. Goldrooster Group monitors its receivable balances from each distributor on a monthly basis, and will make appropriate assessments timely in determining the impairment of trade and bill receivables and whether or not to make relevant provisions or write off the debts. For the financial years ended 2009, 2010 and 2011, there were no material write-offs of its trade and bill receivables and Goldrooster Group has not made any provisions for allowance of doubtful debts during the same periods.

According to the distributorship agreements, the distributors of Goldrooster Group cannot return products sold to them except for products with quality defects.

Retail Outlets

Goldrooster Group sells all of its products to retail customers through Goldrooster retail outlets operated by its distributors or their authorised retailers, which only sell Goldrooster Group's products. Goldrooster Group's distributors and their authorised retailers operated a total of 827[1], 1,059[2] and 1,344[3] Goldrooster retail outlets as at 31 December 2009, 2010 and 2011, respectively.

[1] Unaudited figure.
[2] Unaudited figure.
[3] Unaudited figure.

Among these, the number of Goldrooster retail outlets operated in third- and fourth-tier cities increased from 474 as at 31 December 2009 to 748 as at 31 December 2011. The number of Goldrooster retail outlets operated in second-tier cities increased from 268 to 444 during the same period; and the number of Goldrooster retail outlets operated in first-tier cities increased from 85 to 152 during the same period. The increase in number of Goldrooster retail outlets, especially the significant increase as witnessed by second-, third- and fourth-tier cities, in the Company's view, was primarily attributable to the increasing market demand for Goldrooster Group's products along with the increasing market recognition of Goldrooster Group's brand.

The primary forms of Goldrooster retail outlets are stand-alone street shops and concessionary shops in department stores. As at 31 December 2011, Goldrooster Group's retail outlets comprise 1,034 stand-alone street shops and 310 concessionary shops.

Goldrooster Group plans to diversify its retail channels to include flagship stores and online sales. In 2012, Goldrooster Group plans to establish flagship stores in prime locations in China starting with Chengdu, Sichuan province, and Nanjing, Jiangsu province. Flagship stores are intended to showcase the latest products on Goldrooster-inspired floor space, thereby immersing customers in a complete experience of Goldrooster Group's products and brand culture. Goldrooster Group also plans to officially launch its online sales program in the second half of 2012. Goldrooster Group may also add special product collections to its online store, which are not sold in its retail outlets. Goldrooster Group therefore believes that there will be no conflict of interests between its physical retail network and its proposed online sales program.

The Company believes that by broadening its sales and distribution coverage and by diversifying its retail channels, it will be able to more effectively penetrate the growing target consumer market for sports fashion in China and increase its domestic market share.

Proposed Expansion of Goldrooster Group's Distribution Network

Going forward, Goldrooster Group intends to actively expand its sales and distribution network by engaging new distributors and supporting its current distributors in opening more retail outlets and upgrading existing retail outlets.

As at 31 December 2011, Goldrooster Group had 1,344[1] Goldrooster retail outlets, and it aims to increase the number of its Goldrooster retail outlets to over 1,900[2] by the end of 2013, of which 150 new outlets will be opened and operated by Goldrooster Group itself. Goldrooster Group plans to concentrate its efforts to expand its self-operated retail network on Sichuan province and Jiangsu province, and will set up an operating subsidiary in each of these provinces to decentralise its management of self-operated retail outlets in the region.

Goldrooster Group also supports its distributors in their efforts to upgrade the store space and image and expand the product offering at their existing retail outlets, e.g. by providing guidance on refined store designs, renovation construction and opening operation.

While continuing to maintain steady growth in first- and second-tier cities, Goldrooster Group aims to focus on a further penetration of Goldrooster retail outlets in Jiangsu province and Sichuan province and to enhance its presence in third- and fourth-tier cities across the nation.

Management of Sales Channels

In order to effectively manage its distribution network, Goldrooster Group requires its distributors to comply with certain operational guidelines set by it. Goldrooster Group's distributors are required to manage their retail outlets according to the Goldrooster Outlets Operational Manual formulated by Goldrooster Group. Distributors are also required to follow Goldrooster Group's pricing policies and

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[1] Unaudited figure.

[2] Unaudited figure.

to implement the standardised retail outlet design and promotional materials provided by Goldrooster Group. Furthermore, Goldrooster Group collaborates closely with its distributors in developing a structured expansion plan. Goldrooster Group requires distributors to submit their individual expansion plan for its approval and assists them in indentifying suitable locations for new retail stores and in starting up such new retail stores. Although Goldrooster Group does not enter into contracts with authorised retailers directly, its distributors enter into separate agreements with these authorised retailers and require them to comply with Goldrooster Group's operational guidelines.

To the Company's own assessment, Goldrooster Group retains a dedicated and experienced sales and marketing force overseeing the management of its sales and distributors network. In order to ensure that all of its distributors and Goldrooster retail outlets are in compliance with its operational guidelines, Goldrooster Group assigns sales personnel to each sales region in China to conduct on-site monitoring and random inspections of its distributors and Goldrooster retail outlets on a regular basis. In addition to regularly reporting the monitoring and inspection results to Goldrooster Group, Goldrooster Group's sales personnel will also refer any non-compliance with its operational guidelines by authorised retailers to the distributor responsible for managing the relevant authorised reseller.

Goldrooster Group's sales team also provides training and support to its distributors, e.g. guidance on optimising their product mix, training in inventory management, etc. In addition, Goldrooster Group's sales team offers distributors frequent trainings regarding product knowledge, sales service, sales and marketing strategies and company policies, and supports Goldrooster Group's distributors in their marketing initiatives. The Company believes that such support motivates its distributors and improves the operational efficiency of its sales and distribution network.

Each of Goldrooster Group's distributors is subject to a bi-annual review of its operating results, performance of distributorship agreement, sales service, ability to expand sales channels, and compliance with its operational guidelines. Goldrooster Group performs bi-annual reviews of the operating results of its distributors with reference to their sales performance. For distributors with relatively weak sales performance, Goldrooster Group will channel more resources to assist them.

Inventory Control

The inventory of Goldrooster Group primarily includes raw materials, work in progress and finished goods. The Company believes that proper inventory level control is critical to its profitability. Goldrooster Group has little inventory because its production is arranged based on the orders received from its distributors following the trade fairs. Goldrooster Group is therefore able to maintain low levels of raw materials and finished goods while satisfying the demand from its distributors.

To further minimise the risk associated with accumulated inventory, Goldrooster Group implements a policy to regularly review the obsolescence of inventories based on the expected future sales and the age of the inventories. Goldrooster Group also carries out physical stock counts from time to time to identify obsolete or damaged goods and records a specific provision if the estimate of the realisable net value of any inventory is below the corresponding cost of such inventory, as a result of, among other things, such item or items being obsolete or damaged.

Average inventory turnover days for the financial years 2009, 2010 and 2011 were 14 days, 11 days and eight days, respectively.

Goldrooster Group also tracks the inventory levels of its distributors and authorised retailers. Although Goldrooster Group has not implemented a compulsory policy to require all of its distributors to provide inventory reports of their Goldrooster retail outlets and authorised retailers, it collects inventory reports from its distributors on a random basis and assigns dedicated sales personnel to conduct on-site inventory inspections at its distributors' premises and at Goldrooster retail outlets regularly. In addition, Goldrooster Group also takes measures to prevent its distributors or their authorised retailers from accumulating excessive inventories that cannot be sold in a timely manner. Such measures include assessing the market size and the purchase orders of distributors as well as advising on conservative procurement and expansion plans. In particular, Goldrooster Group discourages its distributors and their authorised retailers from adopting aggressive procurement and expansion plans and provides them with advice and guidance on the appropriate expansion targets at every trade fair.

Goldrooster Group encourages its distributors and authorised retailers to clear their end-of-season inventory and allows the retail outlets to conduct special out-of-season sales based on varying local market conditions. The Company believes that this policy prevents the accumulation of inventory by distributors and authorised retailers, which may adversely affect the volume of their orders of Goldrooster Group's products for upcoming seasons.

To effectively track and control the inventory level of its distributors and their authorised retailers, Goldrooster Group plans to implement an ERP System and POS System in all Goldrooster retail outlets starting in 2012.

Quality Control

Product Quality Control

Goldrooster Group is committed to offering quality products to its customers. To achieve this objective, it has developed a quality management system that it believes to be comprehensive and effective. Goldrooster Group has a product-testing department with professional equipment and stringent testing standards for footwear product testing and maintains a quality control department made up of nine employees as at 31 December 2011. Moreover, Goldrooster Group requires all of its suppliers and contract manufacturers to procure testing reports produced by independent product testing institutions on the supplied raw materials and finished goods.

The chart below summarises the main quality control procedures Goldrooster Group has adopted to monitor its internal production processes as well as the quality of its externally sourced raw materials and products.

Step	Internal process	External process
Design and development	• Selection and testing of appropriate raw materials for sample and prototype manufacturing	
Procurement	• Selection of qualified raw material suppliers and contract manufacturers • Inspection of incoming raw materials and finished goods	• Testing of raw materials and finishing goods provided by external suppliers on a sampling basis • Requiring suppliers and contract manufacturers to procure testing reports produced by independent product testing institutions on the supplied raw materials and finished goods
Production	• Sample confirmation before mass production • Line inspections by internal quality control staff	• Inspections carried out at the production site of raw material suppliers and contract manufacturers by quality control staff
Packing and Delivery	• Inspection on finished	

products

- Sample inspection before delivery

Goldrooster Group's quality control activities begin at the design and development stage and are carried out at each stage of the manufacturing process. Goldrooster Group evaluates and analyses the functionality and quality of materials to be used on its products at the design stage. In order to ensure that the raw materials and manufacturing components purchased from its suppliers meet the required quality standards, Goldrooster Group inspects raw materials for defects upon their delivery. Raw materials or components that fail to meet the standards of Goldrooster Group are returned to the suppliers for replacement. Goldrooster Group's quality control staff conducts inspections at each major stage of the manufacturing process. Production components and semi-finished products are examined throughout the manufacturing process at each quality control point to ensure compliance with Goldrooster Group's standards and requirements. Finished products are tested by the quality control staff to assess their functionality and quality before they are packed and delivered.

Goldrooster Group provides finalised designs to its contract manufacturers together with detailed specifications and requirements in respect of raw materials to be used for production. Goldrooster Group's design and quality control teams inspect the product samples produced by the contract manufacturers before the product is put into mass production. Goldrooster Group's contract manufacturers are required to manufacture products consistently conforming to the standards and specifications of the sample products previously approved by Goldrooster Group. Goldrooster Group also sends its quality control personnel to its contract manufacturers to conduct on-site inspections on a regular basis when the products are being manufactured.

Goldrooster Group conducts sample inspections on the finished goods produced by its contract manufacturers before they are packaged and delivered. An additional sample inspection of the finished goods delivered by the contract manufacturers will be conducted before the acceptance of such goods by Goldrooster Group. If any finished product is defective or not in conformity with the agreed specifications and requirements, Goldrooster Group is entitled to return and replace the good pursuant to the distributorship agreement.

Service Quality Control

Goldrooster Group has implemented a stringent quality control system for the sales services provided by its distributors. Distributors of Goldrooster Group are required to comply with certain operational guidelines of Goldrooster Group regarding sales services and are obliged to enforce such policies on their authorised retailers. Goldrooster Group's sales team also conducts on-site monitoring and random inspections of distributors, authorised retailers and the retail outlets operated by them on a regular basis to ensure compliance with its operational guidelines. In order to enhance after-sales service quality, Goldrooster Group has also developed and implemented systems regarding after-sales services and customer complaints and operates a hotline to properly handle complaints from customers.

Intellectual Property

Trademarks

Introduction

As at the date of this Prospectus, Goldrooster Group uses four trademarks for its products, namely two rooster image trademarks (application numbers 5587079 and 5587080), one word trademark “Goldrooster” (application number 4911308), all of which are currently under application, and one registered word trademark “Goldercock” (registration number 6689484).

The above trademarks as well as thirteen other trademarks were previously owned by Jinjiang Morike Shoes & Garments Co., Ltd. (“**Morike**”), which until 27 February 2012 was an affiliate company controlled by Mr. Wenwen Li, the CEO of Goldrooster Group. On 20 June 2011, Morike transferred these seventeen trademarks that have been registered or are currently under application in China to Jinjiang Goldrooster. Jinjiang Goldrooster has initiated the trademark transfer process with the PRC trademark authority in July 2011 but has not yet completed the vetting process, except for the trademark with the application number 5587079, for which the transfer to Jinjiang Goldrooster was completed and registered on 13 March 2012.

The origin of Goldrooster Group’s brand can be traced back to 1984, when the original Goldrooster trademark (registration number 216783) was first registered by an independent third party in the PRC. The original Goldrooster trademark is a word image combination trademark featuring a rooster image and the name “Gold Rooster” in Chinese characters. Morike purchased the original Goldrooster trademark from the independent third party in 2005 and put it into commercial use in 2006. To modernise the original Goldrooster trademark and enhance its trademark portfolio, Morike applied for registration of the word trademark “Goldrooster” (application number 4911308) on 23 September 2005 mainly for footwear products. Morike also designed and developed a streamlined rooster image based on that represented in the original Goldrooster trademark and applied for registration of the two rooster image trademarks (application numbers 5587079 and 5587080). Morike also applied for registration of the word trademark “Goldercock” (registration number 6689484) as a sub-brand on 28 April 2008.

Since 2006, Morike had granted Jinjiang Goldrooster as well as Xiamen Goldrooster Sportswear Co., Ltd. (“**Xiamen Goldrooster**”), and Shanghai Goldrooster Sportswear Co., Ltd. (“**Shanghai Goldrooster**”), two former affiliated companies invested in but not controlled by Mr. Wenwen Li, non-exclusive rights to use its trademarks. However, in the Company’s view, Xiamen Goldrooster and Shanghai Goldrooster failed to market and use the trademarks in a proper and undisputed manner and were sued, together with the brand owner Morike, by Ningbo Le Coq Clothing Co., Ltd., the authorised user of the “Le Coq Sportif” trademarks in China on 24 October 2008 for the alleged infringement of “Le Coq Sportif” trademarks. As a result, Morike withdrew its authorisation to Xiamen Goldrooster and Shanghai Goldrooster for using the trademarks in July 2009. On 12 April 2010, the Zhejiang People’s High Court rendered the final judgment in the trademark dispute, which was in favour of the plaintiff. Pursuant to this judgement, Morike is restrained from using the two rooster image trademarks (application numbers 5587079 and 5587080) on apparel and accessories and for marketing purposes.

Registered Trademarks

As at the date of this Prospectus, Goldrooster Group is the registered proprietor and beneficial owner of seven registered trademarks in various jurisdictions, including the following:

Trademark	Class	Applicant	Registration Country	Registration Number	Term	Goods
GOLDROOSTER	25	Jinjiang Goldrooster	Germany	302011007760	12 May 2011 to 11 May 2021	Clothing, underwear, garment, weeding veil, swimming suit, waterproof clothing, football shoes, hat, socks, gloves, tie, belt

Trademarks under application

As at the date of this Prospectus, Goldrooster Group is the applicant for the registration of three trademarks in the PRC, including the following:

Trademark	Class	Applicant	Place of Application	Application Number	Application Date	Goods
	25	Jinjiang Goldrooster	PRC	8840906	12 November 2010	Clothing, shoes, hats, socks, gloves, necktie, scarf, swimwear, belt, children's wear.

Purchased Trademarks

On 20 June 2011, Goldrooster Group purchased seventeen trademarks from Morike, which have been registered or are under application in the PRC.

Trademarks under Transfer Process

Of the seventeen trademarks Goldrooster Group purchased from Morike on 20 June 2011, which have been registered or are under application in the PRC, the following are still in the transfer process:

Trademark	Class	Status	Application Number	Registration Date/ Application Date	Expiry Date	Goods
金鸡	25	Registered	216783	15 December 2004	14 December 2014	Leather shoes, plastic shoes, gym shoes.
GOLDERCOCK	25	Registered	6689484	07 August 2010	06 August 2020	Clothing, T-shirt, sportswear, sports shoes, layette, swimwear, shoes, hat, hose, climbing shoes.
	25	Under Application *(Note 1)*	5083058	26 December 2005	N. A	Clothing, layette, swimwear, climbing shoes, shoes, hat, sock, gloves, sports shoes, sandal.
	25	Under Application *(Note 1)*	5587080	05 September 2006	N. A	Clothing, layette, waterproof clothing, climbing shoes, shoes, sole, hat, sock, necktie.
GOLDROOSTER	25	Under Application *(Note 2)*	4911308	23 September 2005	N. A	Layette, swimwear, leather belt, shoes.

Note:

1. *The two trademarks (application numbers 5587080 and 5083058) were challenged by Descente Ltd. on 21 October 2009. The challenges to the two trademarks under application were rejected by the Trademark Office on 22 December 2010. However, Descente Ltd. filed appeals with the Trademark Review Committee on 27 January 2011. The appeal procedures are still pending.*

2. *The trademark was challenged by a third party individual, a Mr. Jiandong Ye, on 8 April 2011. The examination procedure is still pending.*

Transferred Trademark

Of the seventeen trademarks Goldrooster Group purchased from Morike on 20 June 2011, the following trademark, which is still under application, has completed the transfer process on 13 March 2012:

Trademark	Class	Status	Application Number	Application Date	Expiry Date	Goods
	18	Under Application (Note 1)	5587079	05 September 2006	N. A	Cane, forage bag (feed bag), umbrella, suitcase, luggage, wallet, schoolbag, handbag, travel bag, leather belt (climbing).

1. *The trademark with the application number 5587079 was challenged by Descente Ltd. on 30 November 2009. The challenge was rejected by the Trademark Office on 22 December 2010. However, Descente Ltd. filed an appeal with the Trademark Review Committee on 27 January 2011. The appeal procedure is still pending.*

Licensed Trademark

In an attempt to build a secondary brand with lower market positioning, Goldrooster Group obtained an authorisation to use a registered trademark featuring a combination of a rooster image and the word "Big Rooster" (registration number 1581492) ("**Big Rooster Trademark**") from an independent and unrelated third party on products of apparel, footwear, socks and caps in 2009. The term of the trademark license was two years ending in June 2011. Goldrooster Group used the Big Rooster Trademark on its apparel, socks and caps for the autumn/winter collection of 2009, 2010, and the spring/summer collections of 2010 and 2011. Since the licensor had no intention to transfer the Big Rooster Trademark, Goldrooster Group decided not to renew the trademark license agreement upon its expiry, and resumed its use of the two rooster image trademarks (application numbers 5587079 and 5587080) starting from the autumn/winter season collection of 2011.

Domain Names

As at the date of this Prospectus, Goldrooster Group was the registrant of the following domain name:

Domain name	Expiry Date
www.goldrooster.cn	9 November 2014
www.goldercock.cn	5 May 2021
www.goldercock.com	27 April 2021
www.goldrooster.de	unlimited

Software Copyrights

Software	Version	The software license agreement Number	After-sale Service Agreement Number	The License fee RMB/(EUR)	After-sale Service Term

Software	Version	The software license agreement Number	After-sale Service Agreement Number	The License fee RMB/(EUR)	After-sale Service Term
Kingdee KIS professional edition	V10.0	XS0000261	CSP00261	21,000 (2,248)	23 August 2010 to 1 September 2011

Employees

Number of Employees

Goldrooster Group had a total of 633, 678 and 693 employees as at 31 December 2009, 2010 and 2011, respectively. The following table sets forth a breakdown of employees by department as at 31 December 2011:

Function	Number. of employees	Percentage of total
Production	510	73.7%
Sales and marketing	32	4.6%
Quality Control	9	1.3%
Research, design and development	102[1]	14.7%
Administration and management	30	4.3%
Finance and Accounting	10	1.4%
Total	**693**	**100%**

As at the date of this Prospectus, there has been no material change in the number of employees.

Training

Goldrooster Group aims to develop its talents internally through training its existing employees. Goldrooster Group provides induction trainings to new recruits as well as regular trainings to all of its employees to improve their technical skills as well as their knowledge of Goldrooster Group's internal standards.

Labour Contracts

Goldrooster Group has concluded written labour contracts with all of its employees in accordance with applicable PRC laws. The labour contracts entered into by Goldrooster Group with its employees are based on a standard contract prepared and issued by the competent local labour authority containing the necessary clauses as stipulated by applicable PRC laws.

Goldrooster Group's employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements.

Remuneration, social security and housing fund

Apart from providing the basic salary, Goldrooster Group is also obliged to contribute to mandatory housing funds and social security schemes, including a basic pension contribution plan, a basic medical insurance plan, an unemployment insurance plan, a work related injury insurance plan and

[1] Unaudited figure.

a maternity insurance plan for its employees as required under the social security related laws and regulations in China.

In the past, Goldrooster Group had not paid its social insurance or housing fund contributions for all of its employees in full. As at 31 December 2011, an amount of approximately RMB 4.99 million (approximately TEUR 596.1) for social insurance contributions and an amount of approximately RMB 2.83 million (approximately TEUR 338.1) for housing fund contributions have been identified as being outstanding. The Company's indirect controlling shareholder, Ms. Shu Hsia Li has agreed to indemnify Jinjiang Goldrooster for all amounts payable in respect of the outstanding payments as well as for all fines and surcharges for overdue payments which are or may become payable by Jinjiang Goldrooster as a result of the non-compliance as above mentioned.

Real Estate

Goldrooster Group has not, in the past, and does not, as at the date of this Prospectus, own any properties. Goldrooster Group is using three leased properties with an aggregate gross floor area of approximately 12,475.68 sq.m. The chart below sets forth the breakdown of each property's details:

Description/Location	**Lessor**	**Gross Floor Area**	**Tenure**	**Annual Rent RMB/(EUR)**	**Use of Property**
Huatingkou, Qiyi Road, Chendai Town, JinJjiang, Fujian Province	Qionglong Ding	5,000 sq.m.	1 June 2011 to 31 May 2012	510,000 (61,878)	Office and storage
Liucuowei, Handai Village, Chendai Town, JinJiang, Fujian Province	Morike	7,075.68 sq.m.	1 January 2012 to 31 December 2012	1,020,000 (123,756)	Factory
Handai Village, Chendai Town, Jinjiang, Fujian Provice	Jinjiang Qieni Shoes & Garments Co., Ltd. ("**Jinjiang Qieni**") *(Note)*	400 sq.m	1 September 2011 to 31 August 2016	30,000 (3,640)	Factory

Note: The leased buildings are erected on collectively-owned land

Insurance

Goldrooster Group has taken out the following insurance relating to its business:

Insurance	**Issuer**	**Term**	**Insured Amount** **RMB/(EUR)**	**Premium** **RMB(EUR)**
Property Basic Insurance	China Continent Property & Casualty Insurance Company Ltd.	4 August 2011 to 3 August 2012	26,285,715 (3,189,240)	30,491.43 (3,700)

Property Comprehensive Insurance	China Continent Property & Casualty Insurance Company Ltd.	22 February 2012 to 21 February 2013	23,717,501 (2,877,640)	32,189.39 (3,910)
Property Comprehensive Insurance	China Continetnt Property & Casualty Insurance Company Ltd.	24 March 2012 to 21 February 2013	400,000 (48,50)	515.74 (63)

Investments

Goldrooster Group has made the following material investments in the financial years 2009, 2010 and 2011:

Currency: RMB/(EUR)

Items	Financial Year 2009	Financial Year 2010	Fiancial Year 2011
Property, Plant and Equipment	108,565 (11,421)	407,600 (45,415)	Nil

As at the date of this Prospectus, there are no ongoing investments of the Company and its subsidiaries, and neither the Company nor its subsidiaries have made any firm commitments on future investments. However, to capitalise on its established distribution model and tap into markets where it has yet to have presence, Goldrooster Group plans to set up self-operated retail stores commencing from 2012. The number of self-operated retail stores that will be opened by Goldrooster Group is dependent on the availability of internal funds as well as the net proceeds from the sale of the Offer Shares.

In addition, to support organic growth from its existing distribution networks and the self-operated retail stores, Goldrooster Group intends to continue to invest in design and development as well as advertising and promotion activities. In terms of product design and development, the Company will continue to seek opportunities to have a strategic cooperation with overseas designers in a bid to secure new innovative ideas in addition to strengthening its existing design and development team. Goldrooster Group will increase its marketing and promotional budget by engaging brand spokespersons and seeking more product sponsorship opportunities in key events.

Awards and Recognitions

Goldrooster Group has received the following awards and recognitions:

Year	**Awards or Recognitions**	**Awarding bodies**
2007	"Excellence Award" for flagship store display	"New World International Cup" jointly sponsored by China Fashion Association and the Fédération Franşaise de la Couture, du prêt-à-porter des couturiers et des créateurs de mode
2009	"Best Learning Enterprise"	Share Far, an organization specialising in training of CEOs and other key executives

Legal Proceedings

Except for the administrative proceedings listed further below in this section, neither the Company nor its subsidiaries are currently, nor have been in the last twelve months, the subject of government interventions or party to legal or arbitration proceedings which might significantly affect Goldrooster Group's financial position or profitability, and no such proceedings are pending nor have been threatened.

Certain trademarks currently under application that have been purchased by Goldrooster Group from Morike are subject to ongoing administrative trademark challenging proceedings:

Image trademark with application number 3805489

This trademark was challenged by the company Descente Ltd. on 20 November 2006. The challenge was rejected by the Trademark Office on 18 May 2011. Descente Ltd. then filed an appeal with the Trademark Review Committee on 14 July 2011. The appeal procedure is still pending.

Image trademarks with application numbers 5587079, 5587080 and 5083058

These three trademarks were challenged by Descente Ltd. on 30 November 2009, 21 October 2009 and 21 October 2009, respectively. The challenges to the three trademarks under application were rejected by the Trademark Office on 22 December 2010. However, Descente Ltd. then filed appeals with the Trademark Review Committee on 27 January 2011. The appeal procedures are still pending.

Word trademark with application number 4911308

This trademark was challenged by a third party on 8 April 2011. The examination procedure is still pending.

Besides the above named proceedings, no entity of Goldrooster Group is currently a party to any state interventions, judicial or arbitration proceedings which have or have recently had a considerable impact on the financial position or earnings of Goldrooster Group.

Material Contracts

Goldrooster Group has in the two years prior to the date of this Prospectus entered into the following agreements that are material to its business:

Lease Agreements

Jinjiang Goldrooster has entered into following lease agreements for its production site, warehouse and offices:

Description/Location	Lessor	Gross Floor Area	Tenure	Annual Rent RMB/(EUR)	Use of Property
Huatingkou, Qiyi Road, Chendai Town, Jinjiang, Fujian Province	Qionglong Ding	5,000 sq.m.	1 June 2011 to 31 May 2012	510,000 (61,878)	Office and storage
Liucuowei, Handai Village, Chendai Town, Jinjiang, Fujian Province	Morike	7,075.68 sq.m.	1 January 2012 to 31 December 2012	1,020,000 (123,756)	Factory
Handai Village, Chendai Town, JinJiang, Fujian Province	Jinjiang Qieni Shoes & Garments Co., Ltd.	400 sq.m.	1 September 2011 to 31 August 2016	30,000 (3,640)	Factory

Trademark Transfer Agreement

On 20 June 2011, Jinjiang Goldrooster entered into a trademark transfer agreement with Morike, under which Morike transferred seventeen trademarks that have been registered or are under application in the PRC to Jinjiang Goldrooster at a consideration of RMB 10,160,800 (approximately EUR 1,130,482). (*Please see the section headed "Business – Intellectual Property – Purchased Trademarks"*)

On 1 November 2010, Jinjiang Goldrooster entered into a trademark transfer agreement with Jiaxing Jinpai Trademark Agent Co., Ltd., under which Jiaxing Jinpai Trademark Agent Co., Ltd., transferred two trademarks (registration numbers 312511, 6177458) to Goldrooster Group for a consideration of RMB 400,000 (approximately EUR 48,532).

On 29 August, 2011 Jinjiang Goldrooster transferred four of its registered trademarks (registration numbers 1796619, 3306833, 3364844 and 4205878) and one trademark that is currently under application (application number 3805489) to Jinjiang Amanle Footwear & Garments Co., Ltd., for a consideration of RMB 5,000 (approximately EUR 607).

Trademark License Agreement

On 8 July 2009, Jinjiang Goldrooster entered into a trademark license agreement with Baoxiniao Group Co., Ltd., an independent third party, under which Baoxiniao Group Co., Ltd., authorised Jinjiang Goldrooster to use a trademark with a combination of a rooster image and the words “Big Rooster” (registration number 1581492) (“**Big Rooster Trademark**”) it had registered in the PRC for products of apparel, footwear, socks and caps. The trademark license agreement was effective during the period from 10 July 2009 to 6 June 2011 with an aggregate license fee of RMB 200,000 (approximately EUR 24,266). Goldrooster Group ceased its use of the Big Rooster Trademark starting from the 2011 autumn/winter collection.

Advertisement Contracts

On 25 December 2009, Jinjiang Goldrooster entered into an agreement with Quanzhou Dayu Advertisement Co., Ltd., under which Quanzhou Dayu Advertisement Co., Ltd., was entrusted to deal with the matters related to the Company’s outdoor advertising for a consideration of RMB 9,150,000 (approximately EUR 1,110,167).

On 24 December 2010, Jinjiang Goldrooster entered into another agreement with Quanzhou Dayu Advertisement Co., Ltd., under which Quanzhou Dayu Advertisement Co., Ltd. was entrusted to deal with the matters related to Goldrooster Group’s outdoor advertising for a consideration of RMB 8,150,000 (approximately EUR 988,838).

On 11 January 2010, Jinjiang Goldrooster entered into an agreement with Quanzhou Duoxiang Cultural Communication Co., Ltd., under which Quanzhou Duoxiang Cultural Communication Co., Ltd., was entrusted to deal with matters related to Goldrooster Group’s outdoor advertising for a consideration of RMB 1, 850,000 (approximately EUR 224,461).

On 9 February 2011, Jinjiang Goldrooster entered into another agreement with Quanzhou Duoxiang Cultural Communication Co., Ltd., under which Quanzhou Duoxiang Cultural Communication Co., Ltd. was entrusted to deal with matters related to Goldrooster Group’s outdoor advertising for a consideration of RMB 3,950,000 (approximately EUR 479,253).

On 16 December 2011, Jinjiang Goldrooster entered into an agreement with Quanzhou Duoxiang Cultural Communication Co., Ltd., under which Quanzhou Duoxiang Cultural Communication Co., Ltd. was entrusted to deal with the matters related to the company’s outdoor advertising for a consideration of RMB 10,300,000 (approximately TEUR 1,230).

On 28 December 2011, Jinjiang Goldrooster entered into an agreement with Quanzhou Dayu Advertisement Co., Ltd., under which Quanzhou Dayu Advertisement Co., Ltd. was entrusted to deal with the matters related to the company’s outdoor advertising for a consideration of RMB 9,900,000 (approximately TEUR 1,183).

Share Contribution Contract

Pursuant to a share contribution agreement (*Einbringungsvertrag*) dated 2 November 2011, Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited contributed all shares in Goldrooster Hong Kong to the Company’s registered capital. Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited subscribed for 100% of the newly issued shares of the Company. Zhuo Wei Investments Limited subscribed for 14,450,000 new shares against the contribution of 2,900,000 shares in Goldrooster Hong Kong, Season Market Limited subscribed for

3,005,000 newly issued shares against the contribution of 601,000 shares in Goldrooster Hong Kong, Xanti Investments Limited subscribed for 1,247,500 newly issued shares against contribution of 249,500 shares in Goldrooster Hong Kong and Fortune United Investment Limited subscribed for 1,247,500 newly issued shares against contribution of 249,500 shares in Goldrooster Hong Kong.

Tort Liability Law

The Tort Liability Law of the PRC ("**PRC Tort Liability Law**") came into force on 1 July 2010. The Tort Liability Law is formulated for the purpose of protecting the legal rights and interests of civil subjects, defining tort liability as well as preventing and sanctioning acts of tort. The "civil rights" are personal and property rights including the right to live, right to death, right of name, right of reputation, right of honour, statutory right, right to privacy, autonomy in marriage, guardianship, ownership, usufruct, real rights granted by way of security, copyright, patent, rights to exclusive use of trademarks, right of discovery, equity interest and right of inheritance. According to the PRC Tort Liability Law, the infringee is entitled to seek tort liability from the tortfeasor and in the event that the property of the tortfeasor is insufficient to pay for his or her tort liability and administrative or criminal liability for the same act, he or she shall first and foremost assume his or her tort liability.

According to the PRC Tort Liability Law, the liability is mainly assumed through the cessation of the infringing act, the elimination of danger, the restitution of property, the restitution of original state, the compensation for loss, formal apology and the elimination of adverse effect and restoration of reputation. Under the PRC Tort Liability Law, employers shall be liable for the damages caused by their employees to others in the course of performing work duties. A manufacturer shall be liable for any damages caused due to its defective products. A manufacturer shall also be liable for any pollution of environment caused, unless it can prove that there is no causality between its acts and the resulted damages, or there is a situation stated by relevant laws and regulation under which the manufacturer is not subject to any legal liability or its liability for environmental pollution can be diminished.

Product Quality

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC ("**PRC Product Quality Law**"), which was promulgated on 22 February 1993 and amended on 8 July 2000.

Pursuant to the PRC Product Quality Law, a seller is obliged:

to adopt a check-for-acceptance system for stock replenishment and to examine the quality certificates and other labels of such stock;

to take measures in keeping products for sale in good quality;

not to sell defective or deteriorated products;

to sell products with labels that comply with the relevant provisions;

not to forge the origin of a product, or to forge or falsely use the name and address of another producer;

not to forge or falsely use product quality marks such as authentication marks; and

not to add impurities or imitations to the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the sale of products.

Pursuant to the PRC Product Quality Law, a producer shall:

be responsible for the quality of products it produces;

not product products that have been ordered to cease production;

not forge the origin of a product, or to forge or falsely use the name and address of another producer;

not forge or falsely use product quality marks such as authentication marks;

not add impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the sale of products;

ensure that marks on the products or the packaging of the products are originals; and

ensure that, for products that may easily break, or are inflammable, explosive, toxic, erosive or radioactive and products that cannot be handled upside down in the process of storage or transportation or for which there are other special requirements, the packaging meets the corresponding requirements, carries warning marks or warnings written in Chinese or draws attention to the method of handling.

Violations of the PRC Product Quality Law may result in the imposition of fines of up to three times of the total value of the products for sale (including sold products and products to be sold). In addition, the seller or producer may be ordered to suspend its operations, and its business license may be revoked. There may also be a criminal liability in serious cases.

According to the PRC Product Quality Law, consumers or third parties who suffer physical injury or property losses due to product defects may demand compensation from the producer as well as the seller. Where the responsibility lies with the producer, the seller shall, after settling compensation, have the right to recover such compensation from the producer, and vice versa.

Consumer Protection

The principal legal provisions for the protection of consumer interests are set forth in the Law of the PRC on the Protection of Consumer Rights and Interests ("**PRC Consumer Protection Law**"), which was promulgated in October 1993 and became effective in January 1994. The PRC Consumer Protection Law sets forth standards of behaviour that business operators must observe in their dealings with consumers, including among others, the following:

goods and services provided to consumers must comply with the PRC Product Quality Law and other relevant laws and regulations, including requirements regarding personal safety and protection of property;

providing consumers with true information and advertising concerning goods and services, and providing true and clear answers to questions raised by consumers concerning the quality and use of goods or services provided by them;

issuing purchase or service vouchers to consumers in accordance with relevant national regulations or business practices;

ensuring the quality, functionality, application and duration of the normal use of the goods or services and ensuring that the actual quality of the goods or services are consistent with those displayed in advertising materials, product descriptions or samples;

properly performing its responsibilities for guaranteed repair, replacement and return or other responsibilities in accordance with national regulations or any agreement with consumers; and

not setting unreasonable or unfair terms for consumers or excluding themselves from civil liability for undermining the legal rights and interests of consumers by means of, among others, preconceived standard contracts, circulars, announcements or shop notices.

Violations of the PRC Consumer Protection Law may result in the imposition of fines of up to five times of the illegally generated income or RMB 10,000 (approximately EUR 1,213) where there is no illegally generated income. In addition, the violating entity may be ordered to suspend its operations, and its business license may be revoked. There may also be criminal liability in serious cases.

According to the PRC Consumer Protection Law, a consumer whose legal rights and interests are infringed during the purchase or use of goods may demand compensation from the seller of such goods. Where the responsibility lies with the manufacturer or another seller that provides the goods to the seller, the seller shall, after settling compensation, have the right to recover such compensation from that manufacturer or that other seller. Consumers or other injured parties who suffer physical injury or property loss due to product defects in certain goods may demand compensation from the manufacturer or the seller. Where the responsibility lies with the manufacturer, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer, and vice versa.

Trademark Law

The PRC Trademark Law was promulgated on 23 August 1982, and was amended on 22 February 1993 for the fist time, and on 27 October 2001 for the second time. The Implementing Rules of the PRC Trademark Law came into force on 15 September 2002. The PRC is a signatory to the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement, according to which an international trademark registration has effect in all the member countries designated by the applicant and is therefore in effect a collection of national registration all bearing the same number.

The Trademark Office is in charge of the registration and administration of trademarks for the entire territory of the PRC. In registering trademarks, the “first-to-file” principle is applied. The Trademark Office will examine a trademark for which a registration application has been submitted based on the PRC Trademark Law and its implementing rules, as well as other relevant PRC regulations. If the application complies with the relevant laws and regulations, the Trademark Office will make a preliminary examination and approval of the trademark and publicly announce the registration application of that trademark.

Any person may file an opposition to a trademark which has gone through preliminary examination within three months from the date when such trademark is announced publicly. If no opposition is filed after the expiry of the public announcement period, the Trademark Office will grant the registration of the trademark.

If an opposition is filed against a trademark which is announced publicly, the Trademark Office will make a ruling after conducting investigation and verification based on the facts and reasons stated by the opponent and the opposed party.

If either the opponent or the opposed party disagrees with the decision made by the Trademark Office, such party has the right to apply to the Trademark Review Committee for a re-examination, and the Trademark Review Committee will make a ruling and notify, in writing, the opponent and the opposed party. If either of the opponent or the opposed party still does not agree with the ruling made by the Trademark Committee, such party may bring a lawsuit in front of a people’s court for settlement.

According to the PRC Trademark Law, the validity period of the exclusive right to use a trademark is ten years, commencing from the registration date as indicated in the trademark registration certificate. The validity period is renewable upon application by the trademark registrant. The protection of the trademark rights starts from the registration date and is limited to the registered trademark and the designated goods and services thereof.

Under the PRC Trademark Law, any of the following acts constitutes an infringement of the right to exclusive use of a registered trademark in China:

Using a trademark which is identical with or similar to the registered trademark on the same kind of commodities or similar commodities without a license from the trademark registrant;

Selling commodities that infringe the exclusive right to use a registered trademark;

Forging, manufacturing without authorisation the marks of a registered trademark of a third party, or selling the marks of the registered trademark forged or manufactured without authorization;

Changing a registered trademark and putting commodities with changed trademark into the market without consent of the trademark registrant; and

Causing other damage to the exclusive right to use a registered trademark of a third party.

If any of the above-mentioned acts occurs, the registrant of the trademark in question or persons who have legal rights which may be harmed by the infringement, have different options for remedy, including

a) To bring a lawsuit before a people's court. Civil redress in case of trademark infringement includes:

injunctions;

requiring the infringing party to take steps to mitigate the damage (i.e. making public notices in newspapers);

compensation for the economic loss and injury to reputation as a result of trademark infringement suffered by the trademark registrant. The amount of compensation is calculated according to either the gains of the infringing party from the infringement of trademark rights, or the losses suffered by the trademark registrant (inclusive of expenses incurred by the trademark registrant to deter such infringement). In case the specific amount of compensation cannot be determined by the aforesaid way, the court may elect to award compensation of not more than RMB 500,000 (approximately EUR 60,665); and

if the case is so serious as to constitute a crime, the trademark registrant may lodge a complaint with the relevant public security organ.

b) To request the local branch of the administration for industry and commerce ("**AIC**") to launch an investigation on the infringement.

If the AIC concludes that an infringement is constituted, it may order the infringing party to immediately stop the infringing activities, and confiscate or destroy all commodities that infringes upon the trademark rights of the trademark registrant, or impose a fine in the sum of up to 3 times of the illegal profits obtained by the infringing party, or an amount no more than RMB 100,000 (approximately EUR 12,133) in the event that the illegal profits can not be determined.

If the trademark registrant or the infringing party is not satisfied with the decision made by the AIC, it may bring a suit before a people's court within 15 days from the date when it receives the notification on the AIC's decision.

Environmental Protection

According to the Environmental Protection Law of the PRC ("**PRC Environmental Protection Law**"), effective as of 26 December 1989,

any entity that discharges pollutants must establish environmental protection rules and adopt effective measures to control or properly treat waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation and other hazards it produces;

any entity that discharges pollutants must report to and register with the relevant environmental protection authorities;

any entity that discharges pollutants in excess of the prescribed national or local standards must pay additional fees therefore in addition to the discharge fee according to the specific regulations issued by the state;

installations for the prevention and control of pollution at a construction project shall be designed, built and commissioned together with the main body of the construction project. No permission shall be given for a construction project to be commissioned or used until its installations for the prevention and control of pollution are examined and determined to be meeting the applicable standards by the competent department of the environmental protection administration that examined and approved the environmental impact statement.

Any entity that fails to comply with the PRC Environmental Protection Law may be subject to various penalties imposed by the relevant environmental protection authorities, depending on the circumstances of each case and the extent of contamination. Penalties may include warnings, fines, imposition of deadlines for remedying the contamination, orders to suspend production or use, orders to re-install contamination prevention and treatment facilities that have been removed without permission or left unused, orders to close down the enterprise, or orders to compensate any parties affected by the contamination. In case of serious violations, the responsible persons may also be subject to criminal liabilities.

Production Safety

According to the PRC Production Safety Law, effective as of 1 November 2002, production entities must meet the requirements on safety production as provided in the PRC Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that fails to meet the aforesaid requirements for safe production may not engage in production and business operation activities. Production entities shall offer education and training programs to its employees dealing with the matter of production safety. The design, manufacture, installation, use, checking, maintenance, reforming and obsolescence of safety equipment shall be in conformity with the applicable national and industrial standards. In addition, any production entity shall provide labour protection facilities and appliances that meet the national and industrial standards to its employees and shall educate them on how to wear or use these facilities and appliance according to the prescribed rules.

Labour and Insurance

Labour Contract Law

The Labour Contract Law of the PRC came into force on 1 January 2008 ("**PRC Labour Contract Law**"). Pursuant to the PRC Labour Contract Law, labour contracts must be concluded if labour relationships are to be established between an employer and an employee. There is no national standard employment contract but some local labour authorities have prepared their own standard contract.

The PRC Labour Contract Law has strengthened the position of employees by requiring written contracts and minimum contents including the term of the contract, the place of work and working hours, the remuneration to be paid and work conditions. The PRC Labour Contract Law imposes severe consequences and sanctions on employers for non-compliance with the conclusion of labour contracts in written form. Consequences can include the doubling of the employee's salary for the relevant period of time in cases where an employer fails to conclude a written labour contract for a period of one month to one year after the actual commencement of work by an employee. If no written contract has been concluded after more than one year, an unfixed-term labour contract is deemed to have been concluded.

The PRC Labour Contract Law also provides that an employer who terminates a labour contract in violation of laws shall continue to perform the contract if the employee demands so. If the employee does not want to continue the employment or if the performance of the labour contract has become impossible, the employer shall pay the employee damages in the amount of twice the severance payment.

An employer can not require an employee to work in excess of statutory time limits and shall pay wages which are no lower than the applicable local standards on minimum wages. The employer shall provide employees with work safety and hygiene conditions meeting State regulations and all applicable provisions of employment protection.

The State Council issued the Implementing Rules of the PRC Labour Contract Law on 18 September 2008 and made further explanations on several important issues of the PRC Labour Contract Law. For instance, the Implementing Rules of the PRC Labour Contract Law stipulate the calculation method of the monthly salary of an employee for the calculation of statutory severance payments.

Social Insurance

The Social Insurance Law of the PRC ("**PRC Social Insurance Law**") was adopted on 28 October 2010 and came into force on 1 July 2011. The PRC Social Insurance Law specifies that employers in the PRC must register for social insurance with the competent authorities and make contributions to basic pension insurance, basic medical insurance, employment injury insurance, unemployment insurance and maternity insurance for their employees. Violation of the PRC Social Insurance Law may result in administrative liabilities, including monetary fines of up to three times the outstanding amounts.

According to the PRC Regulations Regarding the Administration of the Housing Fund, implemented since 3 April 1999 and amended on 24 March 2002, employers in the PRC must register with the housing fund management centre. Employers will then need to open housing fund accounts with specified banks for their employees and contribute to the fund at a rate of not less than 5% of the employee's average monthly salary in the previous year. Violation of this Regulation may result in, among others, the imposition of fines ranging from RMB 10,000 (approximately EUR 1,213) to RMB 50,000 (approximately EUR 6,065) on the employer.

Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC ("**PRC EIT Law**") came into force on 1 January 2008. Under the previous tax regulations, the general enterprise income tax rate for foreign-invested enterprises ("**FIE**") was 33%, of which 30% were national income tax and 3% local income tax. In some special zones, regions and industries, according to the previous income tax regime, the applicable tax rate was as low as 15%. The PRC EIT Law introduced a unified tax rate for both foreign-invested and domestically owned companies. The PRC EIT Law provides that the 15% tax rate in the special zones and regions will gradually be increased to 25% in the five years after its implementation.

Pursuant to the PRC EIT Law dividend payments from FIEs to their foreign shareholders are subject to a 10% withholding tax unless the country in which the foreign shareholder is incorporated has concluded a tax treaty with the PRC that establishes a lower withholding tax rate, and the lower tax rate applicable to the shareholders is subject to the approval of the competent PRC tax authority.

Value-added Tax

The Interim Regulations on Value Added Tax of the PRC ("**PRC Interim VAT Regulations**") was amended on 5 November 2008 and on 28 October 2011 repectively, which came into force on 1 November 2011. Pursuant to the PRC Interim VAT Regulations, enterprises and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of value-added tax ("**VAT**") and shall pay VAT accordingly. VAT taxpayers are divided into general taxpayers and small-scale taxpayers. A small-scale VAT taxpayer is a manufacturer with annual taxable sales of less than RMB 500,000 (approximately EUR 60,665) or a distributor or retailer with annual taxable sales of less than RMB 800,000 (approximately EUR 97,064).

Different tax rates and calculations of tax amounts are applied, respectively. The VAT payable by a general taxpayer equals the balance between the output tax amount and the input tax amount incurred. The VAT rate is normally 17% and a lower rate of 13% is applied to certain categories of goods. Goods and services of a small-scale taxpayer are subject to a lower VAT rate at 6% or 4%. The PRC Interim VAT Regulations reduced the VAT rate for small-scale taxpayers to 3%. However, a small-scale taxpayer cannot deduct the paid input VAT charged on imported or domestically purchased materials from the payable amount of output VAT.

Manufacturing companies may be exempted from VAT when exporting self-produced goods, i.e. the input VAT can be used as credit against output VAT and the negative balance, if any, will be refunded to the Company. Moreover, the exported products determine the VAT refund rates which are frequently changed by the PRC government.

Foreign Exchange Control

The principal regulations governing foreign currency exchange in China are the PRC Foreign Exchange Administration Regulations, promulgated by the State Council, as amended on 5 August 2008, and the PRC Foreign Exchange Regulations. Under the PRC Foreign Exchange Regulations, the Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of the State Administration of Foreign Exchange ("**SAFE**"), is obtained and prior registration with SAFE is made. Violations of the Foreign Exchange Regulations will result in penalties including fines, confiscation of illegal gains and revocation of business license. It may also lead to criminal liabilities.

On 29 August 2008, SAFE promulgated the PRC Notice on Perfecting Practices Concerning Foreign Exchange Settlement Regarding the Capital Contribution by Foreign-invested Enterprises ("**Circular 142**"), regulating the conversion by a foreign-invested company of foreign currency into Renminbi and restricting how the converted Renminbi may be used. Circular 142 requires that the registered capital of a foreign-invested enterprise settled in Renminbi and converted from foreign currencies only be used for purposes within the business scope approved by the applicable government authority and not be used for equity investments in China. In addition, SAFE strengthened its oversight of the flow and use of the registered capital of foreign-invested enterprises settled in Renminbi and converted from foreign currencies. The use of such Renminbi capital may not be changed without SAFE's approval, and may not be used to repay unused Renminbi loans. Violations of Circular 142 will result in penalties, such as a confiscation of illegal gains and additional fines up to the amount of such illegal gains.

Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

On 8 August 2006, six PRC regulatory agencies, including MOFCOM and China Securities and Regulatory Commission (CSRC), jointly promulgated the Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors ("**M&A Provisions**"), which took effect on 8 September 2006 and were amended on 22 June 2009.

The M&A Provisions require that foreign investors who intend to merge with or acquire domestic enterprises must be approved by MOFCOM or its counterparts at the provincial level. Under the M&A Provisions, the term "mergers and acquisitions" refers to both equity acquisitions and asset acquisitions. Under the M&A Provisions, a "domestic company" for the purpose of the M&A Provisions is defined as a PRC company without any foreign shareholding. MOFCOM's or its local counterparts' approval will especially be required in the following cases:

a foreign investor purchases the equity in a domestic company or subscribes to a capital increase of a domestic company; or

a foreign investor sets up a foreign-invested enterprise and uses this enterprise to purchase the assets of a domestic enterprise and to operate such assets; and

a foreign investor agrees to purchase the assets of a domestic enterprise, such assets are then contributed to the registered capital of a foreign-invested enterprise and such foreign-invested enterprise then operates such assets.

The M&A Provisions require that a domestic company, enterprise or natural person obtain approval from MOFCOM before any offshore company duly founded by or controlled by such domestic company, enterprise or natural person makes an acquisition of a domestic company that has an affiliation or relationship with such company, enterprise or natural person.

The M&A Provisions do not provide any further definition of "control" or "relation". As a reference only, in accordance with the PRC Company Law, "controlling shareholder" means a shareholder whose capital contribution to a limited liability company accounts for no less than 50% of the Company's total capital or whose shareholding accounts for no less than 50% of the total share capital of a company limited by shares; or a shareholder whose capital contribution or shareholding, although accounting for less than 50%, is nonetheless, through the voting rights associated with his, her or its capital contribution or his, her or its shareholding, able to materially affect the resolutions of the shareholders' meeting or shareholders' general meeting. “De facto controller” means a person or entity that, although not being a shareholder of the Company, is nonetheless able to control the acts of the Company by through an investment relationship, agreement or other arrangement. “Affiliated relation” means the relationship between the Company's controlling shareholder, de facto controller, director, supervisor or senior officer, on the one hand, and the enterprise he, she or it directly or indirectly controls, on the other hand, as well as other relationships that could result in the transfer of the Company's interests.

Round-Trip Investments and Special Purpose Vehicles

MOFCOM and CSRC Approval

It is provided by the M&A Provisions that when a PRC company sets up a special purpose vehicle, it shall obtain approval from MOFCOM in advance.

Under the M&A Provisions, a “special purpose vehicle” is defined as an offshore company that is controlled directly or indirectly by a domestic company or PRC natural person and one that is formed for the purpose of listing rights and interests in a domestic company (which are owned by the aforementioned domestic company or PRC natural person) on an overseas stock exchange.

A special purpose vehicle shall also obtain the approval of CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC company in exchange for the shares of the special purpose vehicle.

The M&A Provisions do not specifically require a PRC individual to obtain approval from MOFCOM before setting up a special purpose vehicle.

SAFE Registration

Pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Round-trip Investment via Overseas Special Purpose Companies (“**Circular 75**”), “special purpose vehicle” is an offshore company that is established or indirectly controlled by a PRC resident (legal entity and natural person) and one formed for the purpose of financing with equity using those assets or rights and interests in a PRC enterprise which are owned by the aforementioned PRC legal entities or natural persons.

Under the Implementation Procedures for Circular 75, a PRC resident’s holding of any shares in an offshore company (notwithstanding the fact that such holding may not account for a control over such offshore company) shall also be deemed as the “establishment of an offshore company” for the purpose of the definition of a special purpose vehicle under Circular 75.

For the purpose of Circular 75, “round-trip investment” is interpreted as referring to a direct investment made by a PRC resident in the PRC through a special purpose vehicle by way of equity purchase or share swap, through the setting up of a foreign-invested enterprise which then purchases or controls the assets in the PRC by agreement, or through the purchase of the assets in the PRC by agreement which are then contributed to the registered capital of a foreign-invested enterprise or by way of a capital increase in a PRC enterprise.

For the purpose of Circular 75, “PRC resident legal person” is interpreted to mean a duly established legal person or any other economic organisation in China, and “PRC resident natural person” is interpreted as a natural person holding a PRC resident identity card or passport or any natural person who does not legally hold a PRC identity but who has his/her usual domicile in China due to economic relations.

For the purpose of Circular 75, a PRC resident will be deemed to have “control” over a special purpose vehicle or PRC enterprise if the PRC resident acquires the rights to operate, claim a profit from or make decisions for such special purpose vehicle or PRC enterprise by means of acquisition, trust, holding on behalf, voting, call-back or convertible bonds.

Under the Implementation Procedures for Circular 75, "PRC resident natural person" is further categorised as follows:

a natural person having permanent domicile in the PRC but leaves such domicile for the reason of travel, study, medical treatment, work or requirement of overseas government for staying as a resident in a foreign country, and who will come back to his/her permanent domicile when the aforementioned reason no longer exists;

a natural person holding the rights and interests (not arising from any foreign investment) in a PRC enterprise; or

a natural person holding rights and interests (not arising from any foreign investment) in a PRC enterprise which is subsequently converted into a foreign-invested enterprise while such natural person remains the ultimate controller of such rights and interests.

Under Circular 75, PRC residents must register with the relevant SAFE branches for their offshore investment in a special purpose vehicle before material capital or equity changes, e.g. offshore financing, change in equity, round-trip investment, etc., take place.

Non-compliance with Circular 75 may result in restrictions concerning the foreign exchange activities of the respective onshore company, in particular, it may result in the inability of an onshore company to receive foreign capital and remit dividends and other distributions to its offshore parent or affiliate.

SHAREHOLDER STRUCTURE

The following table provides an overview of the shareholding structure and the participation of the shareholders in the share capital of the Company prior to the Offering and upon completion of the Offering assuming the placement of all of the Offer Shares.

Name	Shareholdings before the Offering (percentage and number of shares)	Shareholdings following completion of Offering (without exercise of Greenshoe Option)	Following completion of Offering (with full exercise of Greenshoe Option)
Zhuo Wei Investments Limited *(Note)*	72.50% 14,500,000	58.00 % 14,500,000	58.00 % 14,500,000
Season Market Limited	15.025% 3,005,000	12.02% 3,005,000	10.37% 2,592,500
Xanti Investments Limited	6.2375% 1,247,500	4.99% 1,247,500	4.315% 1,078,750
Fortune United Investment Limited	6.2375% 1,247,500	4.99% 1,247,500	4.315% 1,078,750
Free Float	0% 0	20.00% 5,000,000	23.00% 5,750,000
Total	100.00% 20,000,000	100.00% 25,000,000	100.00% 25,000,000

Note: Zhuo Wei Investments Limited is a company incorporated under the laws of the British Virgin Islands, with the sole shareholder being Ms. Shu Hsia Li

The Company is not aware of any member of the Company's management board and supervisory board who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under German law.

GENERAL INFORMATION ON THE COMPANY

Formation, Business Name, Registered Office, Financial Year and Term of the Company

The Company is a German stock corporation (*Aktiengesellschaft*) operating under German law. The Company was founded as a shelf company by Profi-Start AG with its registered seat in Munich, registered with the commercial register of the local court of Munich under HRB 145164 by means of a notarial deed of incorporation (*Gründungsurkunde*) (Roll of Deeds Number 308/2011 of the notary public, Dr. Georg Westermeier, Munich, Germany), dated 9 February 2011, with a registered shared capital of EUR 50,000. The Company was founded under the company name (*Firma*) "42 Profi-Start Vermögensverwaltungs AG" with its registered business address in Munich, Germany. The formation of the Company became legally effective upon registration in the commercial register (*Handelsregister*) with the local court (*Amtsgericht*) of Munich on 3 June 2011. The Company was registered under registration number HRB 192451. Profi-Start AG subscribed for 100% of the share capital. Upon effectiveness of the Company's formation, Profi-Start AG held 50,000 shares, representing 100% of the share capital. Profi-Start AG transferred all of the shares to Zhuo Wei Investments Ltd. under a share purchase agreement dated 7 June 2011.

On 7 June 2011, a shareholders' general meeting of the Company was held during which resolutions for a change of the Company's name from "42 Profi-Start Vermögensverwaltungs AG" to "Goldrooster AG" and amendments to the Articles of Association were passed. The Company's registered business address was changed from Munich to Berlin by way of a shareholders' resolution passed at the shareholders' general meeting held on 21 September 2011. The Company changed its registered business address (*Sitz*) from Munich to Berlin by means of a notarial deed of the shareholders' general meeting (Roll of Deeds Number A 2780/2011 of the notary public Stefan Aldag, Berlin, Germany) dated 21 September 2011. The change of registered business address became legally effective upon registration in the commercial register with the local court of Berlin-Charlottenburg on 3 November 2011. The Company was registered under registration number HRB 137673.

On 20 October 2011, Ms. Shu Hsia Li transferred 601,000 shares in Goldrooster Hong Kong to Season Market Limited, representing 15.025% of the share capital, 249,500 shares in Goldrooster Hong Kong to Xanti Investments Limited, representing 6.2375% of the share capital, 249,500 shares in Goldrooster Hong Kong to Fortune United Investment Limited, representing 6.2375% of the share capital and 2,900,000 shares in Goldrooster Hong Kong to Zhuo Wei Investments Limited, representing 72.5% of the share capital.

On 12 December 2011 an extraordinary shareholders' general meeting of the Company was held and its registered share capital was increased from EUR 50,000 to EUR 20,000,000 (notarial deed, Roll of Deed Number A 3954/2011 of the notary public Stefan Aldag, Berlin, Germany, dated 12 December 2011). The issuance of the new 19,500,000 no par value ordinary bearer shares with a proportionate value of EUR 1.00 was effected against a contribution in kind under a share contribution agreement (*Einbringungsvertrag*). The shareholders' general meeting has declared its consent to the share contribution agreement according to Section 52 German Stock Corporation Act (*Aktiengesetz*). Pursuant to this share contribution agreement, Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited contributed all shares in Goldrooster Hong Kong to the Company's registered capital. Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited subscribed for 100% of the newly issued shares of the Company. Zhuo Wei Investments Limited subscribed for 14,450,000 new shares against the contribution of 2,900,000 shares in Goldrooster Hong Kong, Season Market Limited subscribed for 3,005,000 newly issued shares against the contribution of 601,000 shares in Goldrooster Hong Kong, Xanti Investments Limited subscribed for 1,247,500 newly issued shares against contribution of 249,500 shares in Goldrooster Hong Kong and Fortune United Investment Limited subscribed for 1,247,500 newly issued shares against contribution of 249,500 shares in Goldrooster Hong Kong. Upon effectiveness of the increase of the Company's registered share capital, Zhuo Wei Investments Limited held 14,500,000 shares, representing 72.5% of the share capital of the Company, Season Market Limited held 3,005,000 shares, representing 15.025% of the share capital of the Company, Xanti Investments Limited held 1,247,500 shares, representing 6.2375% of the share capital of the

Company, and Fortune United Investment Limited held 1,247,500 shares, representing 6.2375% of the share capital of the Company. There have been no changes to the shareholding structure of the Company since.

The company name (*Firma*) of the Company is “Goldrooster AG”. The Company is registered with the commercial register of the local court of Berlin-Charlottenburg under registration number HRB 137673. The Company has its registered business address at c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany (telephone number: +49-(0)30-695 29 234). The Company’s financial year is the calendar year. The financial year of the Company has been changed to the calendar year, effective from 1 January 2013, by the shareholders’ general meeting held on 16 March 2012. Previously, the calendar year was the year ending on 30 April. Therefore, from 1 May 2012 to 31 December 2012 the financial year is a short fiscal year. The Company has been established for an unlimited period of time.

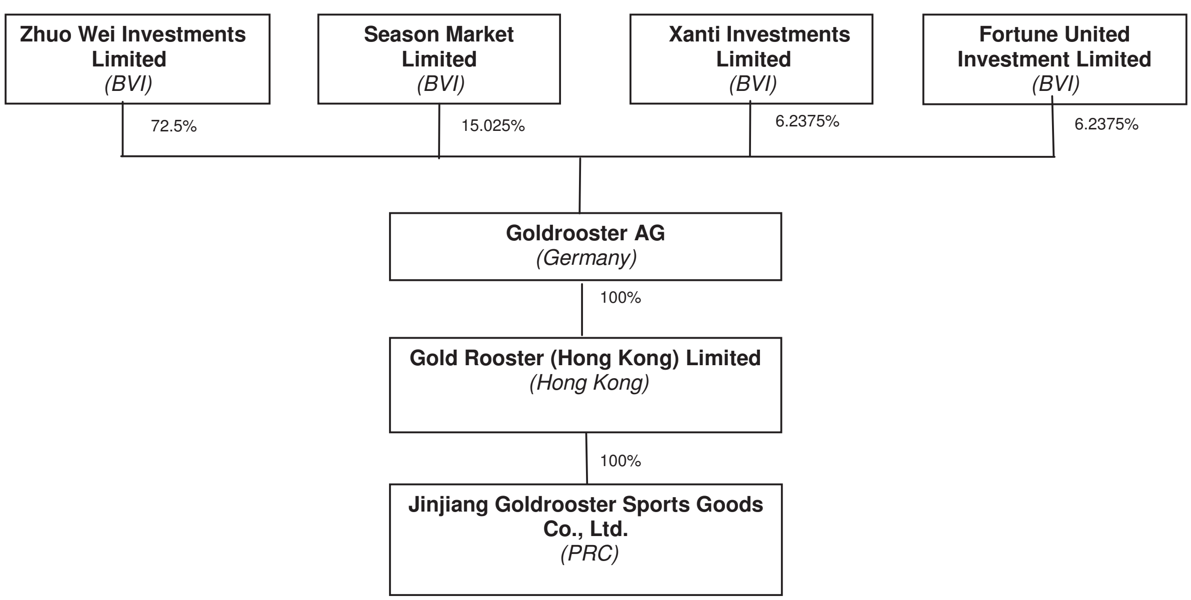
Business Purpose of the Company

The Company engages in business activities outside of Germany. According to Section 2 of the Company’s Articles of Association (*Satzung*) the Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and provides of full rights, powers and privileges for these purposes. The Company’s principal business is to act as a holding company of its Chinese operating subsidiary which produces and distributes sports fashion products, including apparel, shoes and accessories.

Group Structure and Recent Corporate Restructuring of the Goldrooster Group

Goldrooster Group comprises three member companies, i.e. Goldrooster AG (the “**Company**”), a company incorporated under the laws of Germany which acts as the ultimate holding company and holds 100% of the shares in Gold Rooster (Hong Kong) Holding Limited (“**Goldrooster Hong Kong**”), a company incorporated under the laws of Hong Kong which assumes the role of an intermediate holding company and holds 100% of the equity interest in the sole operating company, Jinjiang Goldrooster Sports Goods Co., Ltd. (“**Jinjiang Goldrooster**”), a company incorporated under the laws of the People’s Republic of China and located in Jinjiang, Fujian province, China.

The following diagram provides an overview of the current shareholding structure of Goldrooster Group as at the date of this Prospectus.



Goldrooster Hong Kong

Goldrooster Hong Kong was incorporated under the name "Gold Rooster (Hong Kong) Holding Limited" on 2 November 2010 under the laws of Hong Kong by Ms. Shu Hsia Li and is currently registered with the Registrar of Companies Hong Kong with its registered address at 5/F, Jardine House, 1 Connaught Place, Central, Hong Kong. The initial authorised share capital of Goldrooster Hong Kong was Hong Kong dollars ("**HK$**") 10,000 divided into 10,000 shares of par value of HK$ 1.00 each, and upon its incorporation, 1 share of HK$ 1.00 was allotted and issued to Ms. Shu Hsia Li.

On 24 August 2011, the authorised share capital of Goldrooster Hong Kong was increased to HK$ 5,000,000.00 divided into 5,000,000 shares of par value of HK$ 1.00 each and on the same day, 3,999,999 share of HK$ 1.00 was allotted and issued to Ms. Shu Hsia Li.

Pursuant to three investment agreements Ms. Shu Hsia Li entered into with two strategic investors, namely Mr. Son On Yap and Mr. Hoon Teng Tan on 1 March 2010, for a planned overseas initial public offering, Ms. Shu Hsia Li agreed to set up a Hong Kong intermediate holding company ("**Hong Kong Holding Company**") to acquire the entire equity interest in Jinjiang Goldrooster, and to then transfer 15.025% and 6.2375% shares in the Hong Kong Holding Company to Mr. Son On Yap or any person/entity designated by Mr. Son On Yap, and 6.2375% shares in the Hong Kong Holding Company to Mr. Hoon Teng Tan or any person/entity designated by Mr. Hoon Teng Tan, at the time designated by the strategic investors, against a consideration of RMB 39,527,914 (approximately EUR 4,795,913), RMB 16,409,675 (approximately EUR 1,990,982) and RMB 16,409,675 (approximately EUR 1,990,982), respectively. The consideration for the sale and transfer of shares was determined based on the financial performance of Jinjiang Goldrooster for the financial year 2009.

Upon the requests of the two strategic investors, Ms. Shu Hsia Li transferred 601,000 shares in Goldrooster Hong Kong to Season Market Limited, 249,500 shares in Goldrooster Hong Kong to Xanti Investments Limited and 249,500 shares in Goldrooster Hong Kong to Fortune United Investment Limited on 20 October 2011 at a consideration of RMB 39,527,914 (approximately EUR 4,795,913), RMB 16,409,675 (approximately EUR 1,990,982) and RMB 16,409,675 (approximately EUR 1,990,982), respectively. After the share transfer, the shareholder structure of Goldrooster Hong Kong was composed of Ms. Shu Hsia Li, which then held 72.5%, Season Market Limited, which held 15.025%, Xanti Investments Limited, which held 6.2375% and Fortune United Investment Limited, which held 6.2375%.

On 20 October 2011, Ms. Shu Hsia Li, transferred 2,900,000 shares she held in Goldrooster Hong Kong to Zhuo Wei Investments Limited, a British Virgin Islands ("**BVI**") company established on 13 May 2011 by Mr. Wenwen Li and then acquired by Ms. Shu Hsia Li on 20 September 2011.

Pursuant to a share contribution agreement dated 2 November 2011, Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited contributed all shares they held in Goldrooster Hong Kong to the Company's registered capital in exchange for the new 19,500,000 no par value ordinary bearer shares with a proportionate value of EUR 1.00 of the Company.

Jinjiang Goldrooster

The operational business of Goldrooster Group is solely carried out by Jinjiang Goldrooster which is a direct subsidiary of Goldrooster Hong Kong and was established as a limited liability company under the laws of the PRC.

Jinjiang Goldrooster was established on 14 November 2005 with a registered capital of RMB 1 million (approximately TEUR 121). Founding shareholders were Ms. Huiling Li, spouse of the Company's CEO Mr. Wenwen Li, who held 90% of the equity interest, and Mr. Wensi Lai, an independent third party individual (but acting as nominee shareholder of Jinjiang Goldrooster), who held 10% of the equity interest in Jinjiang Goldrooster:

Jinjiang Goldrooster is currently registered with the Administration of Industry and Commerce of Quanzhou under registration number 350582100028720 and has its registered address at Handaili Industry Zone, Chendai, Jinjiang, Fujian province, PRC.

On 9 December 2010, Ms. Huiling Li transferred the 90% equity interest she held in Jinjiang Goldrooster to Mr. Wenwen Li at a consideration of RMB 900,000 (approximately EUR 109,197) and Mr. Wensi Lai transferred the 5% equity interest he held in Jinjiang Goldrooster to Mr. Wenwen Li at a consideration of RMB 50,000 (approximately EUR 6,066). The consideration was equal to the registered capital of Jinjiang Goldrooster represented by the transferred equity interest. After the share transfer, 95% of the equity interest in Jinjiang Goldrooster was held by Mr. Wenwen Li and 5% by Mr. Wensi Lai.

Effective on 15 July 2011, Mr. Wenwen Li transferred 95% equity interest he held in Jinjiang Goldrooster to Goldrooster Hong Kong at a consideration of RMB 2,770,960 (approximately EUR 336,200) and Mr. Wensi Lai transferred 5% equity interest he held in Jinjiang Goldrooster to Goldrooster Hong Kong at a consideration of RMB 145,840 (approximately EUR 17,695). The consideration for the equity transfer was determined with reference to a valuation conducted by an independent Chinese valuation agency in March 2011. After the share transfer, Jinjiang Goldrooster became the wholly-owned subsidiary of Goldrooster Hong Kong.

Trust Arrangement

Based on a confirmation letter signed by Ms. Huiling Li and Mr. Wensi Lai on 8 April 2011 and a restatement of the trust agreement dated 11 October 2011, the entire equity interest in Jinjiang Goldrooster was held by Ms. Huiling Li and Mr. Wensi Lai on behalf of Ms. Shu Hsia Li, as laid out below:

Duration	Trustee	Equity Ratio
14 November 2005 to 8 December 2010	Ms. Huiling Li	90%
	Mr. Wensi Lai	10%

Based on the confirmation letter signed by Mr. Wenwen Li and Mr. Wensi Lai on 8 April 2011 and a restatement of the trust agreement dated 11 October 2011, the entire equity interest in Jinjiang Goldrooster was held by Mr. Wenwen Li and Mr. Wensi Lai on behalf of Ms. Shu Hsia Li, as laid out below:

Duration	Trustee	Equity Ratio
9 December 2010 to 14 July 2011	Mr. Wenwen Li	95%
	Mr. Wensi Lai	5%

Therefore, Ms. Shu Hsia Li was the sole beneficial owner of Jinjiang Goldrooster during the period from 14 November 2005 to 14 July 2011.

Notices

Pursuant to its Articles of Association (*Satzung*), notices of the Company will be made in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*). Publications required by stock exchange laws and regulations will be made in a national journal designated for such purposes by the Frankfurt Stock Exchange.

Notices related to the approval of the Prospectus or amendments to the Prospectus will be made pursuant to the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and will be published in the form intended for Prospectuses, i.e. on the website of Goldrooster AG with a printed version available at the office of Goldrooster AG.

Paying and Depositary Agent

The paying agent for Germany is VEM Aktienbank AG. The depository agent is Clearstream Banking AG, Neue Börsenstrasse 1, 60485 Frankfurt am Main, Germany.

INFORMATION ON THE SHARE CAPITAL OF GOLDROOSTER AG AND APPLICABLE PROVISIONS

Share Capital

The registered share capital of the Company (*eingetragenes Grundkapital*) amounts to EUR 20,000,000 and is divided into 20,000,000 no par value ordinary bearer shares (*Inhaberstückaktien*). All shares are fully paid in and are of the same class, namely no par value ordinary bearer shares.

Each share in the Company confers upon a shareholder (i) the right to one vote at a meeting of the shareholders, (ii) the right to an equal share in any dividend paid by the Company and (iii) the right to an equal share in the distribution of the surplus assets of the Company upon its liquidation. The shares carry full dividend entitlement for the entire financial year 2012 and all subsequent financial years. In the event that the Company is dissolved, the Company's assets remaining after settlement of its liabilities will be distributed among the shareholders in proportion of their participation.

The management board determines the form of the share certificates as well as the dividend coupons and renewal coupons. Global share certificates may be issued.

The Company's current share capital will be represented by one or several global share certificates without dividend coupons, which will be deposited with Clearstream Banking AG, Neue Börsenstrasse 1, in 60485 Frankfurt am Main, Germany.

Development of the Share Capital

The Company was founded on 9 February 2011 and incorporated by registration in the commercial register of the local court of Munich on 3 June 2011. At that time, the Company's registered share capital amounted to EUR 50,000 and was divided into 50,000 no par value ordinary bearer shares with a proportionate value of EUR 1.00 each. On 12 December 2011, an extraordinary shareholders' meeting was held and the registered share capital was increased from EUR 50,000 to EUR 20,000,000 (notarial deed, Roll of Deed No. A 3954/2011 of the notary public Stefan Aldag, Berlin, Germany, dated 12 December 2011). The issuance of the new 19,950,000 no par value ordinary bearer shares with a proportionate value of EUR 1.00 was effected against a contribution in kind under a share contribution agreement (*Einbringungsvertrag*). The shareholders' general meeting has declared its consent to the share contribution agreement according to Section 52 German Stock Corporation Act (*Aktiengesetz*). Pursuant to this share contribution agreement, Zhuo Wei Investments Limited, Season Market Investment Limited, Xanti Investment Limited and Fortune United Investment Limited contributed all shares in Goldrooster Hong Kong to the Company's registered capital. Zhuo Wei Investments Limited, Season Market Investment Limited, Xanti Investment Limited and Fortune United Investment Limited subscribed for 100% of the newly issued shares of the Company. Upon effectiveness of the increase of the Company's registered share capital, Zhuo Wei Investments Limited held 14,500,000 shares, representing 72.5% of the share capital of the Company, Season Market Investment Limited held 3,005,000 shares, representing 15.025% of the share capital of the Company, Xanti Investment Limited held 1,247,500 shares, representing 6.2375% of the share capital of the Company, and Fortune United Investment Limited held 1,247,500 shares, representing 6.2375% of the share capital of the Company. The registered share capital is fully paid in.

On 26 April 2012, a shareholders' general meeting of the Company was held (notarial deed, Roll of Deed No. A 1741/2012 of the notary public Stefan Aldag, Berlin, Germany) and resolved (i) to authorise the management board to increase the Company's registered share capital, with the consent of the supervisory board, by up to EUR 10,000,000 through the issuance of up to 10,000,000 new non-par value ordinary bearer shares against contributions in cash or in kind and (ii) to amend the Company's Articles of Association accordingly ("**Authorised Capital 2012**"). The authorisation of the management board will become effective upon registration of the amendment of the Articles of Association with the commercial register and will expire on 25 April 2017.

In addition, the shareholders' general meeting held on 26 April 2012 (notarial deed, Roll of Deed No. A 1741/2012 of the notary public Stefan Aldag, Berlin, Germany) resolved (i) to authorise the management board to issue warrant bonds (*Optionsschuldverschreibungen*), convertible bonds (*Wandelschuldverschreibungen*), participating bonds (*Gewinnschuldverschreibungen*) or participation rights conferring subscription or conversion rights (*Genussrechte mit Options- oder Wandlungsrecht*) and (ii) to authorise the management board to increase the Company's registered share capital by up to EUR 10,000,000, to the extent necessary to issue new shares to holders of such warrant bonds, convertible bonds or participation rights after the respective subscription or conversion rights have been exercised and (iii) to amend the Company's Articles of Association accordingly ("**Contingent Share Capital 2012**"). The Contingent Share Capital 2012 will become effective upon registration of the amendment of the Articles of Association with the commercial register and will expire on 25 April 2017.

Authorised Share Capital

Upon registration of the amendment of the Company's Articles of Association with the commercial register, the authorised capital of the Company will amount to EUR 10,000,000. According to Section 4 para. 6 of the Company's Articles of Association in its amended version, the management board will be authorised to increase the share capital of the Company, with the consent of the supervisory board, until 25 April 2017, once or several times, by up to EUR 10,000,000 through the issuance of up to 10,000,000 new non-par value ordinary bearer shares against contributions in cash or in kind (**"Authorised Capital 2012"**).

When making use of the Authorised Capital 2012, the management board will be entitled, in each case with the consent of the supervisory board, to exclude the pre-emption rights of the existing shareholders. However, such exclusion of pre-emption rights will only be admissible in the following cases:

- for fractional amounts;

- if the new shares are issued against contributions in cash at an issue price which is not substantially below the stock exchange price and the exclusion of the pre-emption rights is only applied to new shares that represent not more than 10% of the share capital; for the calculation of the 10% limitation, any other exclusion of the pre-emption-rights according to Section 186, para. 3, sentence 4 German Stock Corporation Act (*Aktiengesetz)* has to be taken into account.

- if the new shares are issued against contributions in kind in connection with a merger or in order to allow for the acquisition of a company, parts of a company or an interest in a company or any other asset (including loan repayment claims and other claims).

The management board decides with the consent of the supervisory board on the rights to and the conditions of issuance of new shares to be generated through the Authorised Capital 2012.

Contingent Share Capital

The shareholders' general meeting held on 26 April 2012 resolved (i) to authorise the management board to issue warrant bonds (*Optionsschuldverschreibungen*), convertible bonds (*Wandelschuldverschreibungen*), participating bonds (*Gewinnschuldverschreibungen*) or participation rights conferring subscription or conversion rights (*Genussrechte mit Options- oder Wandlungsrecht*), (ii) to authorise the management board to increase the Company's registered share capital by up to EUR 10,000,000, to the extent necessary to issue new shares to holders of such warrant bonds, convertible bonds or participation rights after the respective subscription or conversion rights have been exercised, and (iii) to amend the Company's Articles of Association accordingly ("**Contingent Share Capital 2012**").

Upon registration of the amendment of the Company's Articles of Association with the commercial register, the management board will, according to section 4 para. 7 of the Company's Articles of Association in its amended version, be authorised to increase the Company's registered share capital by up to EUR 10,000,000, to the extent necessary to issue new shares to holders of such warrant bonds, convertible bonds or participation rights after the respective subscription or conversion rights have been exercised.

When making use of the authorisation to issue warrant bonds (*Optionsschuldverschreibungen*), convertible bonds (*Wandelschuldverschreibungen*), participating bonds (*Gewinnschuldverschreibungen*) or participation rights conferring subscription or conversion rights (*Genussrechte mit Options- oder Wandlungsrecht*), the management board is entitled, in each case with the consent of the supervisory board, to exclude the pre-emption rights of the existing shareholders. However, such exclusion of pre-emption rights is only admissible in the following cases:

- for fractional amounts;

- for the sale of bonds against contribution in kind, especially, but not limited to acquiring enterprises, shares in enterprises or parts of an enterprise;

- to the extent necessary to grant holders of convertible bonds, profit participation rights with conversion components, or stock options, pre-emptive rights equivalent to the pre-emptive rights that they would have as shareholders after the exercise of the conversion rights or pre-emptive rights.

- for the sale of bonds against contribution in cash, if the bonds are sold at an issue price, which is not substantially below the theoretical market value of the partial debenture. For the calculation of the theoretical market value, an accountant's opinion of an auditing firm or an investment bank has to be obtained. This authorisation only permits the exclusion of pre-emption rights provided newly issued shares do not exceed the amount of 10% of the registered share capital. For such calculation, pre-emption-rights according to Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*) have to be taken into account as well as the amount of the registered share capital represented by own shares of the Company.

The management board decides with the consent of the supervisory board on the rights to and the conditions of issuance of new shares to be generated through the Contingent Share Capital 2012.

Authorisation to Acquire and Sell Own Shares

On 26 April 2012, a shareholders' general meeting of the Company was held. The shareholders' general meeting resolved to authorise the Company, represented by the management board, subject to the consent of the supervisory board and provided it complies with the legal requirements of equal treatment, to acquire until 25 April 2017 its own shares up to a total of 10% of its share capital at the time of the resolution. The shares may be acquired on the stock exchange or by a public offer to all shareholders in one or more tranches and may be used for any purposes permitted by law. The management board will be authorised to redeem the acquired shares without further resolution by the shareholders' general meeting.

General Provisions Relating to the Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings and other reasons as set forth in the German Stock Corporation Act, the Company may be liquidated only upon resolution of the shareholders' general meeting (*Hauptversammlung*) to be adopted with a majority of at least 75% of the share capital represented at the shareholders' general meeting at which such resolution is adopted. In such a case, the assets remaining following fulfilment of all of the Company's liabilities will be distributed among the shareholders according to their respective shares in the share capital and in accordance with the German Stock Corporation Act.

General Provisions Governing Changes in Share Capital

Under the German Stock Corporation Act, the share capital of a German stock corporation may be increased against contributions (*Kapitalerhöhungen gegen Einlagen*) on the basis of a resolution by the shareholders' general meeting passed with a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. Each shareholder generally has pre-emptive rights (*Bezugsrechte*), which may be excluded in certain circumstances (see: "Information on Share Capital of Goldrooster AG and Applicable Provisions – General Provisions Relating to Pre-Emptive Rights (Subscription Rights)").

In addition to the capital increase against contributions, the shareholders may also resolve to create authorised capital (*genehmigtes Kapital*) or contingent capital (*bedingtes Kapital*). In the case of authorised capital, the management board is authorised, upon the approval of the supervisory board to increase the share capital once or several times up to an amount of not more than 50% of the issued share capital at the time the authorisation is granted against contributions in cash by issuing new shares within a period of no more than five years. The shareholders' resolution creating the authorised capital requires a majority of three-quarters of the share capital represented at the time the resolution is adopted. The shareholders' general meeting may also create contingent capital for the purpose of issuing (i) shares to holders of convertible bonds or other securities conferring subscription rights on company shares, (ii) shares that serve as consideration in the event of a merger with another company, or (iii) shares offered to senior managers and employees. The resolution of approval to be adopted by the shareholders' general meeting requires a majority of three-quarters of the share capital represented at the time of the resolution. The nominal amount of the contingent capital may not exceed 50% of the share capital or, if the contingent capital is created for the purpose of issuing shares to senior managers and employees, 10% of the existing share capital at the time the resolution is adopted.

A resolution to decrease the amount of the share capital requires a majority of three-quarters of the share capital represented at the time of the resolution.

General Provisions Relating to Pre-Emptive Rights (Subscription Rights)

The German Stock Corporation Act provides that, in the case of a capital increase, shareholders are entitled by law to subscribe for new shares in accordance with their current equity quota. The same applies to the issuance of convertible bonds, income bonds, profit participation rights or bonds with warrants as well as in respect of the sale of treasury shares. Subscription rights are freely transferable and the Company may determine that the subscription rights may be traded on a German stock exchange during a fixed period prior to the expiry of the subscription period.

The shareholders' general meeting may partially or completely exclude the subscription rights by means of a resolution passed with a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. Unless all shareholders waive this requirement, the management board must present a written report to the shareholders' general meeting justifying the exclusion of the subscription rights. An exclusion of subscription rights is permissible if the Company's interest in excluding the subscription rights outweighs the shareholders' subscription rights. The Stock Corporation Act allows a capital increase without subscription rights if such capital increase is made in return for cash contributions, the amount of the capital increase does not exceed 10% of the existing share capital, and the issue price of the new shares is not substantially below the current stock exchange price.

Squeeze-Out of Minority Shareholders and Integration

In accordance with the provisions of sections 327a et. seq, of the German Stock Corporation Act concerning so-called "squeeze-outs" in corporate law, the shareholders of a German stock corporation may resolve at a shareholders' general meeting at the request of a shareholder holding at least 95% of the share capital (majority shareholder) to transfer the shares of the other minority shareholders to the majority shareholder in return for a reasonable cash indemnity. The amount of the cash indemnity to be granted to the minority shareholders must take into account the Company's relations on the date the shareholders' resolution is adopted. The determining factor for the indemnity amount is the full value of the enterprise, which is normally determined through the discounted cash-flow method.

Furthermore, sections 319 et seq. of the German Stock Corporation Act provide for the so-called "integration" (*Eingliederung*) of German stock corporations. The shareholders of a German stock corporation may resolve in a shareholders' general meeting to integrate another company if at least 95% of the shares of the Company to be integrated are held by the future principal company. The withdrawn shareholders of the integrated company are entitled to a reasonable indemnity, which shall generally be granted in the form of shares in the principal company. The amount of the indemnity is thereby to be determined through the so-called "merger value ratio" between the two companies, i.e., the conversion ratio which in the event of a merger of two companies would be regarded as fair ratio. In contrast to the provisions on the preclusion of minority shareholders, integration is only possible if the future principal company is a stock corporation domiciled in Germany.

Reporting and Notification Requirements in Relation to Share Ownerships

According to Section 20 of the German Stock Corporation Act, a shareholder who holds more than 25% in the shares of a company or to whom more than 25% of the shares are attributed, is required to report the amount of shares held to the Company immediately. The Company must publish such information in the electric version of the German Federal Gazette without undue delay. Pursuant to the German Stock Corporation Act, there are different types of attribution mechanisms for shares to direct or indirect shareholders. For example, shares held by a company being a subsidiary of a third company in the meaning of Section 17 German Stock Corporation Act, will be attributed to the parent company. Equally, shares held by a company holding the shares on behalf of a third company, are attributed to that third company. If a shareholder does not report the amount of shares held to the Company pursuant to Section 20 of the German Stock Corporation Act, such shareholder is legally barred from exercising its rights in the shares (including the voting rights and rights of dividend payment) until such shareholder reports its shareholding to the Company.

CORPORATE BODIES AND MANAGEMENT

General

The corporate bodies of the Company are the management board (*Vorstand*), the supervisory board (*Aufsichtsrat*) and the shareholders' general meeting (*Hauptversammlung*). The powers of these governing bodies are determined by the provisions of the German Stock Corporation Act (*Aktiengesetz*), the Company's Articles of Association (*Satzung*), and the respective by-laws of the management board and the supervisory board (*Geschäftsordnungen für den Vorstand und den Aufsichtsrat*).

The management board conducts the Company's business in accordance with the relevant statutes, the Company's Articles of Association and the management board's by-laws. It represents the Company in dealings with third parties.

The management board is responsible for ensuring that appropriate risk management and risk monitoring systems are in place to provide early warning of any developments that might jeopardise the Company's continuing existence. The management board also has an obligation to report regularly at least on a quarterly basis to the supervisory board on the status of business, in particular any developments affecting revenues, and on the situation of the Company and its subsidiaries. In the last supervisory board meeting of each financial year, the management board must report on business policy and other key issues relating to corporate planning and present the budget for the following financial year, as well as present its mid-term strategy. The management board is also required to report to the supervisory board in a timely manner on any transactions that may be significant with respect to the Company's profitability or liquidity, in order to give the supervisory board the opportunity to express its opinion on such transactions prior to their implementation. The management board must further report any important matters to the chairman of the supervisory board, including any matter involving subsidiaries and/or affiliates that could have a material effect on the Company's position. A member of the management board may not serve as a member of the supervisory board simultaneously.

The supervisory board appoints the members of the management board and is only entitled to dismiss them for good cause. The supervisory board advises the management board on managing the Company and supervises its management activities. Pursuant to the German Stock Corporation Act, the supervisory board may not engage in management activities. However, the Articles of Association or the management board's respective by-laws must stipulate that the management board must obtain the supervisory board's prior approval for certain transactions.

Members of the management board and supervisory board owe a duty of care and loyalty to the Company. In all their actions, members of these governing bodies must consider a wide number of interests, including those of the Company, its shareholders, its employees and its creditors. The management board must also take into consideration the right of shareholders to equal treatment and equal information. Should members of the management or supervisory boards breach these duties, they are jointly and severally liable to the Company for compensation.

Under currently applicable German law, a shareholder has no possibility of taking direct action against members of the management board or the supervisory board if such shareholder deems that they have breached their fiduciary duties and that, as a result, the Company has suffered damages. Under normal circumstances only the Company itself is entitled to claim compensatory damages against members of the management board or the supervisory board. The Company will be represented by the management board in case of claims against members of the supervisory board and by the supervisory board in case of claims against members of the management board. Based on a decision of the German Supreme Court, if there is a likelihood that the Company has a claim against a member of the management board, the supervisory board must pursue this claim unless it is in the Company's interest not to pursue it.

If the respective governing body entitled to represent the Company decides not to pursue a claim, the German Stock Corporation Act requires that claims for compensatory damages of the Company must be enforced against members of governing bodies if the shareholders' general meeting so resolves with a simple majority. Shareholders whose aggregate shareholdings equal or exceed 10% of the share capital or a notional value of the share capital of EUR 2,000,000 may request that a representative be appointed to enforce claims for compensatory damages. Moreover, shareholders whose aggregate shareholdings at the time of the request equal or exceed 1% of the share capital or a notional value of the share capital of EUR 200,000 may request in their own name that a law suit be admitted before the Regional Court (*Landgericht*) at the Company's registered domicile for enforcement of claims for compensation brought by the Company. Among other things, it is a precondition for admission of the action that the shareholders of the Company have unsuccessfully requested to bring an action after having set an appropriate deadline, and that facts exist that justify the suspicion that the Company has incurred damages due to impropriety or gross violation of the law or the Company's Articles of Association. The Company is entitled at any time to enforce its claim for compensatory damages itself. The bringing of an action by the Company makes a pending approval procedure or action by the shareholders inadmissible.

The Company may not waive or settle any such claim until three years have elapsed since the vesting of such claims, and then only if the shareholders' general meeting so resolves by simple majority, provided further that no minority of shareholders, holding in the aggregate 10% or more of the registered share capital, raises a written objection in the minutes of the meeting.

Under German law, neither a shareholder nor any other individual may attempt to influence members of the management or supervisory boards to act in a manner that would harm the Company. Shareholders who have a majority shareholding in the Company may not use their influence to the disadvantage of the Company, unless such disadvantage is compensated. Any person who uses its influence to cause a member of the management or supervisory board, a commercial attorney in fact (*Prokurist*) or any person holding a commercial power of attorney to act in a manner that harms the Company or its shareholders may be obliged to compensate the Company and its shareholders for the resulting damage. In addition, the members of the respective supervisory and management boards may be jointly and severally liable for breach of their duties.

Management Board

General Provisions on the Management Board

The supervisory board determines the size of the management board. The supervisory board may appoint one management board member as chairman or spokesman and another member as deputy chairman or spokesman. Moreover, the supervisory board may appoint further members of the management board.

Members of the management board are appointed by the supervisory board for a maximum term of five years. Reappointment or extension of the term, for a maximum of five years in each case, is permissible upon a resolution of the supervisory board that may be adopted not earlier than one year prior to the expiration of the current term of office. The supervisory board may revoke the appointment of a management board member prior to the expiration of its term for good cause, such as for gross breach of fiduciary duties or if the shareholders' general meeting adopts a no-confidence resolution in relation to the management board member in question.

The supervisory board, or, if the supervisory board has not done so, the management board, with the approval of the supervisory board, may issue by-laws for the management board. For specific types of transactions of the Company or controlled and affiliated companies, in particular transactions that fundamentally change the Company's earnings prospects or its risk exposure, the respective by-laws must specify that such transactions require the prior consent of the supervisory board.

By-laws for the management board and for the supervisory board of the Company were adopted by a resolution of the supervisory board on 31 January 2012. According to the by-laws, certain transactions (e.g. capital expenditure projects above a specific amount, the acquisition and disposal of companies and of real property above a specific amount) require the prior consent of the supervisory board.

According to its Articles of Association, the Company is legally represented by the members of the management board acting jointly or by one member of the management board acting jointly with one commercial attorney in fact (*Prokurist*). If only one person is appointed to the management board, that person is entitled to represent the Company solely. The supervisory board can grant sole power of representation to individual members or to all members of the management board and exempt individual members or all members of the management board from the prohibition against multiple representations (Section 181, second alternative, German Civil Code), Section 112 of the German Stock Corporation Act (*Aktiengesetz*) not being affected. The supervisory board has granted Mr. Wenwen Li sole power of representation and exemption from the restrictions of Section 181, second alternative, of the German Civil Code by means of a resolution dated 7 June 2011. The resolutions of the management board are adopted by a simple majority of its members unless other majorities are prescribed by law, the Company's Articles of Association or the management board's respective by-laws.

The Members of the Company's Management Board

The management board of the Company currently comprises two members. The current members of the Company's management board are Mr. Wenwen Li and Mr. Tiong Yuen Ashley Soh. Messrs. Li and Soh have been appointed by resolutions of the Company's supervisory board of 7 June 2011 for a term of five years.

The following table lays out further information on the members of the Company's management board:

Information about Members of the Management Board:

Name	Age	Appointed on	Term expires on	Responsibility
Wenwen Li	45	7 June 2011	6 June 2016	Chairman/CEO
Tiong Yuen Ashley Soh	37	7 June 2011	6 June 2016	CFO

Mr. Wenwen Li

Mr. Wenwen Li, age 45, is chairman of the management board and CEO of the Company. Mr. Li holds an Executive MBA from the renowned Tsinghua University in Beijing.

Mr Li started his career in the footwear industry as early as 1986, when he worked in a shoe market in Beijing. Having learned how to design, produce and sell shoes successfully and having accumulated substantial savings during his time in Bejing, he founded his own workshop with around twenty workers in his hometown in Fujian province. Demand for sports shoes manufactured by his workshop on an OEM basis soon outpaced capacity and the workshop rapidly developed into a modern factory employing more than 100 workers during the 1990's. In light of the shrinking profit margin in the footwear manufacturing business, Mr Li's secured an exclusive production and marketing contract in China with the international shoe brand Montagut in 2004, thereby diversifying the business model away from pure manufacturing into the realm of distribution. Recognising the importance of volume creation to maximise processing fees, Mr. Li started to build modern standard workshops and assembly lines while at the same time setting up 30 stores in different provinces and regions as outlets for the products manufactured under the agreement with Montagut.

Realising that brand distribution was merely an interim solution to build up a solid cash reserve, Mr. Li decided not to renew his agreement with Montagut in 2005 and instead chose to create the "Goldrooster" brand as a vehicle for his next project. Applying his many years of industry experience and acquired business acumen, Mr. Li decided to add apparel and accessories to the product line so as to minimise risks and increase product diversification. With the thinning profit margins in the sports shoes industry in China and the yet untapped potential of the sales of other sports apparel, sports footwear soon became a secondary product line.

Mr. Li joined Goldrooster Group in 2005 as general manager of Jinjiang Goldrooster. The Company believes that with his strong corporate vision of growth, innovation, sustainability and attracting and retaining outstanding talent, Mr. Li managed to nurture the brand and build up Goldrooster Group into what it is today.

Mr. Tiong Yuen Ashley Soh

Mr. Tiong Yuen Ashley Soh, age 37, is the Company's CFO and a member of its management board. He graduated from Nanyang Technological University of Singapore in 1999 with a bachelor's degree in accounting and then received a master's degree in finance in 2008 from the National University of Ireland. He started his career with Richard Ho and Co. where he worked in the capacity of an audit assistant until September 2000. From October 2000 to November 2003, he worked with KPMG as an auditor. Between January 2004 and June 2008, he worked as the group finance manager of Unza Holding Limited. He then went on to work as accounting manager of New City Asia Fund Management Pte. Ltd. from June 2008 to February 2009. He also worked as senior manager in the finance department of Raffles Medical Group Limited from March to July 2009 and as manager in the corporate finance department of Petra Foods Limited between July 2009 and February 2011. Mr. Soh joined Goldrooster Group in March 2011 as CFO of Jinjiang Goldrooster. He oversees the accounting, financial reporting, management information system and control matters of the Company. He is a non-practicing member of the Institute of Certified Public Accountants of Singapore (ICPAS).

Shareholding and Options

None of the members of the management board holds directly or indirectly shares in the Company or options on shares in the Company.

Conflicts of Interest

The members of the management board do not have conflicts of interests between any of their duties to the Company and their private interests or other duties.

Compensation of Management Board Members

As at the date of this Prospectus, the members of the management board provide their services to the Company without remuneration, and no employment contracts have been concluded between them and the Company. Mr. Wenwen Li received a total compensation of RMB 360,000 (approximately EUR 43,679) for his services to Jinjiang Goldrooster in the financial year 2011.

Based on a service agreement with Goldrooster Hong Kong, Mr. Wenwen Li will be entitled to an annual fixed salary of HKD 960,000 starting from the first day of trading of the Company's shares on the Frankfurt Stock Exchange.

Based on an open-ended service agreement with Goldrooster Hong Kong, Mr. Tiong Yuen Ashley Soh is entitled to an annual fixed salary of SGD 143,000 (approximately EUR 84,967) on a pro rata basis for the year 2011, commencing from March 2011. In addition, Mr. Soh is entitled to a one-off fixed-amount bonus payment in the amount of SGD 100,000 (approximately EUR 59,418) to be paid by Goldrooster Hong Kong once the Offering is completed.

Compensation in Case of Termination of Office

The employment agreements of the members of the Management Board do not provide for performance-related or other variable salary components or benefits upon termination of office or employment.

Supervisory Board

General Provisions on the Supervisory Board

Pursuant to the Company's Articles of Association and Sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*), the supervisory board is composed of three members who are appointed by the shareholders' general meeting. The term of a supervisory board member may only run until the annual shareholders' general meeting which formally approves the actions of the supervisory board members for the fourth financial year following commencement of the member's term of office, not including the financial year in which the term commences. Supervisory board members may be re-elected.

Any supervisory board member may be removed by means of a resolution of the shareholders' general meeting with a simple majority of the votes cast. Moreover, according to the Articles of Association, any supervisory board member as well as any substitute member (*Ersatzmitglied*) may resign for any reason by serving at least one month's prior written notice to the chairman of the supervisory board and to the management board.

When electing a member of the supervisory board, the shareholders' general meeting may simultaneously elect substitute members who become members of the supervisory board if the appointed member's office for any reason terminates before the end of its term of appointment.

The supervisory board appoints a chairman and a deputy chairman from among its members. The chairman or, if the chairman is unable to attend, the deputy chairman, is obliged to convene and conduct the meetings of the supervisory board.

The Members of the Company's Supervisory Board

By means of the deed of incorporation (*Gründungsurkunde*) the founders of the Company have elected the following persons as members of the first supervisory board:

- Mr. Pirmin Anders;
- Mr. Ramona Berger;
- Mr. Eric Bichlmeier.

All above mentioned members of the supervisory board resigned from office on 7 June 2011. The shareholders' general meeting held on the same day thereafter, elected the following individuals as members of the Company's supervisory board:

- Mr. Andreas Grosjean;
- Mr. Tow Kean Teoh;
- Mr. Huagui Yang.

Mr. Andreas Grosjean was elected as chairman and Mr. Tow Kean Teoh as vice-chairman of the supervisory board.

On 21 September 2011, Mr. Huagui Yang resigned from office. On the same day, the shareholders' general meeting elected Mr. Kong Seng Yong as a new member of the supervisory board. On 13 October 2011, Mr. Kong Seng Yong resigned from office, and on the same day, Mr. Kaizhan Liao was elected by the shareholders' general meeting as a new member of the supervisory board. On 31 January 2012, the supervisory board elected Mr. Kaizhan Liao as new vice-chariman of the supervisory board.

The table below shows the current members of the supervisory board and their respective terms of office:

Information about Members of the Supervisory Board:

Name	**Age**	**Appointed in**	**Term expires in**[1]
Andreas Grosjean	38	2011	2016
Tow Kean Teoh	30	2011	2016
Kaizhan Liao	46	2011	2016

[1] The respective term of office expires after the shareholders' general meeting that formally approves the actions of the members of the supervisory board of the financial year 2016.

Mr. Andreas Grosjean

Mr. Andreas Grosjean completed his law studies at the Ludwig Maximilians University in Munich, Germany, where he obtained his law degree as well as his bar admission.

Mr. Grosjean started to work for the international law firm Roedl & Partner at the head offices in Nuremberg, Germany. In May 2003, he joined VEM Aktienbank AG in Munich. Since then he has completed more than 150 capital market transactions, including Initial Public Offerings (IPOs), introductions, secondary fundraisings, convertible bonds, tender offers and other corporate actions for European and global companies. He successfully coordinated the IPOs and listing introductions of several China-based companies.

Over the last five years, Mr. Grosjean has been and still is a member of the administrative, management and supervisory bodies of the following companies:

- Amictus AG (now: Eyemaxx Real Estate AG), listed on the regulated market of the Frankfurt Stock Exchange; member of the management board since 11 July 2006;
- Taishan Invest AG (Switzerland), ordinary board member since 16 April 2008;
- Taishan Capital Management AG (Switzerland), ordinary board member since 16 April 2008;
- Accelero AG, member of supervisory board since 16 September 2009;
- Zhihai Lighting AG, supervisory board member since 30 March 2010;
- Madison Property AG, listed on the Open Market of the Frankfurt Stock Exchange, chairman of the supervisory board since 11 August 2010;
- VEM Aktienbank AG, executive board member since 3 March 2011.

Mr. Tow Kean Teoh

Mr. Tow Kean Teoh is a Malaysian national. He graduated with BA (Honours) from the University of Central Lancashire at Lancashire County, United Kingdom, in 2006. He started his career with RSM Internatinal and was later promoted to Senior Project Director. He is currently a director of TT Governance Pte. Ltd. based in Malaysia and Singapore which provides business consultancy and corporate governance services.

He has years of hands-on experience in the manufacturing industry and is currently providing consultation to clients of small and medium enterprises, public listed companies as well as multinational corporations.

Over the last five years, Mr. Teoh has been and still is a member of the administrative, management and supervisory bodies of the following companies:

- K-Star Sports Limited Independent (Malaysia), non-executive director since 31 August 2010.

Mr. Kaizhan Liao

Mr. Kaizhan Liao is a Chinese national. He graduated with a Bachelor of Laws from the East China University of Political Science and Law in 1987. Since the inception of his legal career with the Fujian Foreign Economic Law Firm in 1987, Mr. Kaizhan Liao has gained over twenty years of experience in corporate law matters. During the past ten years, he has successfully advised more than twenty companies on their domestic and overseas initial public offerings. He has been a partner at two other PRC law firms. He currently holds the position of senior partner at Trend Associates, a leading local law firm in Fuzhou, Fujian province, of which he is also one of the founding partners. Additionally, Mr. Liao was selected by the Ministry of Justice of the PRC to participate in the United Kingdom Practical Training Scheme for PRC Lawyers between 1994 and 1995. Mr. Liao is an active member of the Council of Fujian Lawyers Associaton’s Provincial Sub-Association.

Mr. Liao has been and still is a member of the administrative, management and supervisory bodies of the following companies:

- China Engine Group Limited (Korea-listed public limited company), independent non-executive director since July 2009.

Shareholding and Options

None of the members of the supervisory board holds directly or indirectly shares in the Company or options on shares in the Company.

Conflicts of Interest

There are no conflicts of interest between any duties of the members of the supervisory board to the Company and their private interests and or other duties.

Compensation of Supervisory Board Members

Pursuant to the Articles of Association, the shareholders' general meeting resolves on the compensation for the members of the supervisory board. If a person is a member of the supervisory board for only part of a financial year, compensation is determined for a proportionate period of time. The shareholders' general meeting of the Company has determined the annual gross compensation for each member of the supervisory board to be EUR 25,000 per annum.

The Company has entered into a directors' and officers' insurance in its name, covering the members of the management board and supervisory board, based on prevailing market conditions.

Every member of the supervisory board is reimbursed for expenses incurred in performing the duties of its office. Moreover, the members of the supervisory board are reimbursed for any value-added tax incurred on the reimbursement of expenses or on the supervisory board compensation, provided they are entitled to charge the Company for the value-added tax separately and if they exercise this right.

Compensation in Case of Termination of Office

No member of the supervisory board has a claim to any benefits upon termination of his office.

Certain Information on the Members of the Supervisory Board and the Management Board

Over the last five years, no member of the Company's administrative, management or supervisory bodies, in particular, no member of the management board and supervisory board:

- was convicted in relation to fraudulent offences;
- was, in the capacity as member of administrative, management or supervisory bodies, founder or member of senior management of other companies or as partner with unlimited liability of a limited partnership with a share capital, affected by any bankruptcies, receiverships or liquidations of any such company or partnership;
- was publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies);
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

The Company has not granted sureties or loans to members of the management board and the supervisory board nor has it assumed any guarantees for them. Except as otherwise stated in the chapter "Related Party Transactions" in this Prospectus, no members of the management board and the supervisory board have been or are presently involved in any business activities outside the Company, or in any other Company transaction of unusual type or nature.

Members of the management board and the supervisory board may be contacted at the Company's business address at c/o Salans LLP, Markgrafenstraße 33, 10117 Berlin, Germany.

Shareholders’ General Meeting

A shareholders’ general meeting may be held at the Company’s registered office, at the seat of a German stock exchange or in a town with more than 250,000 inhabitants. The shareholders' general meeting must be called at least 30 days prior to the day until the end of which the shareholders must register for the shareholders' general meeting. The day of the calling is not counted for the calculation of the above term. Only shareholders of the Company that have registered for the shareholders' general meeting in due time and have proven their eligibility to attend are entitled to attend and exercise their voting right at the shareholders’ general meeting. The eligibility of shareholders for participating in the shareholders’ general meeting is documented by a certification of their shareholding prepared in text format by the depository institution (Section 126b German Civil Code) in German or English and referring to the start of the 21st day before the day of the shareholders’ general meeting. The registration and the certification must be received at the place announced in the invitation at the Company's registered offices no later than six days before the day of the shareholders’ general meeting. The day of the shareholders’ general meeting and the day of receipt are not counted for the calculation of the above term. Each share grants the right to one vote. A voting right may be exercised by a proxy.

Unless provided otherwise by the Company’s Articles of Association or applicable laws and regulations, the resolutions of the shareholders’ general meeting are adopted by a simple majority of the votes cast and, insofar as the law requires a majority of the share capital as well as a voting majority, by a simple majority of the share capital represented at the time the resolution is adopted.

According to the German Stock Corporation Act, certain resolutions of fundamental importance require a vote of no less than three-quarters of the registered capital represented at the meeting. Such resolutions include:

- amendments to the Company’s Articles of Association;
- capital increases;
- capital reductions;
- the creation or amendment of authorised or contingent capital;
- the transfer of the Company’s entire assets and any reorganisations as set forth in the German Transformation Act (*Umwandlungsgesetz*) such as mergers (*Verschmelzungen*), spin-offs (*Spaltungen*), transfer of the Company’s assets (*Vermögensübertragungen*) and type-changing transformations (*Formwechsel*);
- the conclusion of agreements establishing contractual corporate groups (such as domination and profit-and-loss-transfer agreements); and
- the dissolution of the Company.

The Company’s Articles of Association stipulate in Section 19 para. 1 that, unless otherwise mandatorily required by law, resolutions are taken by a simple majority of votes and, if a majority of capital is required, by a simple majority of capital present at the meeting.

The convening of a shareholders’ general meeting can be initiated by the management board, the supervisory board or, under certain circumstances, by shareholders holding an aggregate of 5% of the registered share capital. The supervisory board must call a shareholders’ general meeting whenever the interests of the Company require such a meeting. The shareholders’ general meeting must be held during the first eight months of each financial year.

Corporate Governance Code Declaration

The German Corporate Governance Code in its current version of 26 May 2010 (the "**Code**") contains recommendations and suggestions for managing and supervising German companies listed on a stock exchange. As the Code is not applicable to companies listed in the Open Market/Entry Standard segment of the Frankfurt Stock Exchange, the Company will not follow the recommendations and suggestions of the Code. Due to the Code's inapplicability to the Company, the Company will also not publish an annual declaration pursuant to section 161 of the German Stock Corporation Act that it follows and will follow the recommendations of the Code or which of the recommendations were or will not be followed.

RELATED PARTY TRANSACTIONS

General

Related parties to the Company include members of the Company's management and supervisory boards and their close family members and companies over which members of the management and supervisory boards of the Company or their family members could exercise considerable influence or hold a substantial amount of the voting rights.

In addition, related parties include companies which are consolidated within the Company or in which the Company holds an investment, which enables the Company to exercise considerable influence over the business policies of the Company in which it holds such investment, as well as the major shareholders of the Company, including their affiliates.

Goldrooster Group has concluded the following related party transactions:

Lease of Facilities from Morike

Starting from 1 January 2006, the Company leased a factory premise with a size of 7,075.68 sq.m. from Jinjiang Morike Shoes & Garments., Ltd. ("**Morike**"), which until 27 February 2012 was an affiliate company controlled by Mr. Wenwen Li, for manufacturing purposes. The lease term is one year and has been renewed annually, with the current lease term expiring on 31 December 2012. The rental has been fixed at RMB 1,020,000 (approximately EUR 123,756) per annum as of 2006, which, to the Company's own assessment, is in line with the prevailing market price and thus concluded at arm's length.

Transaction between the Company and Xiamen Yangsiwen

Xiamen Yangsiwen Co., Ltd. ("**Xiamen Yangsiwen**") is a supplier of the Company (mainly for apparel and accessories products), which is controlled by the brothers of Mr. Huagui Yang, the deputy general manager of Jinjiang Goldrooster. Xiamen Yangsiwen transacts with the Company on a regular basis. For the financial years 2009, 2010 and 2011, the transaction value between Xiamen Yangsiwen and the Company was RMB 2,481,000 (approximately TEUR 261), RMB 2,875,000 (approximately TEUR 320) and RMB 4,082,000 (approximately TEUR 454), respectively. The transactions conducted between Xiamen Yangsiwen and the Company were concluded at arm's length.

Trademarks Transfer by Morike

On 20 June 2011, Jinjiang Goldrooster entered into a trademark transfer agreement with Morike under which Morike transferred seventeen trademarks that have been registered or are under application in the PRC to Jinjiang Goldrooster at a consideration of RMB 10,160,800 (approximately EUR 1,130,482). (*Please see the section headed "Business – Intellectual Property – Purchased Trademarks"*)

TAXATION IN GERMANY

The following section describes certain material German tax principles that may become relevant when acquiring, holding or transferring shares. This section is not a comprehensive or complete description of all German tax aspects that may be relevant for shareholders. It is based on the German tax laws applicable as of the date of this Prospectus and on the provisions of double taxation conventions entered into between Germany and other countries as of this date. In both areas the law may change, possibly also with retroactive effect.

*Potential purchasers of the Company's shares should consult their tax advisors with respect to the tax consequences of acquiring, holding and transferring shares and with respect to the procedure to be complied with to obtain a refund of German withholding tax (*Kapitalertragsteuer*) paid. The specific tax situation of each shareholder can only be addressed adequately by means of individual tax advice.*

Taxation of the Company

In Germany, corporations are generally subject to corporate income tax at a rate of 15% plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon (in total 15.825%). In addition, German corporations are subject to trade tax (*Gewerbesteuer*) with their income from permanent establishments in Germany subject to certain adjustments for trade tax purposes, the trade taxable income (*Gewerbeertrag*). The trade tax depends on the municipalities in which the corporation maintains permanent establishments. As a general rule, the effective trade tax rate varies between 7% and 20% of the trade taxable income depending in each case on the trade tax rate of the relevant municipality. The trade tax rate in Berlin is currently 14.35%.

Interest expenses are only deductible in the event the Company is in compliance with the so-called interest barrier (*Zinsschranke*). The interest barrier restricts the deductibility of interest expenses exceeding the interest income to 30% of the earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") determined for tax purposes for corporate income tax and trade tax purposes. The non-deductible part of the interest expenses can be carried forward to future fiscal years and might reduce the taxable profit of the Company in the future if the interest expenses in such period are deductible under the interest barrier. There is a risk that the non-deductible part of interest expenses might be forfeited, for example in case of restructuring or closure of the business. The interest barrier will not apply if the interest expenses exceeding the interest income are less than EUR 3 million or in the event the Company complies with the so-called "escape clause", provided there is no harmful shareholder debt financing. The escape clause stipulates the complete deductibility of interest expenses in the event that the Company's equity ratio is not more than 2% lower than that of Goldrooster Group. For this purpose the equity ratios of the financial statements at the end of the preceding business year are relevant. Only in case that there is no harmful shareholder debt financing, the escape clause will be applicable. A harmful shareholder debt financing is existing if a shareholder (holding directly or indirectly more than 25% of the shares) or any related party hereto or any third party who has a right of recourse against the shareholder or a related party hereto receives interest exceeding 10% of the negative interest balance (difference between interest income and interest expenses) from the respective corporation or from another affiliated company.

Dividend income that the Company receives from corporations domiciled outside Germany such as Goldrooster Hong Kong is generally exempt from corporate income tax. However, 5% of the tax exempt dividend income is deemed to be a non-deductible business expense for corporate income tax purposes, and as a result is subject to corporate income tax (plus solidarity surcharge).

Dividend income of the Company derived from its shares in Goldrooster Hong Kong will be subject to trade tax. However, such dividend income of the Company will be exempt from trade tax but for 5%, if specific preconditions are fulfilled (section 9 number. 7 of the German Trade Tax Act).

In general, this trade tax exemption requires that the Company has continuously held a share of at least 15% of the nominal capital of Goldrooster Hong Kong since the beginning of the assessment period and Goldrooster Hong Kong generates its gross income exclusively or almost exclusively from trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign

Tax Act and from direct participations, such as Goldrooster Jinjiang, which amount to at least 25% if the participations are held continuously since at least twelve months prior to the relevant balance sheet date for the assessment of the profits. Furthermore, the trade tax exemption requires proof that (i) the direct participations are located in the same country as Goldrooster Hong Kong and the direct participations, such as Goldrooster Jinjiang, generate their gross income exclusively or almost exclusively from trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act (so-called *Landesholding*) or (ii) Goldrooster Hong Kong holds the participations, such as Goldrooster Jinjiang, in connection with its own activities pursuant to section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act and the participations, such as Goldrooster Jinjiang, generate their gross income exclusively or almost exclusively from trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act (so-called *Funktionsholding*). Currently it cannot be judged clearly, whether Goldrooster Hong Kong and Goldrooster Jinjiang are located in the same country for the purposes of section 9 number. 7 of the German Trade Tax Act, because Goldrooster Hong Kong is located in Hong Kong and Goldrooster Jinjiang is located in China. The prevailing legal situation has to be discussed with the competent German tax authority. Furthermore, Goldrooster Jinjiang does not generate income from an active trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act.

Nevertheless, dividend income from Goldrooster Hong Kong may be exempt from trade tax upon application by the Company if the Company owns a participation of at least 15% in foreign subsidiaries, such as Goldrooster Jinjiang, indirectly via Goldrooster Hong Kong, if Goldrooster Hong Kong and the foreign subsidiaries distribute their dividends within the same business year and if the following additional requirements are met: (i) The foreign subsidiaries, such as Goldrooster Jinjiang, exclusively or almost exclusively generate their gross profits from an active trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act, which exclusively or almost exclusively generate their gross profits from an active trade or business within the meaning of section 8 para. 1 nos. 1 – 6 of the German Foreign Tax Act and are located in the same country as Goldrooster Jinjiang and (ii) Goldrooster Jinjiang has held at least a participation of 15% in the foreign subsidiaries' share capital without interruption since the beginning of the assessment period.

If the trade tax exemption applies, it applies only to the dividends distributed by Goldrooster Hong Kong which correspond to the indirect participation rate of the Company in Goldrooster Jinjiang. If Goldrooster Hong Kong realises other profits than dividends received by Goldrooster Jinjiang, the trade tax exemption applies only to the dividends of Goldrooster Hong Kong which correspond to the ratio between the dividends received by Goldrooster Jinjiang and all profits of Goldrooster Hong Kong. In any case the trade tax exemption is limited to the amount of the dividends received by Goldrooster Jinjiang. In addition, the trade tax exemption requires proof of its requirements. If the requirements of section 9 number. 7 of the German Trade Tax Act are met, 5% of the exempt dividend income is deemed to be a non-deductible business expense, and as a result, is subject to trade tax.

Corporate income tax losses incurred by the Company in one year may be carried back to the immediately preceding assessment period up to an amount of EUR 511,500. Any remaining corporate income losses as well as any trade tax losses may only be offset within certain restrictions against profits from future years (so-called "minimum taxation"). Up to an amount of EUR 1 million taxable profits may be offset against existing tax loss carry forwards without limitation. Taxable profits in excess of EUR 1 million may be offset against existing tax loss carry forwards for corporate income and trade tax purposes only by 60%. Unused tax loss carry forwards may be carried forward indefinitely.

Tax loss carry forwards and the non-deductible part of the interest expenses will be forfeited completely in the event that more than 50% of the share capital, participation rights or voting rights of the Company are directly or indirectly transferred within five years to one acquirer or a related person hereto or a group of acquirers with same interests or any comparable circumstances of the case. If more than 25% and up to 50% are transferred, the tax loss carry forwards and the non-deductible part of the interest expenses will be forfeited proportionally. A capital increase is equal to a transfer of shares if the shareholding quota has been changed. As an exception introduced for transfers after 31 December 2009, tax loss carry forwards and the non-deductible part of the interest expenses may be maintained in the event the preconditions of the corporate group clause within the meaning of section 8c para. 1 sentence 5 of the German Corporation Tax Act are fulfilled.

Taxation of Shareholders

Shareholders are subject to tax in particular in connection with the holding of shares (taxation of dividends), the disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

Taxation of Dividends

Withholding Tax

Generally, the Company must withhold tax on its dividend distributions at a rate of 25% plus 5.5% solidarity surcharge thereon (in total 26.37%) and is thus responsible for withholding amounts corresponding to such taxation at source.

Such withholding tax is levied and withheld irrespective of whether and to what extent the dividend distribution is taxable at the level of the shareholder and whether the shareholder resides inside or outside Germany. Certain exceptions may apply to corporations in another EU Member State to which the EU Parent/Subsidiary Directive (90/435/ EEC of 23 July 1990, as amended) applies. A partial exemption may also be available under a respective double taxation convention. In cases of a full or partial exemption under the EU Parent/Subsidiary Directive (90/435/ EEC of 23 July 1990, as amended) or a respective double taxation convention, the restrictive preconditions according to section 50d para. 3 German Income Tax Act have to be fulfilled. Application forms may be obtained from the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), An der Kuppe 1, 53225 Bonn, Germany *(www.bzst.bund.de),* as well as from German embassies and consulates.

Dividends to a corporation domiciled outside of Germany are subject to a reduced withholding tax (irrespective of any double taxation conventions) in the event the shares do not constitute an asset of a permanent establishment in Germany or an asset for which a permanent representative has been appointed in Germany. In this case, 2/5 of the withholding tax will be refunded upon application. The refund requires that the corporation fulfils the preconditions of section 50d para. 3 German Income Tax Act. Refund application forms may be obtained from the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), An der Kuppe 1, 53225 Bonn, Germany *(www.bzst.bund.de)* as well as from German embassies and consulates. A further reduction or refund under an applicable double taxation convention is possible.

For shareholders resident in Germany (meaning shareholders whose residence, habitual abode – for legal entities the place of management, or domicile – is located in Germany) holding their shares as business assets as well as for shareholders residing outside Germany (foreign shareholders) holding their shares in a permanent establishment or a fixed base in Germany, or as assets for which a permanent representative has been appointed in Germany, the tax withheld is credited against the shareholders' personal income tax or corporate income tax liability. Any tax withheld in excess of the shareholders' personal tax liability is refunded. The same principles apply to the solidarity surcharge.

Taxation of Dividend Income of Investors Resident in Germany holding their Shares as Private Assets

For individual shareholders resident in Germany holding their shares as private assets dividends are subject to the final flat tax *(Abgeltungsteuer)*. Under this regime dividend income of private investors will be taxed at the principal final flat tax rate of 25% plus a 5.5% solidarity surcharge thereon (aggregate tax burden: 26.375%) and church tax if applicable. Except for an annual lump sum allowance *(Sparer-Pauschbetrag)* of EUR 801 (EUR 1,602 for married couples filing jointly), private investors will not be entitled to deduct expenses incurred in connection with the capital investments from their dividend income.

If the final flat tax results in a higher tax burden as opposed to the private investor's individual tax rate the investor may opt for taxation at his individual tax rate. In case of such an option the final flat tax will be credited against the individual income tax. Private investors are not entitled to deduct expenses incurred in connection with the capital investments from their income except of the annual lump sum allowance even if they opt for taxation at an individual tax rate. This option may be exercised only for all capital income and married couples may only jointly exercise the option.

Taxation of Dividend Income of Investors Resident in Germany holding their Shares as Business Assets

If shares are held as business assets of a shareholder, the taxation depends on whether the shareholder is a corporation, a sole proprietor, or a partnership *(Mitunternehmerschaft)*:

Corporations. Dividend distributions to corporate shareholders are generally exempt from corporate income tax. However, 5% of the tax-exempt dividend income is deemed to be a non-deductible business expense for tax purposes and is therefore subject to corporate income tax (plus solidarity surcharge) and trade tax. Business expenses actually incurred in connection with the shares are entirely tax deductible. 95% of dividend income must be added back when determining the trade taxable income and is therefore subject to trade tax unless the investor holds at least 15% of the share capital of the Company at the beginning of the relevant assessment period.

Sole Proprietors. For sole proprietors holding their shares as business assets, generally 60% of the dividend distributions are taxable. Correspondingly, 60% of the business expenses related to the dividend income are deductible for tax purposes (subject to any other restrictions on deductibility). In addition, dividends are entirely subject to trade tax if the shares are held as a business asset of a permanent establishment in Germany and if the shareholder does not hold at least 15% of the share capital of the Company at the beginning of the relevant assessment period. The trade tax levied – depending on the municipal trade tax rate and the individual tax situation – is partly or entirely credited against the shareholder's personal income tax liability.

Partnerships. If shares are held by a partnership, personal income tax or corporate income tax is levied only at the level of the partners. If a partner is subject to corporate income tax, dividends are generally tax-exempt to 95% (see: *"Taxation of Shareholders – Taxation of Dividend Income of Investors Resident in Germany Holding their Shares as Business Assets – Corporations").* If the partner is subject to personal income tax, 60% of the dividends are taxable and 60% of the business expenses related to dividend income are deductible (see: *"Taxation of Shareholders – Taxation of Dividend Income of Investors Resident in Germany Holding their Shares as Business Assets – Sole Proprietors")*. At the level of a partnership which is liable to trade tax, the entire dividends are subject to trade tax if the partnership does not hold at least 15% of the share capital of the Company at the beginning of the relevant assessment period. However, depending on the applicable municipal trade tax rate and individual circumstances, the trade tax paid at the level of a partnership may partly or entirely be credited against the personal income tax liability of the partners if the partners are natural persons.

If the partnership holds 15% of the share capital of the Company at the beginning of the relevant assessment period, only 5% of the dividends are non-deductible business expenses and therefore subject to trade tax in the event the partners are corporations or the dividends are trade tax exempt in the event the partners are individuals.

Taxation of Dividend Income of Investors not Resident in Germany

For foreign shareholders who do not hold their shares in a permanent establishment or a fixed base in Germany, or as an asset for which a permanent representative has been appointed in Germany, the German tax liability is, in principle, satisfied upon deduction of a 25% withholding tax plus a solidarity surcharge of 5.5% (possibly reduced or exempt by way of a refund under a double taxation convention or if the shareholder is a corporation under the EU Parent/Subsidiary Directive (90/435/ EEC of 23 July 1990, as amended) or 2/5 of the withholding tax may be refunded in some cases.) In cases of a full or partial exemption under a respective double taxation convention or under the EU Parent/Subsidiary Directive (90/435/ EEC of 23 July 1990, as amended) the restrictive preconditions according to section 50d para. 3 German Income Tax Act have to be fulfilled.

However, shareholders who hold their shares in a permanent establishment or a fixed base in Germany, or in business assets for which a permanent representative has been appointed in Germany, are subject to the same rules described above for shareholders resident in Germany.

Taxation of Capital Gains

Taxation of Capital Gains of Investors Resident in Germany holding their shares as Private Assets

Any gains from the sale or redemption of the shares will be subject to a final flat tax *(Abgeltungsteuer)* of 25% plus a solidarity surcharge of 5.5% thereon resulting in an aggregate tax burden of 26.375%. Except for an annual lump sum allowance *(Sparer-Pauschbetrag)* of EUR 801 (EUR 1,602 for married couples filing jointly) private investors will not be entitled to deduct expenses incurred in connection with the capital investments from their capital gain. The annual lump sum allowance *(Sparer-Pauschbetrag)* of EUR 801 (EUR 1,602 for married couples filing jointly) shall be granted annually and includes both dividends and capital gains.

If the final flat tax results in a higher tax burden as opposed to the private investor's individual tax rate the investor may opt for taxation at his individual tax rate. If so the final flat tax will be credited against the individual income tax. Private investors are not entitled to deduct expenses incurred in connection with the capital investments from their income except for the annual lump sum allowance even if they opt for taxation at an individual tax rate. This option may only be exercised for all capital gains and income from capital investments and married couples may only exercise the option jointly.

Losses from the disposition of the shares may only be offset against other capital gains resulting from the disposition of shares. Offsetting of overall losses with other income (for example business or rental income) and other capital income (for example dividends) is not possible. Such losses are to be carried forward and to be offset against positive capital gains deriving from the sale of shares in future years.

The final flat tax will not apply if the seller of the shares or, in case of gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1% of the share capital of the Company at any time during the five years prior to the disposal. 60% of the capital gains are taxed upon this disposal.

Capital gains are principally subject to a final flat tax (*Abgeltungsteuer*) of 25% plus 5.5% solidarity surcharge thereon (in total 26.375%) in the event a German credit or financial institution (including a German branch of a foreign credit or financial institution) stores or administrates or carries out the sale of the shares and pays or credits the capital income. If the shares have not been acquired by such German credit or financial institution and administered thereafter, for example in case of a change of administration *(Depotwechsel)*, withholding tax may be levied on 30% of the sale proceeds.

Taxation of Capital Gains of Investors Resident in Germany holding their Shares as Business Assets

If shares are held as business assets of a shareholder, the taxation of capital gains realised upon disposal depends on whether the shareholder is a corporation, a sole proprietor, or a partnership:

Corporations. Capital gains realised by a corporate shareholder upon disposal of shares are generally exempt from corporate income tax and trade tax. Capital gain for this purpose is the amount by which the selling price or the equivalent value after deduction of selling costs exceeds the tax base at the time of disposal. However, 5% of the capital gain is deemed to be a non-deductible business expense and is therefore subject to corporate income and trade tax. Losses incurred upon the disposal of shares or other impairments of the shares' value are not tax deductible. A reduction of profit is also defined as any losses incurred in connection with a loan or security in the event the loan or the security is granted by a shareholder or by a related person hereto or by a third person with the right of recourse against the before mentioned persons and the shareholder holds directly or indirectly 25% or more of the share capital of the Company.

Sole Proprietors. If the shares are held by sole proprietors, 60% of the capital gains realised upon disposal are taxed. Correspondingly, 60% of the business expenses related to such capital gains and 60% of any losses incurred upon disposal of shares are tax deductible. In addition, 60% of the capital gains are subject to trade tax if the sole proprietor is subject to trade tax. However, trade tax is partly or entirely credited against the shareholder's personal income tax liability depending on the applicable municipal trade tax rate and individual circumstances.

Partnerships. If the shareholder is a partnership, taxation depends on whether the partners are subject to personal income tax or corporate income tax: If the partners are subject to corporate income tax, any capital gains are generally tax exempt in amount of 95% (see: *"Taxation of Shareholders – Taxation of Capital Gains of Investors Resident in Germany Holding their Shares as Business Assets – Corporations").* If the partners are subject to personal income tax, 60% of the capital gains are taxable (see: "*Taxation of Shareholders – Taxation of Capital Gains of Investors Resident in Germany Holding their Shares as Business Assets – Sole Proprietors").* For information on the deductibility of business expenses relating to capital gains and disposal losses for partners who are subject to corporate income tax see also *"Taxation of Shareholders – Taxation of Capital Gains of Investors Resident in Germany Holding their Shares as Business Assets – Corporations"* and see above *"Taxation of Shareholders – Taxation of Capital Gains of Investors Resident in Germany Holding Their Shares as Business Assets – Sole Proprietors"* for information with respect to partners who are subject to personal income tax. In addition, 60% of the capital gains are subject to trade tax at the level of a partnership if the partnership is liable to trade tax and the partners are individuals and 5% of the capital gains are subject to trade tax if partners are corporations. However, the trade tax paid at the level of a partnership may partly or entirely be credited – depending on the applicable municipal trade tax rate and individual circumstances – against the personal income tax liability of the partners who are individuals.

Special rules for banks, financial services institutions, financial enterprises, life and health insurance companies, and pension funds, are described below.

For capital gains of a corporation, no withholding tax is assessed. This applies also to capital gains attributable to business assets if additional documentation requirements are met.

Taxation of Capital Gains of Shareholders Resident Outside Germany

Capital gains realised upon disposal of shares by a shareholder resident outside Germany are only subject to German income or corporate income tax (plus solidarity surcharge) and, as the case may be, German trade tax in the event (i) the shares are held in a permanent establishment or through a fixed base in Germany, or held as assets for which a permanent representative has been appointed in Germany or (ii) the selling Shareholders or, in case of a gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1% of the share capital of the Company at any time during the five year period prior to the disposal. No withholding tax should be assessed upon the sale provided sufficient proof of the foreign tax status is given.

Corporations. If the shareholder is a corporation and the shares are held in a permanent establishment, 5% of the capital gain is subject to German corporate income tax, solidarity surcharge and German trade tax. If the corporation holds less than 15% of the share capital of the Company at the beginning of the relevant assessment period the whole capital gain is subject to German trade tax. If the shares are not held in a permanent establishment, but the corporation has held at least 1% of the share capital of the Company at any time during the five year period prior to the disposal, 5% of the capital gain is subject to German corporate income tax and solidarity surcharge. In this case no German trade tax will be triggered.

Sole Proprietors. If the shares are held by sole proprietors in permanent establishments 60% of the capital gains are subject to German income tax including solidarity surcharge and, as the case may be, German trade tax. The capital gains are not subject to German trade tax, if a sole proprietor holds at least 15% of the share capital of the Company at the beginning of the relevant assessment period. If the shares are not held in a permanent establishment, but the selling Shareholder or, in case of a gratuitous transfer, its legal predecessor has held the shares, directly or indirectly, at least 1% of the share capital of the Company at any time during the five year period prior to the disposal the capital gain is subject to German income tax and solidarity surcharge. In this case no German trade tax will be triggered.

Partnerships. If the shareholder is a partnership, taxation depends on whether the partners are subject to corporate income tax or to personal income tax and the shares are held in a permanent establishment or not. If the partners are subject to corporate income tax, 5% of any capital gains are subject to German corporate income tax and solidarity surcharge. If the partners are subject to personal income tax and the shares are held in a permanent establishment, 60% of the capital gains are subject to German income tax including solidarity surcharge. If the shares are held in a permanent establishment of the partnership and the partnership holds less than 15% of the share capital of the Company at the beginning of the relevant assessment period the whole capital gains are subject to German trade tax. In this case the partnership itself is liable to the German trade tax.

If the shares are not held in a permanent establishment, but the Partner has held indirectly at least 1% of the share capital of the Company at any time during the five year period prior to the disposal the capital gain is subject to German income tax and solidarity surcharge. In this case no German trade tax will be triggered.

However, the most of the German double taxation conventions provide for a complete exemption from German taxation (except in case (i)) in such cases and assign the right to tax to the shareholder's State of residence. Capital gains realised upon disposal of shares held in a permanent establishment or through a fixed base in Germany, or held as assets for which a permanent representative has been appointed in Germany, are subject to the same rules as described above for shareholders resident in Germany.

Special Rules for Banks, Financial Services Institutions, Financial Institutions, Life and Health Insurance Companies, and Pension Funds

To the extent banks and financial services institutions hold shares that are attributable to their trading book pursuant to section 1 para. 12 of the German Banking Act (*Kreditwesengesetz*) neither the standard tax exemption for corporations nor the part-income system applies to dividend income received or to capital gains or losses realised upon the disposal of shares, that means dividend income and capital gains are fully subject to corporate income tax or personal income tax and, if applicable, to trade tax. The same applies to shares that were acquired by financial institutions within the meaning of the German Banking Act in order to realise short-term proprietary trading gains. Furthermore, this applies to banks, financial services institutions and financial institutions domiciled in another Member State of the European Community or another contracting party to the EEA Agreement. The standard tax exemption for corporations neither applies to dividends received nor to capital gains or losses if the shares are attributable to the capital investments *(Kapitalanlagen)* of life and health insurance companies or pension funds. Certain exceptions may apply to corporations if the EU Parent/Subsidiary Directive (90/435/EEC of 23 July 1990, as amended) applies to the Company's dividends and the preconditions of section 50d para. 3 of the German Income Tax Act are fulfilled.

Inheritance and Gift Tax

The transfer of shares by way of gift or succession is, in principle, subject to German inheritance and gift tax only if one of the following criteria is met:

(i) The testator, donor, heir, donee, or any other beneficiary has his or her residence or habitual abode, registered domicile or place of management in Germany at the time of the transfer or is a German Citizen who has not stayed abroad for more than five years without having a residence in Germany;

(i) Irrespective of these personal circumstances, the shares are held as business assets for which a permanent establishment is maintained or a permanent representative is appointed in Germany; or

(i) At the time of succession or donation, the testator or donor held, either alone or with other closely related persons, directly or indirectly, at least 10% of the registered share capital of the Company.

The few double taxation treaties on inheritance and gift tax which Germany has entered into generally provide that German inheritance or gift tax is levied only in case (i) and, with certain restrictions, in case (ii). Special provisions apply to certain German expatriates and former German Citizens.

Other Taxes

No German capital transfer tax, value-added tax, stamp duty, or similar tax is levied on the acquisition, sale, or other forms of transferring shares. However, an entrepreneur may opt for value-added tax being levied on a transaction that is normally tax-exempt if the transaction is executed for the enterprise of another entrepreneur. Net wealth tax *(Vermögensteuer)* is currently not levied in Germany.

TAXATION IN LUXEMBOURG

The following information is of a general nature only and is based on the Company's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the shares of the Company (the "**Shares**") and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to Shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective Shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*), as well as a temporary crisis contribution (*contribution de crise*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary crisis contribution. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Dividend payments made to the Shareholders by a non-resident company, as well as liquidation proceeds and capital gains derived by Shareholders from the Shares of a non-resident company, are not subject to a withholding tax in Luxembourg.

Income Tax

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of alienation of the participation.

Taxation of Luxembourg Resident Shareholders

Luxembourg Resident Individuals

Dividends and other payments derived from the Shares by resident individual Shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates. A tax credit may be generally granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg tax. 50% of the gross amount of dividends received by resident individual shareholders from (i) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in an EU Member State and covered by Article 2 of the amended Directive 90/435 EEC of 23 July 1990 ("**EU Parent-Subsidiary Directive**") are exempt from income tax.

Capital gains realized on the disposal of the Shares by resident individual Shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company whose shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method (*i.e.* the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation).

Capital gains realized on the disposal of the Shares by resident individual Shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Luxembourg Corporate Residents

Dividends and other payments derived from the Shares by Luxembourg resident fully-taxable companies are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit may generally be granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg tax. If the conditions of the participation exemption are not met, 50% of the gross amount of dividends received by Luxembourg resident fully-taxable companies from (i) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in an EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive are exempt from income tax.

Under the participation exemption regime, dividends derived from the Shares may be exempt from income tax at the level of the Shareholder if cumulatively (i) the Shareholder is a Luxembourg resident fully-taxable company ("**Qualified Parent**"), (ii) the distributing company is a qualified subsidiary ("**Qualified Subsidiary**") and (iii) at the time the dividend is put at the Shareholder's disposal, the Shareholder has held or commits itself to hold for an uninterrupted period of at least 12 months a qualified shareholding ("**Qualified Shareholding**"). A Qualified Subsidiary means (a) a Luxembourg fully-taxable company, (b) a company covered by Article 2 of the EU Parent-Subsidiary Directive or (c) a non-resident company limited by share capital (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax. A Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation of an acquisition price of at least EUR 1.2 million. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions.

Capital gains realized by a Luxembourg fully-taxable resident company on the disposal of the Shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime, capital gains realized on the shares may be exempt from income tax at the level of the shareholder if cumulatively (i) the shareholder is a Qualified Parent, (ii) the distributing company is a Qualified Subsidiary and (iii) at the time the capital gain is realized, the shareholder has held or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation of at least 10% in the share capital of the Qualified Subsidiary or a direct participation of an acquisition price of at least EUR 6 million. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

For the purposes of the participation exemption regime, Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Luxembourg Residents Benefiting from a Special Tax Regime

Shareholders which are either (i) an undertaking for collective investment governed by the law of 17 December 2010, (ii) a specialized investment fund governed by the amended law of 13 February 2007 or (iii) a family wealth management company governed by the law of 11 May 2007 are exempt from income tax in Luxembourg. Dividends derived from and capital gains realized on the Shares are thus not subject to income tax in their hands.

Taxation of Luxembourg Non-Resident Shareholders

Non-resident Shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable, are not liable to any Luxembourg income tax on income and gains derived from the Shares.

Non-resident Shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, must include any income received, as well as any gain realized on the disposal of the Shares, in their taxable income for Luxembourg tax assessment purposes unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received from (i) a Luxembourg resident fully-taxable company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in an EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive may however be exempt from income tax. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime, dividends derived from the Shares may be exempt from income tax if cumulatively (i) the Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**"), (ii) the distributing company is a Qualified Subsidiary and (iii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a double tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in a Member State of the European Economic Area other than an EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions.

Under the participation exemption regime, capital gains realized on the Shares may be exempt from income tax if cumulatively (i) the Shares are attributable to a Qualified Permanent Establishment, (ii) the distributing company is a Qualified Subsidiary and (iii) at the time the capital gain is realized, the Qualified Permanent Establishment has held or commits itself to hold for an uninterrupted period of at least 12 months Shares representing a direct participation in the share capital of the Qualified Subsidiary of at least 10% or a direct participation in the Qualified Subsidiary of an acquisition price of at least EUR 6 million.

Net Wealth Tax

Luxembourg resident Shareholders, as well as non-resident Shareholders who have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, except if the shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the law of 17 December 2010, (iii) a securitization company governed by the amended law of 22 March 2004 on securitization, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended law of 13 February 2007 or (vi) a family wealth management company governed by the law of 11 May 2007.

Under the participation exemption regime, a Qualified Shareholding held in a Qualified Subsidiary by a Qualified Parent or attributable to a Qualified Permanent Establishment may be exempt.

Other Taxes

There is no Luxembourg registration tax, stamp duty or other similar tax or duty payable by the Shareholders in Luxembourg by reason only of the issuance or transfer of Shares.

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Shares are included in his or her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the Shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

UNDERWRITING

Listing Agreement

On 8 June 2011, Goldrooster AG and VEM have concluded an agreement (the "**Listing Agreement**") regarding the inclusion of the Company's shares in the trading in the Entry Standard, a sub-segment of the Open Market (*Freiverkehr*) on the Frankfurt Stock Exchange. In the Listing Agreement, VEM has committed to subscribing an amount of New Shares corresponding to the amount of received valid subscriptions obtained from third parties as well as the corresponding purchase price. The Company and the Existing Shareholders will pay VEM a management fee of 1.5% plus a placement fee of 4.0% of the gross proceeds from the Offering (including the proceeds from the exercise of the Greenshoe Option for the Greenshoe Shares), i.e. the number of Offer Shares actually sold multiplied by the offer price. In addition, the Company will pay to VEM a corporate finance remuneration of EUR 100,000 for the services rendered in connection with the inclusion of the Company's shares in the trading in the Entry Standard, a sub-segment of the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

The Listing Agreement provides that VEM may terminate the Listing Agreement under certain circumstances, even after the shares have been allocated and included in the trading, up to delivery and settlement. Such circumstances include in particular an adverse change or prospective adverse change in the assets, financial condition or results of operations or an impairment of the business of the Company or one of its subsidiaries, a material change in the management structure of the Company, a complete or partial suspension of trading on the Frankfurt Stock Exchange or an adverse change in the national or international financial, political, industrial, economic or legal conditions or capital markets conditions or currency exchange rates or an outbreak or escalation of hostilities or terrorist activities.

If the Listing Agreement is terminated, the Offering will not take place. In such case, shares which have already been allocated to investors will be invalidated and investors will have no claim for delivery. Claims relating to any subscription fees paid and costs incurred by any investor in connection with the subscription are governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors who have engaged in short sales of shares will bear the risk of not being able to fulfil their delivery obligations in connection with such sale.

Goldrooster AG has agreed in the Listing Agreement to indemnify and hold harmless VEM and its directors, officers, partners and employees, any affiliate and each person who may be deemed to control VEM (each an ''**Indemnified Person**'') against any losses, claims, damages, liabilities, charges, expenses or demands (or actions in respect thereof) (''**Losses**'') to which such Indemnified Person may become subject and which arise out of, or in relation to, or in connection with (i) any breach by Golderooster AG of its representations and warranties pursuant to the Listing Agreement or (ii) any untrue statement of a material fact contained in the Prospectus or any omission to state therein a material fact required to be stated therein necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In each such case, Golderooster AG will in addition reimburse each Indemnified Person for any properly documented legal or other expenses (together with any amount equal to Value Added Tax (**"VAT"**), if applicable) incurred by such Indemnified Person in connection with investigation or defending any such action or claim including with respect to an alleged breach, alleged untrue statements, or an alleged omission as such expenses are incurred.

Greenshoe Option and Securities Loan

With regard to a potential over-allotment, 750,000 no par value ordinary bearer shares (*Inhaber-Stammaktien*) of the Greenshoe Shareholder have been granted to VEM for the account of VEM by way of a securities loan. The Greenshoe Shareholders have further granted VEM an option to acquire these shares at the offer price less agreed commission. This option expires 30 calendar days after the commencement of trading of the shares on the Entry Standard.

Other Relationships

VEM may, from time to time, engage in transactions or perform services for the Company in the ordinary course of business.

Selling and Transfer Restrictions

The Offering consists of public offerings in Germany and Luxembourg, as well as private placements outside of Germany, Luxembourg and the United States going to institutional investors. The shares are not currently, and in the future will not be, registered under the U.S. Securities Act of 1933, as amended, and they are only being offered outside the United States in reliance on Regulation S under the Securities Act.

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for shares in any jurisdiction in which such an offer, solicitation or invitation would be unlawful or would not be authorised or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. No action has been, or will be, taken under the requirements of the legislation or regulations, or of the legal or regulatory authorities, of any jurisdiction, aside from the filing and/or registration of this Prospectus in Germany and Luxembourg in order to allow a public offering of the shares and the public distribution of this Prospectus in Germany and Luxembourg. The distribution of this Prospectus and the Offering of the shares in certain jurisdictions may be restricted by the relevant national laws in the respective jurisdictions. Those who might come into possession of this Prospectus are required by the Company and VEM to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without there being liability on the part of the Company or VEM. Those individuals to whom a copy of this Prospectus has been issued may not circulate the Prospectus to any other person or reproduce or otherwise distribute this Prospectus or any information contained within it for any purpose whatsoever, nor permit or cause the same to occur.

VEM has represented and warranted to the Company that, with respect to each member state of the EEA that has implemented the Prospectus Directive, the shares which are the subject of the Offering described in this Prospectus have not been, and will not be, publicly offered in such a EEA member state apart from in connection with a public offering in Germany and Luxembourg once the Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzaufsicht*, “BaFin”), published in accordance with the German Securities Prospectus Act and with the Luxembourg Commission for the Supervision of the Financial Sector being notified. The Offer Shares may, however, be publicly offered at any time in each such EEA member state in accordance with the following exceptions laid down in the Prospectus Directive, provided that these exceptions have been implemented in such EEA member state: offerings to legal entities which are authorised or regulated to operate in the financial markets or legal entities with the sole corporate purpose of investing in securities; offerings to any legal entity, which in accordance with its latest financial statements or combined financial statements, meet at least two of the following criteria: (i) an average of at least 250 employees in the last financial year, (ii) a balance sheet total in excess of EUR 43 million and (iii) an annual net turnover in excess of EUR 50 million; offerings to fewer than 100 natural or legal persons (other than qualified investors within the meaning of the Prospectus Directive) with the proviso that the prior consent of VEM for any such offer is obtained; or in all other circumstances which fall within Article 3(2) of the Prospectus Directive. The above exemptions only apply on the provision that such an offer for the sale of shares does not require the publication of a Prospectus by the Company or VEM in accordance with Article 3 of the Prospectus Directive.

For purposes of this rule, the term "public offering" of the shares offered in any such EEA member state means a communication to the public in any form and by any means presenting sufficient information on the terms and conditions of the Offering and the shares to be offered so as to make it possible for an investor to decide whether or not to purchase any shares. In relation to the interpretation of this definition, the measures taken to implement the Prospectus Directive in the EEA member state in the territory of which the Offer Shares are being offered has prevalence. "Prospectus Directive" means Directive 2003/71/EC including any relevant measures taken in each Relevant Member State in order to implement it.

RECENT DEVELOPMENTS AND OUTLOOK

Despite the negative impact arising from the global financial crisis, China emerged relatively unscathed and became the world's second largest economy, based on nominal GDP, overtaking Japan in 2010.

Owing to the rapid economic growth coupled with accelerating urbanisation, urban households have continued to enjoy higher levels of disposable income and with the rise in affluence comes an increase in ability to purchase products of higher quality. In light of this positive trend, Goldrooster Group expects the demand for sports fashion products to grow, as target consumers shift from basic conventional sports apparels to fashion sportswear to make a fashion statement.

The strong historical growth rates are a good indication of increased demand over the next few years. In RMB (EUR) terms, the double digit year-on-year growth translated into a three year compounded annual growth rate ("CAGR") of 27.6% (33.2%) for the financial years 2009 to 2011. Goldrooster Group is optimistic that it will continue to register strong revenue growth. This is partly evidenced by revenue of TEUR 104,035 and a profit after tax of TEUR 17,020 for the financial year ended 31 December 2011 as compared to revenue of TEUR 80,098 and a profit after tax of TEUR 13,154 for the same period of 2010. This growth is fuelled organically by the opening of 285 retail stores in 2011, which is further aided by the increased marketing efforts by Goldrooster Group.

Following the successful sponsorship of the 20th China Golden Rooster Hundred Flower Movie Festival in October 2011, Goldrooster Group expects the publicity to have a positive impact on the revenue in 2012 and thereafter. It has recently concluded the 2012 autumn/winter trade fair in March 2012. Based on the positive feedback to its recent marketing efforts, Goldrooster Group expects the response from its distributors and authorised retailers to surpass that of last year and looks forward to securing a healthy book order that will extend well beyond the year 2013.

To leverage on the success of the distributor model, Goldrooster intends to boost sales and enhance its gross profit margins by setting up its self-operated stores, starting from 2012. It will, for the first time, venture into new territories of the Sichuan and Jiangsu provinces. To drive sales of the outlets, there are plans to open flagship stores as well. As at the date of this Prospectus, Goldrooster Group is in the process of setting up a flagship store in Shishi, a city adjacent to Jinjiang.

To keep pace with the sales growth and more importantly, to sustain and nurture it, Goldrooster Group will continue to invest at an appropriate level in advertising and product development activities.

Between 31 December 2011 and the date of this Prospectus, no significant changes with regard to the financial condition and the trading and the market position of Goldrooster Group have occurred.

As of 30 September 2011, the nominal share capital of the Company had been consumed due to losses caused by formation expenses and the implementation of the corporate structure of Goldrooster Group. The nominal share capital has been restored with the registration of the capital increase on 2 March 2012 and the Company is entitled to dispose of the full amount without any limitations.

FINANCIAL SECTION

Table of Contents

Financial Statements

Jinjiang Goldrooster Sports Goods Co., Ltd
Jinjiang, Fujian, People's Republic of China

For the Financial Years Ended 31 December 2009, 2010 and 2011

JINJIANG GOLDROOSTER SPORTS GOODS CO., LTD
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

	Note	Year ended 31 December 2009 EUR'000	2010 EUR'000	2011 EUR'000
Revenue	3	58,888	80,098	104,035
Cost of sales	4	(42,973)	(58,122)	(75,182)
Gross profit		15,915	21,976	28,853
Other income	3	78	96	148
Selling and distribution expenses		(2,141)	(2,776)	(3,698)
Administrative expenses		(1,536)	(1,750)	(2,180)
Profit before taxation	5	12,316	17,546	23,123
Income tax expense	6	(3,082)	(4,392)	(5,843)
Net profit		9,234	13,154	17,280
Other comprehensive income:				
Currency translation differences		(692)	1,404	2,019
Total comprehensive income		8,542	14,558	19,299

Profit attributable: totally to owners of the parent
Total comprehensive income attributable: totally to owners of the parent

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentation currency (EUR).

The annexed notes form an integral part of and should be read in conjunction with these financial statements

JINJIANG GOLDROOSTER SPORTS GOODS CO., LTD
STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

	Note	Year ended 31 December 2009 EUR'000	2010 EUR'000	2011 EUR'000
Assets				
Non-current				
Property, plant and equipment	7	766	773	684
Amount due from related party	8	893	1,069	-
Intangible assets	9	-	-	1,214
		1,659	1,842	1,898
Current				
Inventory	10	1,612	1,781	1,830
Trade and other receivables	11	8,337	14,694	17,431
Cash and bank balances	12	6,115	9,350	29,787
		16,064	25,825	49,048
Total assets		**17,723**	**27,667**	**50,946**
Equity and Liabilities				
Capital and Reserves				
Share capital	14	103	103	103
Statutory reserve	15	1,705	3,021	4,772
Foreign currency translation reserve	15	32	1,436	3,455
Retained earnings	15	7,893	10,817	26,346
		9,733	**15,377**	**34,676**
Current liabilities				
Trade and other payables	13	7,196	11,026	14,334
Amount due to related parties	13	-	-	171
Corporate income tax payable	6	794	1,264	1,765
		7,990	12,290	16,270
Total equity and liabilities		**17,723**	**27,667**	**50,946**

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentation currency (EUR).

The annexed notes form an integral part of and should be read in conjunction with these financial statements

JINJIANG GOLDROOSTER SPORTS GOODS CO., LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

	Attributable to equity holders of Company				
	Share capital EUR'000 (Note 14)	Statutory reserve EUR'000 (Note 15)	Translation reserve EUR'000 (Note 15)	Retained earnings EUR'000 (Note 15)	Total Equity EUR'000
Balance at 1 January 2009	103	782	724	5,894	7,503
Total comprehensive	-	-	(692)	9,234	8,542
Transfer to statutory reserve	-	923	-	(923)	-
Dividends	-	-	-	(6,312)	(6,312)
Balance at 31 December 2009	103	1,705	32	7,893	9,733
Total comprehensive	-	-	1,404	13,154	14,558
Transfer to statutory reserve	-	1,316	-	(1,316)	-
Dividends	-	-	-	(8,914)	(8,914)
Balance at 31 December 2010	103	3,021	1,436	10,817	15,377
Total comprehensive	-	-	2,019	17,280	19,299
Transfer to statutory reserve	-	1,751	-	(1,751)	-
Balance at 31 December 2011	103	4,772	3,455	26,346	34,676

The annexed notes form an integral part of and
should be read in conjunction with these financial statements

JINJIANG GOLDROOSTER SPORTS GOODS CO., LTD
STATEMENTS OF CHANGES IN CASHFLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

	Note	Year ended 31 December 2009 EUR'000	2010 EUR'000	2011 EUR'000
Cash flows from operating activities				
Profit before taxation		12,316	17,546	23,123
Adjustments for:				
Interest income	3	(78)	(96)	(148)
Depreciation of property, plant and equipment	7	129	139	118
Operating profit before working capital changes		12,367	17,589	23,093
(Increase)/decrease in inventories		(184)	48	37
Increase in trade and other receivables		(1,463)	(5,236)	(830)
Increase in trade and other payables		1,505	2,862	2,946
Cash generated from operations		12,225	15,263	25,246
Interest received		31	41	79
Income tax paid	6	(2,915)	(4,036)	(5,433)
Net cash generated from operating activities		*9,341*	*11,268*	*19,892*
Cash flows investing activities				
Purchase of property, plant and equipment	7	(11)	(45)	-
Acquisition of trademarks and logos		-	-	(1,130)
Net cash used in investing activities		*(11)*	*(45)*	*(1,130)*
Cash flows from financing activities				
Dividends paid		(6,312)	(8,914)	-
Net cash used in financing activities		*(6,312)*	*(8,914)*	-
Net increase in cash and bank balances		3,018	2,309	18,762
Cash and bank balances at beginning of financial year		3,501	6,115	9,350
Effects of currency translation		(404)	926	1,675
Cash and bank balances at end of financial year	12	**6,115**	**9,350**	**29,787**

The annexed notes form an integral part of and should be read in conjunction with these financial statements

1. THE COMPANY

The financial statements of the Jinjiang Goldrooster Sportswear Co., Ltd ("the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in so far as these have been endorsed by the European Union ("EU") on a voluntary basis in accordance with Section 315a Paragraph 1 of the German Commercial Code.

The Company is incorporated in the PRC. The principal activity of the Company is the manufacture and sale of unisex sports apparel, shoes and accessories. Its principal place of business is located at Goldrooster Sports Mansion, Flower Hall, Seven One Road, 362211, Jinjiang, Fujian, the People's Republic of China ("PRC").

The Company has an issued and paid-up share capital of EUR 103,000.

The figures presented in the financial statements have been rounded to the nearest EUR thousand.

The financial statements for the years ended 31 December 2009, 2010 and 2011 (including comparatives) were approved and authorised for issue on 9 March 2012 by the shareholder.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including related interpretations, in so far as these have been endorsed by the EU, and have been consistently applied throughout the financial years ended 31 December 2009, 2010 and 2011.

2.2 BASIS OF PREPARATION

The financial year of the Company is between 1 January and 31 December. For reasons of comparison,

the Company presents financial statements for the preceding years 2010 and 2009.

The financial statements of the Company are not legally required but have been prepared on a voluntary basis for the purpose of an intended initial public offering ("IPO").

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively referred as "**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as adopted by the European Union ("**EU IFRS**").

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the financial years presented, unless otherwise stated.

The financial statements have been generally prepared under the historical costs convention except as otherwise stated in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF PREPARATION (CONTINUED)

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgment in the process of applying the accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates. Thus, the Directors of the Company are responsible for preparing the financial statements.

The Company maintains its accounting records in RMB and prepares its statutory financial statements in accordance with the PRC generally accepted accounting practice. The financial information is based on the statutory records, with adjustments and reclassifications recorded for the purpose of the fair presentation in accordance with EU IFRS.

2.3 ADOPTION OF IFRS

Adoption of IFRS

The Company has adopted all EU IFRS that were effective before 1 January 2012 for the preparation of the financial statements for the financial years ended 31 December 2011, 2010 and 2009.

IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these and prior year Financial Statements ended 31 December 2010. The Company maintains its accounting records in Chinese Renminbi (RMB). The Company remains to prepare its statutory financial statements in accordance with People's Republic of China generally accepted accounting practice ("PRC GAAP").

Framework for the Preparation and Presentation of Financial Statements ("Framework")

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It does not define standards for any particular measurement or disclosure issue.

New and amended standards adopted

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 ADOPTION OF IFRS (CONTINUED)

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

IAS 19, ‘Employee benefits” was amended in June 2011. The impact on the company will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in 'other comprehensive income' as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Presently, the company does not expect any material impact on the consolidated financial statements arising from this amendment.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an enity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Presently, the company does not expect any material impact on the consolidated financial statements arising from the adoption of this Standard.

IFRS 10, Consolidated financial statements’ builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The company is yet to assess IFRS 10’s full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The company is yet to assess IFRS 12’s full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Income taxes

The Company has exposure to income tax arising from their operations in the PRC. Significant judgment is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax expense and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management determines the estimated useful lives of property, plant and equipment to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. A 5% difference in the expected useful lives of the property, plant and equipment would not result in a significant change to the Company's net profit for the respective financial years.

Intangible assets

The indefinite useful life of trademarks and logos is reviewed annually to determine whether its indefinite economic life is justified. Management is of the opinion that these trademarks and logos have a potential which cannot be constrained by a determinate time frame.

The decision to set an indefinite time span for intangible assets referred to as "trademarks and logos" is based on the following considerations:

- Use of the trademarks and logos is unlimited and the asset may be sold or used by another management team without suffering any loss in value;
- trademarks and logos are not limited to one lifecycle but go through several depending on the revenue generating products of the brands in question. The trademarks and logos referred to here have a recognition factor exceeding the products that currently bear their brand name;
- There is no technical or technological obsolescence of brands; their economic life depends on the products, not on the brand name itself;
- The sports and clothing segments have long-term stability since need is not limited to time;
- Maintenance expenses are more closely linked to the products than the brands themselves;
- trademarks and logos fees are renewable and related costs are insignificant in relation to a proven product or the existing potential of the brand in question.
- The economic life of a trademark and logo does not depend solely on the useful life of one or more of its products.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to raw material price changes and changes in customer behaviour which may cause selling prices to change rapidly.

2.5 CRITICAL JUDGMENT MADE IN APPLYING ACCOUNTING POLICIES

In the process of applying the Company's accounting policies as described below, management is of the opinion that there are no instances of application of judgments which are expected to have a significant effect on the amounts recognised in the Financial Statements.

Impairment of trade receivables

The Company's management assesses the collectability of trade receivables. This estimate is based on the credit history of the Company's customers and the current market condition. Management assesses the collectability of trade receivables at the balance sheet date and makes the provision, if any.

2.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Plant and machinery	5 to 10 years
Motor vehicles	10 years
Office equipment	5 years

The estimated residual values, estimated useful lives, and depreciation method of the property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the income statement is the difference between the net disposal proceeds and the carrying amount of the relevant asset.

2.7 INTANGIBLE ASSETS

Intangible assets comprising acquired trademarks and logos are reported at their acquisition price. Intangible assets have an indefinite useful life.

The indefinite useful life is not a common policy and is considered separately for each trademark and logo.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.9 FINANCIAL ASSETS

The financial assets of the Company are categorised as loans and receivables. The Company does not have any other financial assets. The Company's loans and receivables comprise trade receivables, cash and cash equivalents and amounts due from related party in the balance sheet.

Regular purchases and sales of financial assets are accounted for at trade date.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally via the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue if any, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms of receivables, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivables. For trade receivables, which are reported net of impairment provisions, such provisions are recorded in a separate allowance account with the loss being recognised within administration expense in income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Gains on loans and receivables are primarily from interest and are determined by the effective interest method. Losses are primarily from impairment and are determined by management analysis of the ageing of loans and receivables based on experience of default risk and history.

In 2009, 2010 and 2011 the net gains on loans and receivables amounted to EUR 0.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS (CONTINUED)

Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, as all mature within 12 months after the balance sheet date.

Receivables are measured on initial recognition at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. Allowances for impairment are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

2.10 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprise raw materials, direct labour and other overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The carrying values of inventories are disclosed under note 10.

2.11 FINANCIAL LIABILITIES

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value. All interest related charges are recognised as an expense in the income statement.

Financial liabilities are derecognised when the obligation for the liabilities is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process.

The Company’s financial liabilities include trade and other payables.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in income statement net of any reimbursement.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Provisions for environmental protection are recorded if future cash outflows are likely to be necessary to ensure compliance with environmental regulations or to carry out remediation work, such costs can be reliably estimated and no future benefits are expected from such measures. Estimating the future costs of environmental protection and remediation involves many uncertainties, particularly with regard to the status of laws and regulations.

The respective legislation in the PRC requires the Company to commit itself to remediate any environmental damages which may have been incurred and may lead to a (constructive) obligation.

Liabilities for decommissioning cost are recognised when the Company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Where an obligation exists due to land use rights regulations, this will be on construction and an obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. All provisions and contingent liabilities are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.13 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable and are presented net of goods and services taxes and trade discounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 REVENUE AND OTHER INCOME (CONTINUED)

Revenue from the sale of manufactured products are recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, which generally coincides with the delivery and acceptance of goods; and when the Company can reliably measure the amount of revenue and the cost incurred and to be incurred in respect of the transaction; and it is probable that the collectability of the related receivables is reasonably assured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.14 INTEREST INCOME

Interest income is recognised as it accrues, using the effective interest method.

2.15 EMPLOYEE BENEFITS – RETIREMENT BENEFITS SCHEME

Pursuant to the relevant regulations of the PRC government, the Company participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby a company located in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Company. The only obligation of the Company with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.16 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managers are considered key management personnel of the Company.

2.17 INCOME TAX

Tax expense comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in the respective countries in which the Company is operating.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 INCOME TAX (CONTINUED)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the date of the balance sheet, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 VALUE-ADDED TAX (“VAT”)

The Company’s sales of goods in the PRC are subject to VAT at the applicable tax rate of 17% for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of “other receivables” or “other payables” in the balance sheet.

Revenue, expenses and assets are recognised net of the amount of VAT except:

(i) where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of VAT included.

2.19 FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The Company conducts its business predominately in the PRC and hence its functional currency is the Renminbi.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 FOREIGN CURRENCIES (CONTINUED)

(i) Functional and presentation currency (continued)

The presentation currency of the Company is EURO, being the presentation currency of its ultimate German domiciled legal parent and holding company, and therefore the financial information has been translated from RMB to EURO at the following rates:

	Period end rates	Average rates
31 December 2009	EUR 1.00 = RMB 9.9569	EUR 1.00 = RMB 9.5056
31 December 2010	EUR 1.00 = RMB 8.7771	EUR 1.00 = RMB 8.9750
31 December 2011	EUR 1.00 = RMB 8.3711	EUR 1.00 = RMB 8.9880

The results and financial positions in functional currency are translated into the presentation currency for the purpose of presentation in the IPO prospectus of its ultimate legal parent as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) All resulting exchange differences are recognised in translation reserve, a separate component of equity.

(ii) Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.20 RELATED PARTIES

The Company has the following types of related parties:

(i) entities or individuals which directly, or indirectly through one or more intermediaries, (1) control, or are under common control with, the Company; (2) have an interest in the Company that gives them significant influence over the Company;

(ii) the key management personnel of the Company;

(iii) close members of the family of any individual referred to in (i) or (ii);

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company which makes strategic decisions.

The management of the Company bases its decisions on the internal reporting on apparels, footwear and accessories, which are the Company's three business segments.

Segment information is presented in respect of the Company's business segment. The primary format, business segment, is based on the Company's management and internal reporting structure. In presenting information on the basis of the business segment, segment revenue and segment assets are based on the nature of the products provided by the Company.

Segment information is presented in a manner consistent with the internal reporting provided to the management of the Company.

The accounting policies the Company uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

2.22 EQUITY RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal value of shares that have been issued in the Company.

Retained earnings include all current and prior period results as determined in the income statements.

Foreign currency translation differences arising from translation of functional currency financial statements into presentation currency are included in translation reserve.

Dividend distributions payable to equity shareholders are included in liabilities when the dividends have been approved in a general meeting prior to the reporting date.

In accordance with the relevant laws and regulations of PRC, the Company is required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the Company subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

2.23 RESEARCH AND DEVELOPMENT ACTIVITIES

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of new clothes products and ranges are also expensed, as the benefits to the Company tend to be linked to the short term nature of fashion trends and so are not expected to be of benefit for substantially longer than one accounting period.

3. REVENUE AND OTHER INCOME

The Company's revenue is as follows:

	Year ended 31 December		
	2009	**2010**	**2011**
	EUR'000	**EUR'000**	**EUR'000**
Sales of goods	58,888	80,098	104,035
Other operating income:			
Interest income	31	41	79
Notional interest income on loan to related party	47	55	69
	78	96	148

4. COST OF SALES

Cost of sales comprise of purchasing materials, labour costs for personnel employed in production, depreciation, trading goods and others (mainly utilities and maintenance costs). The following table shows a breakdown of costs of sales for the period under review for each category:

	Year ended 31 December		
	2009	**2010**	**2011**
	EUR'000	**EUR'000**	**EUR'000**
Materials	8,387	9,808	11,769
Labour	1,507	1,891	2,385
Depreciation of property, plant and equipment	90	95	79
Operating lease expense	107	114	113
Purchases from subcontractors	32,294	45,278	59,782
Others	588	936	1,054
	42,973	58,122	75,182
Cost of inventories recognised in income statement	40,552	55,098	71,570

5. EXPENSES BY NATURE

The Company's profit before taxation is arrived at after charging:

	Year ended 31 December		
	2009	**2010**	**2011**
	EUR'000	**EUR'000**	**EUR'000**
Depreciation of property, plant and equipment charged to cost of sales	90	95	79
Depreciation of property, plant and equipment charged to administrative expenses	33	39	36
Depreciation of property, plant and equipment charged to selling & distribution expenses	6	5	3
Advertising expenses	1,020	1,226	1,355
Sales incentives	932	1,330	1,955
Operating lease expense	161	170	170
IPO expenses	-	-	137

6. INCOME TAX EXPENSE

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Current income tax - PRC	3,082	4,392	5,843

Reconciliation between tax expense and profit before taxation at PRC's statutory tax rates is as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Profit before tax	12,316	17,546	23,123
Tax calculated at the tax rate of 25%	3,079	4,387	5,781
Income not subject to taxation	(12)	(14)	(17)
Tax effect on IFRS adjustments not adjusted for PRC tax purposes	10	13	74
Underprovision of taxation in respect of prior year	5	6	5
	3,082	4,392	5,843

The Company is subject to PRC income tax on profit arising or derived from the tax jurisdiction in which the Company operates and is domiciled. The provision for the PRC income tax on profit arising from operations in the PRC is calculated based on statutory income tax rate of 25% in accordance with the PRC relevant income tax rules and regulation for the financial years 2009, 2010 and 2011 respectively.

Movement in income tax payable is as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Beginning of financial year	686	794	1,264
Current year tax expense on profit	3,082	4,392	5,843
Income tax paid	(2,915)	(4,036)	(5,433)
Translation adjustment	(59)	114	91
End of financial year	794	1,264	1,765

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery EUR'000	Motor vehicles EUR'000	Office equipment EUR'000	Total EUR'000
Cost				
At 1 January 2009	**955**	**224**	**87**	**1,266**
Additions	-	-	11	11
Translation adjustment	(70)	(17)	(7)	(94)
At 31 December 2009	**885**	**207**	**91**	**1,183**
Additions	10	33	2	45
Translation adjustment	118	30	13	161
At 31 December 2010	**1,013**	**270**	**106**	**1,389**
Additions	-	-	-	-
Translation adjustment	49	13	5	67
At 31 December 2011	**1,062**	**283**	**111**	**1,456**
Accumulated Depreciation				
At 1 January 2009	**263**	**21**	**34**	**318**
Depreciation charge	93	20	16	129
Translation adjustment	(24)	(3)	(3)	(30)
At 31 December 2009	**332**	**38**	**47**	**417**
Depreciation charge	98	23	18	139
Translation adjustment	47	6	7	60
At 31 December 2010	**477**	**67**	**72**	**616**
Depreciation charge	82	24	12	118
Translation adjustment	30	4	4	38
At 31 December 2011	**589**	**95**	**88**	**772**
Net Book Value				
At 31 December 2009	553	169	44	766
At 31 December 2010	536	203	34	773
At 31 December 2011	473	188	23	684

All property, plant and equipment held by the Company are located in the PRC.

8. AMOUNT DUE FROM RELATED PARTY

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Beginning of loan at amortised cost	916	893	1,069
Interest income accrued	47	55	69
Repayment	-	-	(1,113)
Translation difference	(70)	121	(25)
Ending amount at amortised cost	893	1,069	-

Amount due from related party is unsecured, interest-free and has no fixed terms of repayment. Amount due from related party is discounted using prevailing bank interest rates and carried at amortised cost.

Amount due from related party is fully settled in the financial year ended 31 December 2011.

Amount due from related party is denominated in Renminbi.

9. INTANGIBLE ASSETS

Intangible assets comprise trademarks and logos that have been specifically identified as being associated with the "Goldrooster'' brand. The trademarks and logos are not amortized. Instead, they undergo an annual impairment test to verify valuation.

Management is of the opinion that these trademarks and logos have a potential useful life whose duration cannot be defined in terms of time. The acquisition is to enhance the value of the "Goldrooster'' brand and not to exploit them within a fixed period of time.

Intangibles are denominated in Renminbi.

10. INVENTORIES

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Raw materials	842	783	855
Work in progress	122	275	236
Finished goods	648	723	739
	1,612	1,781	1,830

11. TRADE AND OTHER RECEIVABLES

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Trade receivables	8,337	14,694	17,395
Other receivables	-	-	12
Prepayments	-	-	24
	8,337	14,694	17,431

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and generally have an average credit terms of 30 to 60 days. Management considers the carrying amounts recognised in balance sheet to be a reasonable approximation of their fair value due to the short duration. Net gains and losses on loans and receivables amounted to EUR 0 in 2009, 2010 and 2011.

The aging based on invoice date is as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Within 30 days	6,506	9,404	12,293
31 to 60 days	1,831	5,290	5,102
	8,337	14,694	17,395

Trade receivables and other receivables are denominated in Renminbi.

12. CASH AND BANK BALANCES

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Cash at bank	6,112	9,348	29,786
Cash on hand	3	2	1
	6,115	9,350	29,787

The cash at bank bears effective interest rate of 0.72%, 0.60% and 0.38% per annum for the years ended 31 December 2009, 2010 and 2011 respectively.

The cash and bank balances are denominated in Renminbi and are not convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Company is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

13. TRADE AND OTHER PAYABLES

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Trade payables	6,605	10,155	13,109
Salary payables	198	268	259
Other payables	393	603	966
	7,196	11,026	14,334
Amount due to related parties	-	-	171

Other payables comprise mainly amounts for VAT and other taxes.

Amount due to related parties relate mainly to the upfront payment of professional fees on behalf of the Company for its on-going initial public offering in Germany. Amount due to related parties is unsecured, interest-free and has no fixed terms of repayment.

The carrying amounts of trade and other payables at the balance sheet dates approximate to their fair value due to the short duration of maturity. Trade and other payables are denominated in Renminbi.

14. SHARE CAPITAL

Share capital

The Company was incorporated as a limited liability company in PRC on 14 November 2005. Its registered share capital of RMB 1,000,000 was fully paid up on 20 October 2005.

Earnings per Share

The company does not present "Earnings per share" numbers since the company itself is not traded in a public market or files for such even if the statements are prepared in connection with the intended IPO of the ultimate shareholder.

15. RESERVES

Statutory reserve

In accordance with the relevant laws and regulations of PRC, the Company is required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the Company subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

Retained earnings

The retained earnings comprised the cumulative net gains recognised in the Company's income statement.

Foreign currency translation reserve

Foreign currency translation reserve represents the foreign currency translation difference arising from the translation of the financial statements of the Company from its functional currency to its presentation currency.

16. COMMITMENTS

The total future minimum lease payments of the Company under non-cancellable operating leases are as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Not later than one year	21	24	4
Between one and five years	-	-	14
	21	24	18

The Company entered and contracted into non-cancellable advertising agreements with third party at the balance sheet date. The respective amounts for services already contracted but not yet rendered at each year end are as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Not later than one year	919	929	2,527

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, concentration risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The board of directors provides guidance for overall risk management as well as policies covering specific areas. Management analyses and formulates measures to manage the Company's exposure to financial risk in accordance with the objectives and underlying principles approved by the board of directors. Generally, the Company employs a conservative strategy regarding its risk management. As the Company's exposures to market risk and financial risk are kept at a minimum level, the Company has not used any derivatives or other financial instruments for hedging purposes. The Company does not hold or issue derivative financial instruments for trading purposes.

(i) Market risk - currency risk

Currency risk arises within entities in the Company when transactions are denominated in foreign currency.

The Company has no significant concentration of transactional currency risk. The Company operates predominantly in the PRC and transacts primarily in Renminbi. However the Company prepares its financial statements in EURO and therefore its results and net asset position are exposed to retranslation risk as a result of fluctuation in the RMB EURO exchange rate.

(ii) Market risk - interest rate risk

The Company is not significantly exposed to interest rate risk as it is primarily self-financing. The Company has no interest bearing loans or significant interest-bearing assets.

(iii) Concentration risk

Concentration risk arises from the sales to the Company's authorised distributors. In view of the nature of the industry and the Company's sales strategy which is the selling of their products to consumers through the authorised distributors, the management does not consider the risk to be significant. The Company's policy is to monitor the business development of the authorised distributors and to continuously source for suitable distributors who are able to promote the brand and expand the existing distribution network.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty fails to meet its contractual obligations. Credit risk of the Company arises primarily from the Company's trade receivables.

The Company's exposure to credit risks is restricted by credit limits that are approved by the general manager. The Company typically allows the existing customer credit terms of up to three months. In deciding whether credit shall be extended, the Company will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the general manager.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Credit risk (continued)

The Company performs on-going credit evaluation of its customers' financial position. The concentration of credit risk from the Company's trade receivables contributes 57%, 58% and 64% for the financial years ended 2009, 2010 and 2011 respectively, comprising top10 customers.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Company's major classes of financial assets are trade receivables, amount due from a related party and cash and bank balances.

The Company considers 30 to 60 days to be normal collection period.

There is no impairment loss recognised in the income statements as there were no trade receivables that are past due.

(v) Liquidity risk

The Company's financial liabilities are expected to mature within 1 year from the balance sheet dates. The contractual undiscounted cash flows of the financial liabilities approximate their carrying amounts.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to regularly monitor their current and expected liquidity requirements and ensure, as far as possible, that it will have sufficient cash reserve and available funding through credit facilities to meet its liabilities when due, without incurring unacceptable losses or risking damages to the Company's reputation.

18. RELATED PARTY DISCLOSURES - SIGNIFICANT RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Company for the purposes of the financial statements if: (i) it possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decision of the Company or vice versa; or (ii) it is subject to common control or common significant influence.

Related party information

(a) Individuals with significant influence over the Company.

Ms. Li Shu Hsia: Indirect controlling shareholder of the Company
Mr. Li Wen Wen: Direct holder of the majority share capital of the Company; General Manager of the Company since FY2005.

18. RELATED PARTY DISCLOSURES - SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Related party information (continued)

(b) Key management of the Company

Related party	Relationship with the Company
Li Wen Wen	General Manager / Director
Yang Hua Gui	Deputy General Manager
Chu Zhao Fu	Sales Director
Soh Tiong Yuen Ashley	Chief Financial Officer

Transactions and amounts due from/to related parties
In addition to the balances shown in the financial statements, the Company had the following transactions with related parties at agreed terms:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Salaries and related costs	81	87	87
Retirement scheme contributions	1	1	1
Total remuneration	82	88	88

Included in "salaries and related costs" are director's remuneration amounting to approximately EUR 38,000, EUR 40,000 and EUR 40,000 for the financial years ended 31 December 2009, 2010 and 2011 respectively.

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Operating lease expense of factory premises paid to a related party	107	114	113
Trademarks and logos acquired from related party	-	-	1,130
Embroidery services rendered by a related party	261	320	454

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to support the Company's stability and growth so as to maximise shareholders' returns and stakeholders' benefits.

A capital structure which does not make significant use of debt financing and seeks to establish a ratio of equity to total assets of 50% or above is considered to be advisable and achievable by the Company's management, providing the Company with a stable basis for achieving its business objectives. Over the reporting period, the Company actually achieved a ratio of equity to total assets of 54.9%, 55.6% and 68.1% as at 31 December 2009, 31 December 2010 and 31 December 2011 respectively. The Company actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Company, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Company may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce or avoid borrowings.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

The Company does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

21. SEGMENT INFORMATION

Operating segment

Management determines the operating segments, which represents product category, based on reports reviewed and used for strategic decisions. The Company's business segments are organised into three main operating segments:

- Footwear
- Apparels
- Accessories

All three product segments are managed by the Company.

All operating segments are monitored and strategic decisions are made on the basis of the segmental gross margins. Items of expense and income below the gross profit margin are not analysed by management on a segmental basis, as these are not considered relevant for the operational and strategic analysis of the business. Management considers the Company's total assets, comprising property, plant and equipment, inventory, trade receivables and cash and bank balances as reasonably allocable to the three operating segments on a reasonable basis determined by segment reflecting the actual situation.

21. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments for the financial period from 1 January 2009 to 31 December 2009 is as follows:

	Footwear EUR'000	Apparels EUR'000	Accessories EUR'000	Total EUR'000
Revenue	15,054	40,966	2,868	58,888
Cost of sales	(10,807)	(30,141)	(2,025)	(42,973)
Gross profit	4,247	10,825	843	15,915
Interest income				78
Unallocated corporate expenses				(3,677)
Profit before taxation				12,316
Income tax expenses				(3,082)
Net profit				9,234
Other information				
Segment assets	1,149	1,016	-	2,165
Unallocated corporate assets				15,558
Total Assets				17,723
Segment liabilities	1,178	5,427	-	6,605
Unallocated corporate liabilities				1,385
Total liabilities				7,990
Capital expenditure	-	-	-	-
Depreciation	90	-	-	90

Unallocated assets for the year are assets that cannot be reasonably allocated to the operating segments and included motor vehicles and office equipment under property, plant and equipment, amount due from related party, trade receivables and cash and bank balances.

Unallocated liabilities for the year are liabilities that cannot be reasonably allocated to the operating
segments included other payables and income tax payable.

21. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments for the financial period from 1 January 2010 to 31 December 2010 is as follows:

	Footwear EUR'000	Apparels EUR'000	Accessories EUR'000	Total EUR'000
Revenue	17,842	58,062	4,194	80,098
Cost of sales	(12,712)	(42,466)	(2,944)	(58,122)
Gross profit	5,130	15,596	1,250	21,976
Interest income				96
Unallocated corporate				(4,526)
Profit before taxation				17,546
Income tax expenses				(4,392)
Net profit				13,154
Other information				
Segment assets	1,402	915	-	2,317
Unallocated corporate assets				25,350
Total Assets				27,667
Segment liabilities	1,726	8,429	-	10,155
Unallocated corporate liabilities				2,135
Total liabilities				12,290
Capital expenditure	10	-	-	10
Depreciation	95	-	-	95

Unallocated assets for the year are assets that cannot be reasonably allocated to the operating segments and included motor vehicles and office equipment under property, plant and equipment, amount due from related party, trade receivables and cash and bank balances.

Unallocated liabilities for the year are liabilities that cannot be reasonably allocated to the operating
segments included other payables and income tax payable.

21. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments for the financial period from 1 January 2011 to 31 December 2011 is as follows:

	Footwear EUR'000	Apparels EUR'000	Accessories EUR'000	Total EUR'000
Revenue	22,087	77,060	4,888	104,035
Cost of sales	(15,568)	(56,199)	(3,415)	(75,182)
Gross profit	6,519	20,861	1,473	28,853
Interest income				148
Unallocated corporate				(5,878)
Profit before taxation				23,123
Income tax expenses				(5,843)
Net profit				17,280
Other information				
Segment assets	1,135	1,168	-	2,303
Unallocated corporate assets				48,643
Total Assets				50,946
Segment liabilities	1,847	11,262		13,109
Unallocated corporate liabilities				3,161
Total liabilities				16,270
Capital expenditure	-	-	-	-
Depreciation	79	-	-	79

Unallocated assets for the year are assets that cannot be reasonably allocated to the operating segments and included motor vehicles and office equipment under property, plant and equipment, amount due from related party, trade receivables and cash and bank balances.

Unallocated liabilities for the year are liabilities that cannot be reasonably allocated to the operating
segments included other payables and income tax payable.

21. SEGMENT INFORMATION (CONTINUED)

The Company's revenues in 2009, 2010 and 2011 were derived wholly from the PRC, hence a further geographical segment analysis is not meaningful to the management of the Company.

The totals presented for the Company's operating segments can be derived directly from the Company's key financial figures for sales, cost of sales and total assets as presented in the financial statements without reconciliation.

22. EMPLOYEES BENEFITS

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Management and administration	912	1,010	1,042
Sales	183	215	221
Production	1,625	2,052	2,596
	2,720	3,277	3,859

The aggregate payroll costs of these employees were as follows:

	Year ended 31 December		
	2009	2010	2011
	EUR'000	EUR'000	EUR'000
Directors' remuneration			
-salaries and related costs	38	40	40
-retirement scheme contribution	-	-	-
Key management personnel (other than directors)			
-salaries and related costs	43	47	47
-retirement scheme contribution	1	1	1
Other than directors and key management personnel:			
-salaries and related costs	2,477	2,970	3,486
-retirement scheme contribution	161	219	285
	2,720	3,277	3,859
Average number of employees:	625	666	687

Retirement Benefit Plans

The eligible employees of the Company who are citizens of the PRC are members of a state-managed retirement benefit scheme operated by the local government. The Company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions. The cost of retirement benefits contributions charged to profit and loss amounted to approximately EUR 162,000 EUR 220,000 and EUR 286,000 for the financial years ended 31 December 2009, 2010 and 2011 respectively.

23. CONTINGENT LIABILITY

Social insurance back payments

According to PRC law, in particular, Chinese regulations for social insurance and housing funds, the Company is required to make contributions for the social insurance and for the housing funds to their employees. The Company has in the past not paid the full amount which should have been paid in respect of these contributions, but considers the risk for additional payments for prior periods to be not probable as there has been no known incidences of the relevant authorities demanding payments in respect of past years. As at 31 December 2011, an amount of approximately RMB 4.99 million for social insurance contributions and an amount of approximately RMB 2.83 million for housing fund contributions have been identified as being outstanding. The Company's indirect controlling shareholder, Ms Li Shu Hsia has agreed to indemnify the Company for all amounts payable in respect of the outstanding payments and for all fines, penalties, damages, losses and liabilities which are or may become payable by the Company as a result of the non-compliance as mentioned above.

24. SUBSEQUENT EVENTS

Effective 2 March 2012, the entire share capital of Gold Rooster (Hong Kong) Holding Limited was transferred to Goldrooster AG, Berlin, Germany in preparation for the initial public offering of Goldrooster AG. Goldrooster AG expects to issue its prospectus for its listing at the German Stock Exchange in April 2012.

There are no other significant non-adjusting events or any significant adjusting events to report between the reporting date and the date of preparation of these financial statements.

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Li Wenwen
Director
Jinjiang, Fujian Province, PRC
9 March 2012

Auditors' Report

To Jinjiang Goldrooster Sports Goods Co., Ltd, Jinjiang, Fujian, People's Republic of China:

We have audited the annual financial statements prepared by Jinjiang Goldrooster Sports Goods Co., Ltd, Jinjiang, Fujian Province, People's Republic of China converted from RMB (Chinese currency) to Euro comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cashflows and notes to the financial statements for the financial years ended December 31, 2009, 2010 and 2011. The preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, is the responsibility of the management of the Company. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit of the financial statements in accordance with § 317 HGB (Handelsgesetzbuch – German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of Jinjiang Goldrooster Sports Goods Co. Ltd. in accordance with these requirements.

Frankfurt am Main, March 9, 2012

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dirk Bauer Wirtschaftsprüfer German Certified Auditor	Robert Binder Wirtschaftsprüfer German Certified Auditor

Combined Financial Statements

Gold Rooster (Hong Kong) Holding Limited
and its subsidiary
Jinjiang Goldrooster Sports Goods Co., Ltd

For the Financial Year Ended 31 December 2011

GOLD ROOSTER (HK) HOLDING LIMITED AND ITS SUBSIDIARY
COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	**Year ended 31 December 2011 EUR'000**
Revenue	3	104,035
Cost of sales	4	(75,182)
Gross profit		28,853
Other income	3	148
Selling and distribution expenses		(3,698)
Administrative expenses		(2,440)
Profit before taxation	5	22,863
Income tax expense	6	(5,843)
Net profit		17,020
Other comprehensive income:		
Currency translation differences		2,017
Total comprehensive income		19,037

Profit attributable: totally to owners of the parent
Total comprehensive income attributable: totally to owners of the parent

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentation currency (EUR).

The annexed notes form an integral part of and should be read in conjunction with these financial statements

GOLD ROOSTER (HK) HOLDING LIMITED AND ITS SUBSIDIARY
COMBINED STATEMENT OF FINANCIAL POSTION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Year ended 31 December 2011 EUR'000
Assets		
Non-current		
Property, plant and equipment	7	684
Amount due from related party	8	-
Intangible assets	9	1,214
		1,898
Current		
Inventory	10	1,830
Trade and other receivables	11	17,473
Cash and bank balances	12	29,789
		49,092
Total assets		**50,990**
Equity and Liabilities		
Capital and Reserves		
Share capital	14	358
Merger reserve	14	(229)
Statutory reserve	14	4,772
Foreign currency translation reserve	14	3,453
Retained earnings	14	26,086
		34,440
Current liabilities		
Trade and other payables	13	14,533
Amount due to related parties	13	252
Corporate income tax payable	6	1,765
		16,550
Total equity and liabilities		**50,990**

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentation currency (EUR).

The annexed notes form an integral part of and should be read in conjunction with these financial statements

GOLD ROOSTER (HK) HOLDING LIMITED AND ITS SUBSIDIARY
COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of Company					
	Share Capital EUR'000 (Note 14)	**Merger Reserve EUR'000 (Note 14)**	**Statutory reserve EUR'000 (Note 14)**	**Translation reserve EUR'000 (Note 14)**	**Retained earnings EUR'000 (Note 14)**	**Total Equity EUR'000**
Balance at 1 January 2011	103	-	3,021	1,436	10,817	15,377
Issuance of share capital for the Company	358	-	-	-	-	358
Adjustment arising from restructuring exercise osubsidiary	(103)	(229)	-	-	-	(332)
Total comprehensive .	-	-	-	2,017	17,020	19,037
Transfer to statutory	-	-	1,751	-	(1,751)	-
Balance at 31 December 2011	358	(229)	4,772	3,453	26,086	34,440

The annexed notes form an integral part of and
should be read in conjunction with these financial statements

GOLD ROOSTER (HK) HOLDING LIMITED AND ITS SUBSIDIARY
COMBINED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Year ended 31 December 2011 EUR'000
Cash flows from operating activities		
Profit before taxation		22,863
Adjustments for:		
Interest income	3	(148)
Depreciation of property, plant and equipment	7	118
Operating profit before working capital changes		22,833
Increase in inventories		37
Increase in trade and other receivables		(873)
Increase in trade and other payables		3,226
Cash generated from operations		25,223
Interest received		79
Income tax paid	6	(5,433)
Net cash generated from operating activities		*19,869*
Cash flows investing activities		
Acquisition of trademarks and logos		(1,130)
Net cash used in investing activities		*(1,130)*
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		358
Acquisition of subsidiary		(332)
Net cash generated from financing activities		*26*
Net increase in cash and bank balances		18,765
Cash and bank balances at beginning of financial year		9,350
Effects of currency translation		1,674
Cash and bank balances at end of financial year	11	**29,789**

The annexed notes form an integral part of and
should be read in conjunction with these financial statements

1. THE GROUP

1.1 THE COMPANY

The combined financial statements of the Group, which comprise Gold Rooster (Hong Kong) Holding Limited (“the Company” or “Goldrooster HK”) and Jinjiang Goldrooster Sports Goods Co., Ltd ("the subsidiary" or “Jinjiang Goldrooster”), have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in so far as these have been endorsed by the European Union (“EU”) on a voluntary basis in accordance with Section 315a Paragraph 1 of the German Commercial Code.

The principal activity of the Company is investment holding. It is incorporated under the Hong Kong Company Ordinance, and the principal place of business of the Company is located at 5th Floor Jardine House, 1 Connaught Place, Central, Hong Kong.

The subsidiary is incorporated in the PRC. Its principal place of business is located at Goldrooster Sports Mansion, Flower Hall, Seven One Road, 362211, Jinjiang, Fujian, the People’s Republic of China (“PRC”). The principal activity of the Company is the manufacture and sale of unisex sports apparel, shoes and accessories.

The Company has an issued and paid up capital of HKD 4,000,000 (EUR 358,000) as at 31 December 2011.

The figures presented in the financial statements have been rounded to the nearest EUR thousand.

The combined financial statements for the financial year ended 31 December 2011 were approved and authorised for issue on 9 March 2011 by the shareholders´ management and supervisory board.

1.2 FORMATION OF THE GROUP

Effective 25 August 2011, the entire share capital of the subsidiary was transferred to Goldrooster HK, which became the holding company of the subsidiary, Jinjiang Goldrooster.

Goldrooster HK was incorporated on 2 November 2010 by its founder, Ms. Li Shu Hsia as sole shareholder, as a limited liability company under Hong Kong Company Ordinance and is registered with the company register in Hong Kong under the registration number 1522926.

The registered capital of Goldrooster HK was HKD 10,000 divided into 10,000 shares with a nominal value of HKD 1.00 each. The share capital of HKD 1.00 is paid up. Ms. Li Shu Hsia and Mr. Li Wen Wen are the directors of Goldrooster HK.

On 24 August 2011, the authorised share capital of Goldrooster HK was increased to HKD 5,000,000 divided into 5,000,000 shares of par value of HKD 1.00 each and on the same day, 3,999,999 shares of HKD 1.00 was allotted and issued to Ms. Li Shu Hsia.

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1. THE GROUP (CONTINUED)

1.3 FORMATION OF THE GROUP (CONTINUED)

Pursuant to three investment agreements Ms. Li Shu Hsia entered into with two strategic investors, namely Mr. Yap Son On and Mr. Tan Hoon Teng on 1 March 2010, for a planned overseas initial public offering, Ms. Li Shu Hsia agreed to set up the Company to acquire the entire equity interest in Jinjiang Goldrooster, and to then transfer 15.025% and 6.2375% shares in the Company to Mr. Yap Son On or any person/entity designated by Mr. Yap Son On, and 6.2375% shares in the Company to Mr. Tan Hoon Teng or any person/entity designated by Mr. Tan Hoon Teng, at the time designated by the strategic investors, for a consideration of RMB 39,527,914 (approximately EUR 4,231,205), RMB 16,409,675 (approximately EUR 1,756,548) and RMB 16,409,675 (approximately EUR 1,756,548), respectively. The consideration for the sale and transfer of shares was determined based on the financial performance of Jinjiang Goldrooster for the financial year 2009.

Upon the requests of the two strategic investors, Ms. Li Shu Hsia transferred 601,000 shares in the Company to Season Market Limited, 249,500 shares in the Company to Xanti Investments Limited and 249,500 shares in the Company to Fortune United Investment Limited on 20 October 2011 at a consideration of RMB 39,527,914 (approximately EUR 4,231,205), RMB 16,409,675 (approximately EUR 1,756,548) and RMB 16,409,675 (approximately EUR 1,756,548), respectively. After the share transfer, the shareholder structure of the Company was composed of Ms. Li Shu Hsia, who then held 72.5%, Season Market Limited, which held 15.025%, Xanti Investments Limited, which held 6.2375% and Fortune United Investment Limited, which held 6.2375%. On 20 October 2011, Ms. Li Shu Hsia, transferred 2,900,000 shares she held in the Company to Zhuo Wei Investments Limited, a British Virgin Islands (“BVI”) company established on 13 May 2011 by Mr. Li Wen Wen and then acquired by Ms. Li Shu Hsia on 20 September 2011.

Pursuant to a share contribution agreement dated 2 November 2011, Zhuo Wei Investments Limited, Season Market Limited, Xanti Investments Limited and Fortune United Investment Limited contributed all shares they held in the Company to Goldrooster AG’s registered capital in exchange for the new 19,500,000 no par value ordinary bearer shares with a proportionate value of EUR 1.00 of Goldrooster AG.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The combined financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including related interpretations, in so far as these have been endorsed by the EU, and have been consistently applied throughout the financial year ended 31 December 2011.

2.2 BASIS OF PREPARATION

The financial year of the Group is between 1 January and 31 December. As this is the first year that the Company presents combined financial statements, no comparative is prepared and presented for the preceding year 2010.

The combined financial statements of the Group for the financial year ended 31 December 2011 is not legally required but have been prepared on a voluntary basis for the purpose of an intended initial public offering ("IPO"). In these combined financial statements, all intercompany transactions and balances have been eliminated.

These combined financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively referred as "**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as adopted by the European Union ("**EU IFRS**").

The principal accounting policies adopted in the preparation of the combined financial statements are set out below. The policies have been consistently applied to the financial year presented, unless otherwise stated.

The combined financial statements have been generally prepared under the historical costs convention except as otherwise stated in the combined financial statements.

The preparation of combined financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgment in the process of applying the accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates. Thus, the Directors of the Company are responsible for preparing the combined financial statements.

The Company maintains its accounting records in RMB and prepares its statutory financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants("HKICPA").

The subsidiary maintains its accounting records in RMB and prepares its statutory financial statements in accordance with the PRC generally accepted accounting practice. The financial information is based on the statutory records, with adjustments and reclassifications recorded for the purpose of the fair presentation in accordance with EU IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 ADOPTION OF IFRS

First Adoption of IFRS

The Group has adopted all EU IFRS that were effective before 1 January 2012 for the preparation of the financial statements for the financial year ended 31 December 2011.

IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Financial Statements under IFRS. Before the financial year 2011 the Group did not prepare combined financial statements. An offsetting and reconciliation is therefore not possible.

Framework for the Presentation of Financial Statements (“Framework”)

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It does not define standards for any particular measurement or disclosure issue.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

IAS 19, ‘Employee benefits” was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in 'other comprehensive income' as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Presently, the Group does not expect any material impact on the consolidated financial statements arising from this amendment.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an enity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Presently, the Group does not expect any material impact on the consolidated financial statements arising from the adoption of this Standard.

IFRS 10, Consolidated financial statements’ builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10’s full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12’s full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 KEY SOURCES OF ESTIMATION UNCERTAINTY

Income taxes

The Group has exposure to income tax arising from its subsidiary's operations in the PRC. Significant judgment is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax expense and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management determines the estimated useful lives of property, plant and equipment to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. A 5% difference in the expected useful lives of the property, plant and equipment would not result in a significant change to the Group's net profit for the respective financial years.

Intangible assets

The indefinite useful life of trademarks and logos is reviewed annually to determine whether its indefinite economic life is justified. Management is of the opinion that these trademarks and logos have a potential which cannot be constrained by a determinate time frame.

The decision to set an indefinite time span for intangible assets referred to as "trademarks and logos" is based on the following considerations:

- Use of the trademarks and logos is unlimited and the asset may be sold or used by another management team without suffering any loss in value;
- trademarks and logos are not limited to one lifecycle but go through several depending on the revenue generating products of the brands in question. The trademarks and logos referred to here have a recognition factor exceeding the products that currently bear their brand name;
- There is no technical or technological obsolescence of brands; their economic life depends on the products, not on the brand name itself;
- The sports and clothing segments have long-term stability since need is not limited to time;
- Maintenance expenses are more closely linked to the products than the brands themselves;
- trademarks and logos fees are renewable and related costs are insignificant in relation to a proven product or the existing potential of the brand in question.
- The economic life of a trademark and logo does not depend solely on the useful life of one or more of its products.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to raw material price changes and changes in customer behaviour which may cause selling prices to change rapidly.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 CRITICAL JUDGMENT MADE IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies as described below, management is of the opinion that there are no instances of application of judgments which are expected to have a significant effect on the amounts recognised in the combined financial statements.

Impairment of trade receivables

The Group's management assesses the collectability of trade receivables. This estimate is based on the credit history of the Group's customers and the current market condition. Management assesses the collectability of trade receivables at the balance sheet date and makes the provision, if any.

2.6 SUBSIDIARIES AND COMBINED FINANCIAL STATEMENTS

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully combined from the date on which control is transferred to the Group. They are excluded from the date that control ceases.

Shares in subsidiary are stated at cost less allowance for impairment losses, if any, on an individual subsidiary basis.

For acquisition of subsidiaries under common control, the identifiable assets and liabilities were accounted for at their carrying values, in a manner similar to a method of consolidation referred to as 'pooling-of-interest'.

In preparing the combined financial statements, transactions, balances and unrealised gains on transactions between the combining entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred.

(ii) BASIS OF PREPARATION UNDER COMMON CONTROL BUSINESS COMBINATION

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

For such common control business combination which is outside the scope of IFRS 3, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs are included in the combined financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 SUBSIDIARIES AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

(ii) BASIS OF PREPARATION UNDER COMMON CONTROL BUSINESS COMBINATION

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such combined financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Plant and machinery	5 to 10 years
Motor vehicles	10 years
Office equipment	5 years

The estimated residual values, estimated useful lives, and depreciation method of the property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the income statement is the difference between the net disposal proceeds and the carrying amount of the relevant asset.

2.8 INTANGIBLE ASSETS

Intangible assets comprising acquired trademarks and logos are reported at their acquisition price. Intangible assets have an indefinite useful life.

The indefinite useful life is not a common policy and is considered separately for each trademark and logo.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.10 FINANCIAL ASSETS

The financial assets of the Group are categorised as loans and receivables. The Group does not have any other financial assets. The Group's loans and receivables comprise trade receivables, cash and cash equivalents and amount due from related party in the balance sheet.

Regular purchases and sales of financial assets are accounted for at trade date.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally via the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue if any, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of receivables, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivables. For trade receivables, which are reported net of impairment provisions, such provisions are recorded in a separate allowance account with the loss being recognised within administration expense in income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Gains on loans and receivables are primarily from interest and are determined by the effective interest method. Losses are primarily from impairment and are determined by management analysis of the ageing of loans and receivables based on experience of default risk and history.

In 2011 the net gains on loans and receivables amounted to EUR 0.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, as all mature within 12 months after the balance sheet date.

Receivables are measured on initial recognition at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. Allowances for impairment are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

2.11 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprise raw materials, direct labour and other overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The carrying values of inventories are disclosed under note 10.

2.12 FINANCIAL LIABILITIES

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value. All interest related charges are recognised as an expense in the income statement.

Financial liabilities are derecognised when the obligation for the liabilities is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process.

The Group’s financial liabilities include trade and other payables.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in income statement net of any reimbursement.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Provisions for environmental protection are recorded if future cash outflows are likely to be necessary to ensure compliance with environmental regulations or to carry out remediation work, such costs can be reliably estimated and no future benefits are expected from such measures. Estimating the future costs of environmental protection and remediation involves many uncertainties, particularly with regard to the status of laws and regulations.

The respective legislation in the PRC requires the subsidiary to commit itself to remediate any environmental damages which may have been incurred and may lead to a (constructive) obligation.

Liabilities for decommissioning cost are recognised when the subsidiary has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Where an obligation exists due to land use rights regulations, this will be on construction and an obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. All provisions and contingent liabilities are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable and are presented net of goods and services taxes and trade discounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 REVENUE AND OTHER INCOME (CONTINUED)

Revenue from the sale of manufactured products are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, which generally coincides with the delivery and acceptance of goods; and when the Group can reliably measure the amount of revenue and the cost incurred and to be incurred in respect of the transaction; and it is probable that the collectability of the related receivables is reasonably assured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.15 INTEREST INCOME

Interest income is recognised as it accrues, using the effective interest method.

2.16 EMPLOYEE BENEFITS – RETIREMENT BENEFITS SCHEME

Pursuant to the relevant regulations of the PRC government, the subsidiary participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby a company located in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the company. The only obligation of the subsidiary with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The subsidiary has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managers are considered key management personnel of the Group.

2.18 INCOME TAX

Tax expense comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in the respective countries in which the Group is operating.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 INCOME TAX (CONTINUED)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the balance sheet, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.19 VALUE-ADDED TAX ("VAT")

The subsidiary's sales of goods in the PRC are subject to VAT at the applicable tax rate of 17% for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "other receivables" or "other payables" in the balance sheet.

Revenue, expenses and assets are recognised net of the amount of VAT except:

(i) where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of VAT included.

2.20 FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Group conducts its business predominately in the PRC and hence its functional currency is the Renminbi.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 FOREIGN CURRENCIES (CONTINUED)

(i) Functional and presentation currency (continued)

The presentation currency of the Group is EURO, being the presentation currency of its ultimate German domiciled legal parent and holding company, and therefore the financial information has been translated from RMB to EURO at the following rates:

	Period end rate	Average rate
31 December 2011	EUR 1.00 = RMB 8.3711	EUR 1.00 = RMB 8.9880

The results and financial position in functional currency are translated into the presentation currency for the purpose of presentation in the IPO prospectus of its ultimate legal parent as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) All resulting exchange differences are recognised in translation reserve, a separate component of equity.

(i) Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.21 RELATED PARTIES

The Group has the following types of related parties:

(i) entities or individuals which directly, or indirectly through one or more intermediaries, (1) control, or are under common control with, the Group; (2) have an interest in the Group that gives them significant influence over the Group;

(ii) the key management personnel of the Group;

(iii) close members of the family of any individual referred to in (i) or (ii);

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the subsidiary which makes strategic decisions.

The management of the subsidiary bases its decisions on the internal reporting on apparels, footwear and accessories, which are the Group's three business segments.

Segment information is presented in respect of the subsidiary's business segment. The primary format, business segment, is based on the subsidiary's management and internal reporting structure. In presenting information on the basis of the business segment, segment revenue and segment assets are based on the nature of the products provided by the subsidiary.

Segment information is presented in a manner consistent with the internal reporting provided to the management of the subsidiary.

The accounting policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

2.23 EQUITY RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal value of shares that have been issued in the Company.

Retained earnings include all current and prior period results as determined in the income statements.

Foreign currency translation differences arising from translation of functional currency financial statements into presentation currency are included in translation reserve.

In accordance with the relevant laws and regulations of PRC, the subsidiary is required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

2.24 RESEARCH AND DEVELOPMENT ACTIVITIES

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of new clothes products and ranges are also expensed, as the benefits to the Group tend to be linked to the short term nature of fashion trends and so are not expected to be of benefit for substantially longer than one accounting period.

3. REVENUE AND OTHER INCOME

The Group's revenue is as follows:

	Year ended 31 December 2011 EUR'000
Sales of goods	104,035
Other operating income:	
Interest income	79
Notional interest income on loan to related party	69
	148

4. COST OF SALES

Cost of sales comprise of purchasing materials, labour costs for personnel employed in production, depreciation, trading goods and others (mainly utilities and maintenance costs). The following table shows a breakdown of costs of sales for the period under review for each category:

	Year ended 31 December 2011 EUR'000
Materials	11,769
Labour	2,385
Depreciation of property, plant and equipment	79
Operating lease expense	113
Purchases from subcontractors	59,782
Others	1,054
	75,182
Cost of inventories recognised in income statement	71,570

5. EXPENSES BY NATURE

The Group's profit before taxation is arrived at after charging:

	Year ended 31 December 2011 EUR'000
Depreciation of property, plant and equipment charged to cost of sales	79
Depreciation of property, plant and equipment charged to administrative expenses	36
Depreciation of property, plant and equipment charged to selling & distribution expenses	3
Advertising expenses	1,355
Sales incentives	1,955
Operating lease expense	170
IPO expenses written off	296

6. INCOME TAX EXPENSE

	Year ended 31 December 2011 EUR'000
Current income tax	5,843

Reconciliation between tax expense and profit before taxation at applicable tax rates is as follows:

	Year ended 31 December 2011 EUR'000
Profit before tax	22,863
Tax calculated at the tax rate of 25%	5,716
Different tax rates in different countries	20
Income not subject to taxation	(17)
Tax effect on IFRS adjustments not adjusted for local tax purposes	119
Underprovision of taxation in respect of prior year	5
	5,843

The income tax rate for the Group's operations in Hong Kong is 16.5%. No provision was made for Hong Kong profits as the Group did not earn any income subject to Hong Kong profits tax for the year ended 31 December 2011.

The subsidiary is subject to PRC income tax on profit arising or derived from the tax jurisdiction in which it operates and domiciles. The provision for PRC income tax on profits arising from operations in the PRC is calculated based on enterprise income tax rate of 25% for the financial year ended 31 December 2011, in accordance with the relevant PRC income tax rules and regulations.

Movement in income tax payable is as follows:

	Year ended 31 December 2011 EUR'000
Beginning of financial year	1,264
Current year tax expense on profit	5,843
Income tax paid	(5,433)
Translation adjustment	91
End of financial year	1,765

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery EUR'000	Motor vehicles EUR'000	Office equipment EUR'000	Total EUR'000
Cost				
At 1 January 2011	1,013	270	106	1,389
Translation adjustment	49	13	5	67
At 31 December 2011	**1,062**	**283**	**111**	**1,456**
Accumulated Depreciation				
At 1 January 2011	477	67	72	616
Depreciation charge	82	24	12	118
Translation adjustment	30	4	4	38
At 31 December 2011	**589**	**95**	**88**	**772**
Net Book Value				
At 31 December 2011	473	188	23	684

All property, plant and equipment held by the Group are located in the PRC.

8. AMOUNT DUE FROM RELATED PARTY

	Year ended 31 December 2011 EUR'000
Beginning amount at amortised cost	1,069
Interest income accrued	69
Repayment	(1,113)
Translation difference	(25)
Ending amount at amortised cost	-

Amount due from related party is unsecured, interest-free and has no fixed terms of repayment. Amount due from related party is discounted using prevailing bank interest rates and carried at amortised cost.

Amount due from related party is fully settled in the financial year ended 31 December 2011.

Amount due from related party is denominated in Renminbi.

9. INTANGIBLE ASSETS

Intangible assets comprise trademarks and logos that have been specifically identified as being associated with the "Goldrooster'' brand. The trademarks and logos are not amortized. Instead, they undergo an annual impairment test to verify valuation.

Management is of the opinion that these trademarks and logos have a potential useful life whose duration cannot be defined in terms of time. The acquisition is to enhance the value of the "Goldrooster'' brand and not to exploit them within a fixed period of time.

Intangibles are denominated in Renminbi.

10. INVENTORIES

	Year ended 31 December 2011 EUR'000
Raw materials	855
Work in progress	236
Finished goods	739
	1,830

11. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2011 EUR'000
Trade receivables	17,395
Other receivables	12
Prepayments	66
	17,473

Trade receivables are unsecured, non-interest bearing and generally have an average credit terms of 30 to 60 days. Management considers the carrying amounts recognised in balance sheet to be a reasonable approximation of their fair value due to the short duration. Net gains and losses on loans and receivables amounted to EUR 0 in 2011.

The aging based on invoice date is as follows:

	Year ended 31 December 2011 EUR'000
Within 30 days	12,293
31 to 60 days	5,102
	17,395

Trade receivables and other receivables are denominated in Renminbi.

12. CASH AND BANK BALANCES

	Year ended 31 December 2011 EUR'000
Cash at bank	29,788
Cash on hand	1
	29,789

The cash at bank bears effective interest rate of 0.38% per annum for the year ended 31 December 2011.

The carrying amounts of cash and bank balances are denominated as follows:

	Year ended 31 December 2011 EUR'000
Renminbi	29,787
Hong Kong Dollar	2
	29,789

The cash and bank balances denominated in Renminbi are not convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations the PRC subsidiary is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

13. TRADE AND OTHER PAYABLES

	Year ended 31 December 2011 EUR'000
Trade payables	13,109
Salary payables	280
Other payables	1,144
	14,533
Amount due to related parties	252

Other payables comprise mainly amounts for VAT and other taxes.

Amount due to related parties relate mainly to the upfront payment of professional fees on behalf of the Group for its on-going initial public offering in Germany.

Amount due to related parties are unsecured, interest-free and have no fixed terms of repayment.

13. TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of trade and other payables at the balance sheet dates approximate to their fair value due to the short duration of maturity.

The carrying amounts of trade and other payables are denominated as follows:

	Year ended 31 December 2011 EUR'000
Renminbi	14,392
Euro	287
Singapore Dollar	105
Hong Kong Dollar	1
	14,785

14. SHARE CAPITAL AND RESERVES

Share capital

The Company was incorporated on 2 November 2010 with an authorised share capital of HKD 10,000 divided into 10,000 shares of par value HKD 1 each. The share capital of HKD 1.00 was allotted and paid up on incorporation. On 24 August 2011, the authorised share capital was increased to HKD 5,000,000, divided into 5,000,000 shares of par value HKD 1 each. On the same day, the Company issued shares resulting in an increase of the paid up capital from HKD 1.00 to HKD 4,000,000.00 (equivalent to EUR 358,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares will rank pari passu with respect to residual assets.

Earnings per Share

The Company does not present "Earnings per share" numbers since none of the companies included in these Financial Statements is traded in a public market or files for such even if the statements are prepared in connection with the intended IPO of the shareholder.

Merger reserve

Merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares of Jinjiang Goldrooster acquired which is accounted for under "merger accounting".

Statutory reserve

The statutory reserve of the subsidiary amounts to EUR 4,772,000 at 31 December 2011. In accordance with the relevant laws and regulations of PRC, the subsidiary is required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

14. SHARE CAPITAL AND RESERVES (CONTINUED)

Retained earnings

The retained earnings comprise the cumulative net gains recognised in the Group's income statement.

Foreign currency translation reserve

Foreign currency translation reserve represents the foreign currency translation difference arising from the translation of the financial statements of companies within the Group from their functional currencies to the Group's presentation currency.

15. COMMITMENTS

The total future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	Year ended 31 December 2011 EUR'000
Not later than one year	4
Between one and five years	14
	18

The Group entered and contracted into non-cancellable advertising agreements with third party at the balance sheet date. The amount for services already contracted but not yet rendered is as follows:

	Year ended 31 December 2011 EUR'000
Not later than one year	2,527

16. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk, concentration risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The board of directors provides guidance for overall risk management as well as policies covering specific areas. Management analyses and formulates measures to manage the Group's exposure to financial risk in accordance with the objectives and underlying principles approved by the board of directors. Generally, the Group employs a conservative strategy regarding its risk management. As the Group 's exposures to market risk and financial risk are kept at a minimum level, the Group has not used any derivatives or other financial instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(i) Market risk - currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currency.

The Group has no significant concentration of transactional currency risk. The Group operates predominantly in the PRC and transacts primarily in Renminbi. However the Group prepares its financial statements in EURO and therefore its results and net asset position are exposed to retranslation risk as a result of fluctuation in the RMB EURO exchange rate.

(ii) Market risk - interest rate risk

The Group is not significantly exposed to interest rate risk as it is primarily self-financing. The Group has no interest bearing loans or significant interest-bearing assets.

(iii) Concentration risk

Concentration risk arises from the sales to the Group's authorised distributors. In view of the nature of the industry and the Group's sales strategy which is the selling of their products to consumers through the authorised distributors, the management does not consider the risk to be significant. The Group's policy is to monitor the business development of the authorised distributors and to continuously source for suitable distributors who are able to promote the brand and expand the existing distribution network.

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if counterparty fails to meet its contractual obligations. Credit risk of the Group arises primarily from the Group's trade receivables.

The Group's exposure to credit risks is restricted by credit limits that are approved by the general manager of the subsidiary. The subsidiary typically allows the existing customer credit terms of up to three months. In deciding whether credit shall be extended, the subsidiary will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the general manager.

The Group performs on-going credit evaluation of its customers' financial position. The concentration of credit risk from the Group's trade receivables contributes 64% for the financial year ended 2011, comprising top10 customers.

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Credit risk (continued)

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's major classes of financial assets are trade receivables, amount due from a related party and cash and bank balances.

The Group considers 30 to 60 days to be normal collection period.

There is no impairment loss recognised in the income statements as there were no trade receivables that are past due.

(v) Liquidity risk

The Group's financial liabilities are expected to mature within 1 year from the balance sheet dates. The contractual undiscounted cash flows of the financial liabilities approximate their carrying amounts.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to regularly monitor their current and expected liquidity requirements and ensure, as far as possible, that it will have sufficient cash reserve and available funding through credit facilities to meet its liabilities when due, without incurring unacceptable losses or risking damages to the Group's reputation.

17. RELATED PARTY DISCLOSURES - SIGNIFICANT RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: (i) it possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decision of the Company and its subsidiary or vice versa; or (ii) it is subject to common control or common significant influence.

Related party information

(a) Individuals with significant influence over the Group.

Li Shu Hsia:	Controlling shareholder and Director of the Company
Li Wen Wen:	Director of the Company and General Manager of the Group's subsidiary since FY2005.

(b) Key management/directors of the Group

Related party	Relationship with the Group
Li Wen Wen	Director of the Company / General Manager of the subsidiary
Yang Hua Gui	Deputy General Manager of the subsidiary
Chu Zhao Fu	Sales Director of the subsidiary
Soh Tiong Yuen Ashley	Chief Financial Officer of the Group

17. RELATED PARTY DISCLOSURES - SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and amounts due from/to related parties

In addition to the balances shown in the financial statements, the Group had the following transactions with related parties at agreed terms:

	Year ended 31 December 2011 EUR'000
Salaries and related costs	154
Retirement scheme contributions	1
Total remuneration	155

Included in "salaries and related costs" are director's remuneration amounting to approximately EUR 40,000 for the financial year ended 31 December 2011.

	Year ended 31 December 2011 EUR'000
Operating lease expense of factory premises paid to a related party	113
Trademarks and logos acquired from a related party	1,130
Embroidery services rendered by a related party	454

18. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth so as to maximise shareholders' returns and stakeholders' benefits.

A capital structure which does not make significant use of debt financing and seeks to establish a ratio of equity to total assets of 50% or above is considered to be advisable and achievable by the Group's management, providing the Group with a stable basis for achieving its business objectives. The Group actually achieved a ratio of equity to total assets of 67.5% as at 31 December 2011. The Group actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce or avoid borrowings.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

20. SEGMENT INFORMATION

(i) Operating segment

Management determines the operating segments, which represents product category, based on reports reviewed and used for strategic decisions. The Group's business segments are organised into three main operating segments:

- Footwear
- Apparels
- Accessories

All three product segments are managed by the Group.

All operating segments are monitored and strategic decisions are made on the basis of the segmental gross margins. Items of expense and income below the gross profit margin are not analysed by management on a segmental basis, as these are not considered relevant for the operational and strategic analysis of the business. Management considers the Group's total assets, comprising property, plant and equipment, inventory, trade receivables and cash and bank balances as reasonably allocable to the three operating segments on a reasonable basis determined by segment reflecting the actual situation.

20. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments for the financial period from 1 January 2011 to 31 December 2011 is as follows:

	Footwear EUR'000	Apparels EUR'000	Accessories EUR'000	Total EUR'000
Revenue	22,087	77,060	4,888	104,035
Cost of sales	(15,568)	(56,199)	(3,415)	(75,182)
Gross profit	6,519	20,861	1,473	28,853
Interest income				148
Unallocated corporate				(6,138)
Profit before taxation				22,863
Income tax expenses				(5,843)
Net profit				17,020
Other information				
Segment assets	1,135	1,168	-	2,303
Unallocated corporate assets				48,687
Combined total assets				50,990
Segment liabilities	1,847	11,262		13,109
Unallocated corporate liabilities				3,441
Combined total liabilities				16,550
Capital expenditure	-	-	-	-
Depreciation	79	-	-	79

Unallocated assets for the year are assets that cannot be reasonably allocated to the operating segments and included motor vehicles and office equipment under property, plant and equipment, trade and other receivables and cash and bank balances.

Unallocated liabilities for the year are liabilities that cannot be reasonably allocated to the operating segments included other payables and income tax payable.

20. SEGMENT INFORMATION (CONTINUED)

The Group's revenues in 2011 were derived wholly from the PRC, hence a further geographical segment analysis is not meaningful to the management of the Group.

The totals presented for the Group's operating segments can be derived directly from the Group's key financial figures for sales, cost of sales and total assets as presented in the financial statements without reconciliation.

21. EMPLOYEES BENEFITS

	Year ended 31 December 2011 EUR'000
Management and administration	1,109
Sales	221
Production	2,596
	3,926

The aggregate payroll costs of these employees were as follows:

	Year ended 31 December 2011 EUR'000
Directors' remuneration	
-salaries and related costs	40
-retirement scheme contribution	-
Key management personnel (other than directors)	
-salaries and related costs	114
-retirement scheme contribution	1
Other than directors and key management personnel:	
-salaries and related costs	3,486
-retirement scheme contribution	285
	3,926
Average number of employees:	687

Retirement Benefit Plans

The eligible employees of the subsidiary who are citizens of the PRC are members of a state-managed retirement benefit scheme operated by the local government. The subsidiary is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the subsidiary with respect to the retirement benefit scheme is to make the specified contributions. The cost of retirement benefits contributions charged to profit and loss amounted to approximately EUR 286,000 for the financial year ended 31 December 2011.

22. CONTINGENT LIABILITY

Social insurance back payments

According to PRC law, in particular, Chinese regulations for social insurance and housing funds, the subsidiary is required to make contributions for the social insurance and for the housing funds to their employees. The subsidiary has in the past not paid the full amount which should have been paid in respect of these contributions, but considers the risk for additional payments for prior periods to be not probable as there has been no known incidences of the relevant authorities demanding payments in respect of past years. As at 31 December 2011, an amount of approximately RMB 4.99 million for social insurance contributions and an amount of approximately RMB 2.83 million for housing fund contributions have been identified as being outstanding. The subsidiary's indirect controlling shareholder, Ms Li Shu Hsia has agreed to indemnify the subsidiary for all amounts payable in respect of the outstanding payments and for all fines, penalties, damages, losses and liabilities which are or may become payable by the subsidiary as a result of the non-compliance as mentioned above.

23. SUBSEQUENT EVENTS

Effective 2 March 2012 the entire share capital of Gold Rooster (Hong Kong) Holding Limited was transferred to Goldrooster AG, Berlin, Germany in preparation for the initial public offering of Goldrooster AG. Goldrooster AG expects to issue its prospectus for its listing at the German Stock Exchange in April 2012.

There are no other significant non-adjusting events or any significant adjusting events to report between the reporting date and the date of preparation of these financial statements.

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Li Wenwen
Director
9 March 2012

Auditors' Report

To Gold Rooster (Hong Kong) Holding Limited, Hong Kong:

We have audited the combined financial statements prepared by the Gold Rooster (Hong Kong) Holding Limited, Hong Kong, converted from RMB (Chinese currency) to Euro comprising the combined statement of comprehensive income, combined statement of financial position, combined statement of changes in equity, combined statement of cashflows and notes to the combined financial statements for the financial year ended December 31, 2011. The preparation of the combined financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU is the responsibility of the management of the Company. Our responsibility is to express an opinion on the combined financial statements based on our audit.

We conducted our audit of the combined financial statements in accordance with § 317 HGB (Handelsgesetzbuch – German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the combined financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the combined financial statements comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements.

Frankfurt am Main, March 9, 2012

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dirk Bauer Wirtschaftsprüfer German Certified Auditor	Robert Binder Wirtschaftsprüfer German Certified Auditor

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

Reports and Financial Statements
For the period from 2nd November, 2010 (date of incorporation)
to 31st December, 2010

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2ND NOVEMBER, 2010 (DATE OF INCORPORATION)
TO 31ST DECEMBER, 2010

CONTENTS

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period from 2nd November, 2010 (date of incorporation) to 31st December, 2010.

PRINCIPAL ACTIVITY

The Company is dormant during the period.

RESULTS AND APPROPRIATIONS

The results of the Company for the period from 2nd November, 2010 (date of incorporation) to 31st December, 2010 are nil as the Company was dormant during this period.

DIRECTORS

The directors of the Company during the period and up to the date of this report were:

Li Shu Hsia (appointed on 2nd November, 2010)

There being no provision to contrary in the Company's Articles of Association, the directors continue in office.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

AUDITOR

A resolution will be submitted to the annual general meeting to appoint Messrs. JRK Certified Public Accountants Limited as auditor of the Company.

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DIRECTOR
9th March 2012

JRK CERTIFIED PUBLIC ACCOUNTANTS LIMITED

Room 3802, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2187-2208 Fax: (852) 2187-2206

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
GOLD ROOSTER (HONG KONG) HOLDING LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Gold Rooster (Hong Kong) Holding Limited (the "Company") set out on pages F-76 to F-85, which comprise the statement of financial position as at 31st December, 2010, and statement of changes in equity and cash flow for the period from 2nd November, 2010 (date of incorporation) to 31st December, 2010 and summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

JRK CERTIFIED PUBLIC ACCOUNTANTS LIMITED

Room 3802, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2187-2208 Fax: (852) 2187-2206

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF
GOLD ROOSTER (HONG KONG) HOLDING LIMITED
continued
(incorporated in Hong Kong with limited liability)

Qualified opinion arising from disagreement about accounting treatment

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2010 and cash flows for the period from 2nd November, 2010 (date of incorporation) to 31st December, 2010 in accordance with International Financial Reporting Standards.

JRK Certified Public Accountants Limited
Hong Kong
9th March 2012

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2010

	NOTES	2010 RMB
Current asset		
Bank balances	7	4,279
		4,279
Current liability		
Amount due to a director	8	4,278
		4,278
Net current asset		1
Total assets less current liabilities		1
Capital		
Share capital	9	1

The financial statements on pages F-76 to F-85 were approved and authorised for issue by the Directors on
9th March, 2012.

DIRECTOR

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 2ND NOVEMBER, 2010 (DATE OF INCORPORATION)
TO 31ST DECEMBER, 2010

	Share capital RMB	Accumulated loss RMB	Total RMB
At date of incorporation &	1	-	1
31st December, 2010	1	-	1

GOLD ROOSTER (HONG KONG) HOLDING LIMITED

STATEMENT OF CASH FLOW
FOR THE PERIOD FROM 2ND NOVEMBER, 2010 (DATE OF INCORPORATION) TO 31ST DECEMBER, 2010

	2010 RMB
OPERATING ACTIVITY	
Increase in amount due to a director	4,278
NET CASH USED IN OPERATING ACTIVITY	4,278
NET CASH FROM FINANCING ACTIVITY	
Issuance of share capital	1
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,279
CASH AND CASH EQUIVALENTS AT DATE OF INCORPORATION	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,279

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2ND NOVEMBER, 2010 (DATE OF INCORPORATION)
TO 31ST DECEMBER, 2010

1. GENERAL

The Company is a private limited company incorporated in Hong Kong. The address of the registered office and principal place of business of the Company is 5/F., Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company is dormant during the period.

The financial statements are presented in Renminbi, which is the same as the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Company has applied the new and revised standards, amendments and interpretations ("new and revised IFRSs") which are effective for accounting periods beginning on or after 2nd November, 2010. The adoption of the new and revised IFRSs has had no material effect on the financial statements of the Company for the current accounting periods.

The Company has not early applied those new and revised IFRSs that have been issued but not effective for this accounting period. The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below.

Revenue recognition

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Renminbi.

(ii) Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective statement of financial position dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial instruments - continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

The objective evidence of impairment could include:
significant financial difficulty of the issuer or counterparty; or
it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent year, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liability and equity

Financial liability and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

3. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial instruments - continued

Financial liabilities

Financial liabilities represents amount due to a director is subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year.

Interest expense is recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At each financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

3. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial instruments - continued

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. CAPITAL RISK MANAGEMENT

The capital structure of the Company consists of equity, comprising issued share capital, and retained earnings.

5. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

All the financial assets and financial liabilities of the Company are carried at amortised cost.

b. Financial risk management objectives and policies

The Company's major financial instruments represents amount due to a director. Details of these financial instruments are disclosed in respective notes. The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

The Company regularly monitors its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Company finances its working capital requirements through funds generated from operations.

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from the payment related to the Company’s operation in currencies other than the Company’s functional currency and accounted into other payable and accruals.

The Company has translation currency exposures. Such exposures arise from the balance of assets and liabilities in currencies other than the Company’s functional currency.

c. Fair value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The director considers the carrying amounts of financial assets and financial liabilities in the financial statements approximate their corresponding fair values.

6. TAXATION

No provision for Hong Kong Profits Tax was made in the financial statements for the period as the Company had no assessable profit for the period.

No provision for deferred taxation has been recognised in the financial statements as the Company was dormant.

7. BANK BALANCES

The Company's bank balances are cash at bank. Bank balances carry interest at prevailing average interest rate of 0.0010 % for the period.

8. AMOUNT DUE TO A DIRECTOR

The amounts are unsecured, interest-free and repayable on demand.

9. SHARE CAPITAL

Number of shares and amount(RMB):

Authorised	10,000
Issued and fully paid	1

10. RELATED PARTY DISCLOSURES

During the period, the Company has not entered into any transaction with related parties.

Details of the Company's outstanding balance with the related parties are set out in the statement of financial position of page 5 and in note 8.

Separate Interim Financial Statements
under IFRS

for the period

from June 3 until December 31, 2011

of

<u>Goldrooster Aktiengesellschaft</u>
<u>Berlin</u>

Goldrooster AG

Interim Statement of Financial Position as of December 31, 2011

Assets

	Note	December 31, 2011 KEUR	June 3, 2011 KEUR
Assets			
Non-current			
Deferred tax refund claim		18.7	-
Current			
Other Assets	4	252.7	-
Cash and bank balances	5	1.3	50
Total current		**254.0**	**50**
Total Assets		**272.7**	**50**

Equity and Liabilities

		December 31, 2011 KEUR	June 3, 2011 KEUR
Equity			
Share Capital	6	50.0	50
Transaction Costs of Equity Transactions	7	-12.2	-
Loss		-99.4	-
Total Equity		**-61.6**	**50**
Current Liabilities			
Other current accruals	8	12.5	-
Other current liabilities	9	321.8	-
Total current liabilities		**334.3**	-
Total Equity and Liabilities		**272.7**	**50**

Goldrooster AG

Interim Statement of Comprehensive Income
for the period from June 3 until December 31, 2011

	Note	June 3, until December 31, 2011
		KEUR
Other operating expenses	1	(118.1)
Result before income tax		**(118.1)**
Taxes on Income and Profit	2	18.7
Total comprehensive income: Result after income tax / Loss		**(99.4)**
Earnings per share (EUR/share)	**3**	**(1.99)**

Goldrooster AG

Interim statements of changes in equity as of December 31, 2011

	Share Capital in KEUR	Transaction Costs of Equity Transactions in KEUR	Loss in KEUR	Total in KEUR
Status as of June 3, 2011	50	-	-	50
Total Comprehensive Income for the period ended December 31, 2011	-	-12.2	-99.4	-111.6
Status as of December 31, 2011	50	-12.2	-99.4	-61.6

Goldrooster AG

Interim Cash Flow Statements as of December 31, 2011

			December 31, 2011 KEUR
1.		Result after income tax / Loss	-99.4
2.	+/-	Increase / decrease of accruals	+12.5
3.	-/+	Increase / decrease of trade receivables and other assets not related to investing or financial activities	-252.7
4.	+/-	Increase / decrease of trade payables and other liabilities not related to investing or financial activities	+321.8
5.	-	Change related to transaction costs	-12.2
6.	-	Change of deffered taxes	-18.7
7.	**=**	**Cash flows from operating activities**	**-48.7**
8.	**=**	**Cash flows from investing activities**	**0.0**
9.	**=**	**Cash flows from financing activities**	**0.0**
10.	+/-	Change in cash funds from relevant transactions	-48.7
11.	+	Cash funds at the beginning of the period	50.0
12.	**=**	**Cash funds at the end of the period**	**1.3**

Goldrooster Aktiengesellschaft
Berlin

Notes to the separate interim financial statements as of December 31, 2011

Company Information

The company was founded on February 9, 2011 and entered in the commercial register responsible for the company at Munich District Court on June 3, 2011 under the number HRB 192451. Until June 7, 2011 the firm of the company was 42 Profi-Start Vermögensverwaltungs AG, Munich. The entry of the change of firm in the commercial register was carried out on September 5, 2011.

The company has a deviating financial year from May 1 to April 30. The first financial year is a stub period, which begins with recording in the commercial register (June 3, 2011) and runs until April 30, 2012.

By resolution of the shareholders' general meeting on September 21, 2011 the registered office of the company was transferred from Munich to Berlin. This was entered in the commercial register at Berlin District Court as of November 3, 2011. With the change of the registered office, the company is registered in the commercial register at Berlin District Court under the number HRB 137673 B.

At the general meeting of shareholders held on December 12, 2011 it was decided to increase the share capital of the company from EUR 50,000.00 by 19,950,000.00 to EUR 20,000,000.00 through the issue of 19,950,000.00 new bearer shares with no par value.

This capital increase is performed by means of a contribution in kind in the form of all the company shares in Gold Rooster (Hong Kong) Holding Co. Limited, Hong Kong.

This has not yet been recorded in the commercial register, as a result of which this has not yet taken effect in accordance with § 181 para. 3 AktG.

The Members of the Board of Directors were:

Mr Wenwen Li, P.R. China, Chairman
(since June 7, 2011)

Mr Tiong Yuen Ashley Soh, Singapore, Deputy Chairman
(since June 7, 2011)

Ms Ivonne Uhlig, Neubiberg
(until June 7, 2011)

The following individuals were members of the Supervisory Board on the reference date:

Mr Andreas Grosjean, Munich, Chairman, Attorney-at-Law and
Bank Director
(since June 7, 2011)

Mr Teoh Tow Kean, Malaysia, Deputy Chairman untill January 31, 2012
(since June 7, 2011)

Mr Kaizhan Liao, P.R. China, Deputy Chairman since January 31, 2012
(since October 13, 2011)

Mr KongSeng Yong, Australia
(from September 21 to October 13, 2011)

Mr Huagui Yang, P.R. China
(from June 7 to September 21, 2011)

Mr Pirmin Andres, Munich, Attorney-at-Law
(until June 7, 2011)

Ms Ramona Berger, Kirchheim, Tax Consultant
(until June 7, 2011)

Mr Eric Bichlmeier, Munich, Graduate Business Economist,
(until June 7, 2011)

The business address of the company is Markgrafenstr. 33, Berlin.

According to §2 of the Articles of Association the object of the company is the administration of its own assets, as well as all related transactions, except for those which are subject to licensing. A further object of the company is the production and sale of sports shoes and fashion under its own brand.

Basis of the Reporting

First time adoption of IFRS
The company has adopted all EU IFRS that were effective before 1 January 2012 for the preparation of the interim financial statements as of December 31, 2011.

IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Financial Statements. A reconciliation from the local accounting records to IFRS for the first-time adoption of IFRS shows differences as follows:

	Equity KEUR	Comprehensive Income KEUR
local GAAP	-80.3	-130.3
Capitalisation of Deferred tax refund claim	18.7	18.7
Transaction Costs of Equity Transactions	-	12.2
IFRS	-61.6	99.4

The company's first-time adoption did not have an impact on the total operating, investing or financing cash flows.

Interim Financial Statements
The interim financial statements as of December 31, 2011 have been drawn up in accordance with the regulations of IAS 34 (interim reporting), to which they conform. In line with the regulations of IAS 34 an abbreviated report has been selected. All amounts are stated in thousands of EUR.

Newly Published Accounting Regulations

IASB and IFRS IC have adopted or modified the following standards and interpretations, which in the 2011 business year are not yet mandatory or not yet recognised by the EU:

Amendments to IAS 1: Presentation of Financial Statements
Amendments to IAS 12: Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 19: Employee Benefits
IAS 27: Separate Financial Statements
IAS 28: Investments in Associates and Joint Ventures
Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7: Financial Instruments: Disclosures - Transfers of Financial Assets

IFRS 9: Financial Instruments
IFRS 10: Consolidated Financial Statements
IFRS 11: Joint Arrangements
IFRS 12: Disclosure of Interests in Other Entities
IFRS 13: Fair Value Measurement
IFRIC-Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

The company is not currently planning any early application of these standards and is yet to assess the full impact of these standards.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Notes

Accounting and Valuation Principles

Cash and bank balances

Cash and bank balances are immediately available balances at financial institutions whose term is up to 3 months and which are shown on the balance sheet at the nominal amount.

Other current accruals

Accruals are recognised if the company has a current legal or actual obligation as a result of events in the past, the outflow of resources is likely to fulfil the obligation and it is reliably possible to estimate their level.

Liabilities

Liabilities are shown at their repayment or settlement amount.

Explanations on the Interim Profit and Loss Account

(1) Other Operating Expenses

The other operating expenses are made up of legal and consulting costs as well as auditing costs for the separate interim financial statements.

(2) Taxes on Income and Profit

In the period from June 3 to December 31, 2011 deferred taxes on current fiscal losses were capitalised and recognised in income to the level of KEUR 18.7. The deferred taxes comprise the domestic corporation tax (15%) including solidarity surcharge (5.5%).

(3) Earnings per Share

The earnings per share are calculated by dividing the interim result to be distributed among the shareholders by the number of shares issues during the period. In the reporting period 50,000 no-par shares were issued.

Explanations on the Interim Balance Sheet

(4) Other Assets

The other assets contain amounts due from related companies and are due within one year.

(5) Cash and bank balances

The cash and bank balances comprise balances with banks and have a residual term of not more than three months.

(6) Equity Capital

The development in the equity capital of Goldrooster AG is presented in the statement of changes in equity.

Subscribed Capital

The share capital of the company at the time of the interim financial statements amounts to EUR 50,000.00 and is divided up into 50,000 bearer shares with no par value.

(7) Transaction costs of equity transactions

Transactions costs of equity transactions are related to the intended capital increase with regard to an Initial Public Offering (IPO) at the Frankfurt Stock Exchange.

(8) Other current accruals

The other current accruals relate to financial statement and auditing costs for the interim financial statements as of December 31, 2011.

(9) Other current Liabilities

The other current liabilities show trade accounts payable.

Relationships with Related Companies and Individuals

A related company of the company is Zhuo Wei Investments Ltd., British Virgin Islands, as the majority shareholder of the company.

Deficit not covered by Equity

The company is overindebted according to the balance sheet. It is planning an initial public offering on the Frankfurt Stock Exchange during the course of which the contribution of Gold Rooster (Hong Kong) Holding Co. Limited, Hong Kong, is planned. The contribution was decided by the general meeting of shareholders held on December 12, 2011 but has not yet been recorded in the commercial register, as a result of which the increase of the share capital has not yet taken effect in accordance with § 181 para. 3 AktG. After the contribution in kind has been performed, the balance sheet overindebtedness will be eliminated and the continuation of the company confirmed.

Berlin, February 7, 2012

Goldrooster Aktiengesellschaft

The Board of Directors

Auditors' Report

To Goldrooster Aktiengesellschaft, Berlin:

We have audited the separate interim financial statements in Euro prepared by the Goldrooster Aktiengesellschaft, Berlin, comprising the interim statement of financial position, interim statement of comprehensive income, interim statements of changes in equity, interim cash flow statements and notes to the separate interim financial statements for the period from June 3 until December 31. The preparation of the separate interim financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, is the responsibility of the management of the Company. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit of the separate interim financial statements in accordance with § 317 HGB (Handelsgesetzbuch – German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate interim financial statements in accordance with the applicable financial reporting standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the interim financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate interim financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the separate interim financial statements for the interim period from 3 June 2011 to 31 December 2011 comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of Goldrooster AG, Berlin, in accordance with these requirements.

Frankfurt am Main, February 7, 2012

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dirk Bauer
Wirtschaftsprüfer
German Certified Auditor

Robert Binder
Wirtschaftsprüfer
German Certified Auditor

Interim Financial Statements

under German commercial law

for the period

from June 3 until December 31, 2011

of

Goldrooster Aktiengesellschaft,

Berlin

Goldrooster Aktiengesellschaft, Berlin

Balance Sheet as of December 31, 2011

Assets	December 31, 2011 EUR	Equity and Liabilities	December 31, 2011 EUR
A. Current Assets		**A. Equity**	
I. Receivables and other assets		I. Subscribed capital	50,000.00
Other assets	252,710.22	II. Net loss	130,301.35
		III. Deficit not covered by Equity	80,301.35
II. Cash in banks	1,289.60		0.00
	253,999.82		
B. Deficit not covered by Equity	80,301.35	**B. Accruals**	
		Other accruals	12,500.00
		C. Liabilities	
		1. Trade creditors	127,021.17
		2. Other liabilities	194,780.00
			321,801.17
	334,301.17		334,301.17

Goldrooster Aktiengesellschaft, Berlin
Income Statement
for the period from
June 3 until December 31, 2011

	December 31, 2011 EUR
1. Other operating expenses	130,301.35
2. Results from ordinary operations	-130,301.35
3. Net loss	**-130,301.35**

Goldrooster Aktiengesellschaft
Berlin

Notes to the Interim Financial Statements as of December 31, 2011

General Notes

The interim financial statements as of December 31, 2011 of Goldrooster Aktiengesellschaft, Berlin, has been set up in accordance with the accounting regulations of the German Commercial Code (HGB) in the version of the German Accounting Law Modernisation Act (BilMoG) and the regulations of the German Stock Corporation Act (AktG).

The balance sheet and the profit and loss account are shown and arranged with reference to §§ 266 and 275 HGB. The profit and loss account has been set up in accordance with the total cost method pursuant to § 275 para 2 of the German Commercial Code (HGB).

The company is a small corporation in terms of § 267 HGB.

The company was founded on February 9, 2011 and entered in the commercial register responsible for the company at Munich District Court on June 3, 2011 under the number HRB 192451. Until June 7, 2011 the firm of the company was 42 Profi-Start Vermögensverwaltungs AG, Munich. The entry of the change of firm in the commercial register was carried out on September 5, 2011.

The company has a deviating financial year from May 1 to April 30. The first financial year is a stub period, which begins with recording in the commercial register (June 3, 2011) and runs until April 30, 2012.

By resolution of the shareholders' general meeting on September 21, 2011 the registered office of the company was transferred from Munich to Berlin. This was entered in the commercial register at Berlin District Court as of November 3, 2011. With the change of the registered office the company is registered in the commercial register at Berlin District Court under the number HRB 137673 B.

At the general meeting of shareholders held on December 12, 2011 it was decided to increase the share capital of the company from EUR 50,000.00 by 19,950,000.00 to EUR 20,000,000.00 through the issue of 19,950,000.00 new bearer shares with no par value.

Notes

This capital increase is performed by means of a contribution in kind in the form of all the company shares in Gold Rooster (Hong Kong) Holding Co. Limited, Hong Kong.

This has not yet been recorded in the commercial register, as a result of which this has not yet taken effect in accordance with § 181 para. 3 AktG.

According to §2 of the Articles of Association the object of the company is the administration of its own assets, as well as all related transactions, except for those which are subject to licensing. A further object of the company is the production and sale of sports shoes and fashion under its own brand.

Accounting and Valuation Principles

The company performs the financial accounting and valuation on the going – concern assumption.

The accounts receivable and other assets are capitalised at the nominal value, unless the lower fair value is to be used in the case of individual identifiable risks.

The liquid assets are stated at their nominal value.

The other accruals are stated in the amount of the requisite settlement value in accordance with a reasonable commercial assessment.

The designated liabilities are shown on the balance sheet to their settlement amounts.

Explanations on the Balance Sheet

Accounts receivable and other assets

The other assets have a residual term of up to one year.

Equity capital

As of December 31, 2011 the subscribed capital amounts to EUR 50,000.00 and is divided up into 50,000 no-par bearer shares.

Accruals

The other accruals are costs for the setting-up and auditing of the interim financial statements as of December 31, 2011.

Liabilities

The liabilities all have a residual term of up to one year.

Further Information

Composition of the Organs of the Company

The members of the Board of Directors were:

Mr Wenwen Li, P.R. China, Chairman
(since June 7, 2011)

Mr Tiong Yuen Ashley Soh, Singapore, Deputy Chairman
(since June 7, 2011)

Ms Ivonne Uhlig, Neubiberg
(until June 7, 2011)

The following individuals were members of the Supervisory Board on the reference date:

Mr Andreas Grosjean, Munich, Chairman, Attorney-at-Law and
Bank Director
(since June 7, 2011)

Mr Teoh Tow Kean, Malaysia, Deputy Chairman untill January 31, 2012
(since June 7, 2011)

Mr Kaizhan Liao, P.R. China, Deputy Chairman since January 31, 2012
(since October 13, 2011)

Mr KongSeng Yong, Australia
(from September 21 to October 13, 2011)

Mr Huagui Yang, P.R. China
(from June 7 to September 21, 2011)

Mr Pirmin Andres, Munich, Attorney-at-Law
(until June 7, 2011)

Ms Ramona Berger, Kirchheim, Tax Consultant
(until June 7, 2011)

Mr Eric Bichlmeier, Munich, Graduate Business Economist,
(until June 7, 2011)

Details in accordance with § 160 para. 1 (8) of the German Stock Corporation Act (AktG)

The share capital of the company in the amount of EUR 50,000.00 is held to a level of 100% by Zhuo Wei Investments Ltd., British Virgin Islands. This company therefore holds an interest in accordance with § 20 para. 4 of the German Stock Corporation Act (AktG).

Deficit not covered by Equity

The company is overindebted according to the balance sheet. As mentioned in the general notes the contribution of Gold Rooster (Hong Kong) Holding Co. Limited was decided by the general meeting of shareholders held on December 12, 2011 but has not yet been recorded in the commercial register, as a result of which the increase of the share capital has not yet taken effect in accordance with § 181 para. 3 AktG. After the contribution in kind has been performed, the balance sheet overindebtedness will be eliminated and the continuation of the company confirmed.

Berlin, February 07, 2012

____________________	__________________________
Wenwen Li	Tiong Yuen Ashley Soh
(Director)	(Director)

Auditors´ Report

To Goldrooster AG, Berlin:

We have audited the interim financial statements - comprising the balance sheet, the income statement and the notes to the interim financial statements, together with the bookkeeping system - prepared by the Goldrooster AG, Berlin, for the interim period from 3 June 2011 to 31 December 2011. The maintenance of the books and records and the preparation of the interim financial statements in accordance with German commercial law are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the interim financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the interim financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the interim financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the interim financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the interim financial statements for the interim period from 3 June 2011 to 31 December 2011 comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of **Error! Reference source not found.**, Berlin, in accordance with German principles of proper accounting.

Frankfurt am Main, February 7, 2011

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

D. Bauer Wirtschaftsprüfer	R. Binder Wirtschaftsprüfer

GLOSSARY

AIC	Administration of Industry and Commerce
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
B2C	Business-to-Consumer
BVI	British Virgin Islands
CAGR	Compounded Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIT	Corporate Income Tax
CSRC	China Securities and Regulatory Commission
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EEA	European Economic Area
EIT	PRC Enterprise Income Tax
EIT Law	PRC Enterprise Income Tax Law
ERP System	Enterprise Resource Planning System
EU	European Union
EU IFRS	IFRS Interpretations Issued by the International Financial Reporting Interpretations Committee, as Adopted by the European Union
EUR	Euro(s)
GDP	Gross Domestic Product
HK$	Hong Kong Dollars
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IPO	Initial Public Offering
ISIN	International Securities Identification Number
Mio.	Millionen

MOFCOM	PRC Ministry of Commerce
NASDAQ	American Stock Exchange
NDRC	PRC National Development and Reform Commission
Non-TRE	Non-tax Resident Enterprise
NPC	National People's Congress
ODM	Original Design Manufacturer
OEM	Original Equipment Manufacturer
PBOC	People's Bank of China
POS	Point of Sales Management System
PRC	People's Republic of China
RMB	Renminbi
SAFE	Chinese State Administration of Foreign Exchange
SARS	Severe Acute Respiratory Syndrome/ Schweres Akutes Respiratorisches Syndrom
SAT	PRC State Administration of Taxation
SGD	Singapore dollar
sq.m.	Square Meters
TEUR	Thousand Euros
TRE	Tax Resident Enterprises
USD	United States Dollars
VAT	Value Added Tax
WKN	Wertpapierkennnummer (German Securities Identification Number)
Y-o-Y	Year-on-Year

SIGNATURES

Munich, 26.04.2012

Goldrooster AG	Goldrooster AG
signed Mr. Wenwen Li	signed Mr. Tiong Yuen Ashley Soh
Chairman of the Management Board	Vice Chairman of the Management Board