

HISTORY AND CORPORATE STRUCTURE

OVERALL BACKGROUND

Our Company was converted from our predecessor Fuguiniao (China) Co., Ltd. (富貴鳥(中國)有限公司 (originally named as Fuguiniao Shoes Development Co., Ltd. Shishi (石獅市富貴鳥鞋業發展有限公司)), a limited liability company, into a joint stock limited liability company under the PRC Company Law on 29 June 2012. We are a major, established manufacturer and seller of footwear and a well-known seller of business casual menswear in China. Currently, we offer a wide range of men's and women's footwear products under our Fuguiniao, FGN and AnyWalk brands, as well as a wide range of business casual menswear and leather accessories under our Fuguiniao brand.

The history of our footwear business under Fuguiniao brand can be traced back to 1991, when the Founders and Controlling Shareholders of our Group, namely, Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho, established Fulin Footwear with an Independent Third Party to engage in the business of manufacture and sale of men's leather footwear under Fuguiniao brand. Mr. Lam Wo Ping and Mr. Lam Wo Sze are brothers, and are cousins with each of Mr. Lam Kwok Keung and Mr. Lam Wing Ho.

On 20 November 1995, the predecessor of our Company, Fuguiniao Shoes Development Co., Ltd. Shishi (石獅市富貴鳥鞋業發展有限公司) was established as a wholly foreign owned enterprise in the PRC by a Hong Kong individual proprietorship, Fook Lam Leather¹, to mainly engage in the design, manufacture and sale of men's footwear products under the Fuguiniao brand in the PRC. During the period between 20 November 1995 and July 2010 when Fulin Footwear was merged by absorption by our Company for the purpose of achieving economies of scale and preparation for the proposed Global Offering, the businesses of Fulin Footwear and our predecessor were operated in parallel.

To strengthen our market competitiveness, we expanded our business into the design, manufacture and sale of women's footwear under Fuguiniao brand in 1997. Our Fuguiniao branded products target the members of the working and professional classes aged from 25 to 48. In the same year, our industrial park in Shishi City, Fujian Province for the design and manufacture of women's footwear commenced operation, with annual production capacity of 2,900,000 pairs of women's shoes (calculated on the basis that our production facilities operate for eight hours per day and 300 days per year). In order to keep ourselves up-to-date on global new fashion trends and production technologies, we have also accepted orders to manufacture women's footwear on an OEM or ODM basis for certain overseas footwear companies since 2000. We have since expanded our OEM/ODM business by manufacturing and selling a wide range of men's and women's footwear products to certain overseas customers and men's footwear products to certain domestic customers men's footwear products to certain domestic customers.

¹ Pursuant to the Trust Arrangement (defined below), the predecessor of our Company was established as a wholly foreign owned enterprise in the PRC on 20 November 1995 by Mr. Wang Jianshe through his individual proprietorship incorporated in Hong Kong, Fook Lam Leather, for and on behalf of Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho, Founders of our Group. For details of the Trust Arrangement, please refer to the subsection headed "– Our Founders and Trust Arrangement – Trust Arrangement" below.

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In May 2004, to further broaden our product portfolio, we began the sale of business casual menswear products under Fuguiniao brand through a license to an Independent Third Party. As we were uncertain of the prospects of the menswear business, we authorised such Independent Third Party to explore this new business with his own resources and to use our Fuguiniao trademark and tradename free of charge. As the menswear business grew rapidly in recent years, in 2011, we decided to operate the menswear business by ourselves. Therefore, we did not renew the license of our trademarks with such Independent Third Party and started the sale of business casual menswear products under Fuguiniao brand by ourselves.

With the increasing demand for our products from both domestic and overseas markets, our industrial park in Shishi City, Fujian Province for the design and manufacture of men's footwear commenced operation in February 2008, with annual production capacity of 1,700,000 pairs of men's shoes (calculated on the basis that our production facilities operate for eight hours per day and 300 days per year), and our manufacture base in Shishi City, Fujian Province for export trading commenced operation in April 2011, with annual production capacity of 1,200,000 pairs of shoes (calculated on the basis that our production facilities operate for eight hours per day and 300 days per year).

In 2010, to further expand our customer base, we launched our AnyWalk brand. With AnyWalk, we offer a range of middle to high end fashion and casual footwear targeting younger, fashion-conscious population aged from 16 to 35, catering towards individualistic style of the new generation fashion consumer. In 2012, we launched our FGN brand as our middle to high end brand. With FGN, we offer a range of middle to high end business casual footwear products, targeting the urban population aged from 25 to 40.

As we became more and more interactive with the international market over the past years, in January 2012, we incorporated Hong Kong Fuguiniao mainly for the administration of our overseas procurement and sales, as well as management of part of our overseas intellectual property.

We place a great emphasis on offering comfortable footwear with high quality in a variety of styles in line with the latest fashion trends and customers' needs. We engage in the research, design and development of footwear systematically via our internal design and development department, as well as cooperation with well recognised external designers and design institutions. In March 2012, we established a research center in Dongguan, Guangdong Province, focusing on the research and design of products we manufacture for third parties, which further strengthened our research and design capabilities.

In anticipation of the Global Offering, our Group underwent the Reorganisation (further elaborated below) to rationalize our corporate structure. In April 2012, certain strategic investors were introduced (further elaborated below) into our Company. On 29 June 2012, our Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law with a registered capital of RMB400 million.

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Milestones in Our History

The following illustrates our major business development milestones and achievements:

Year	Event
1991	Fuguiniao brand was launched.
1995	Our predecessor, Fuguiniao Shoes Development Co., Ltd. Shishi (石獅市富貴鳥鞋業發展有限公司) was established in Shishi City, Fujian Province to engage in the design, manufacture and sale of men’s footwear products under the Fuguiniao brand in the PRC.
1997	We expanded our business into the design, manufacture and sale of women’s footwear under Fuguiniao brand. Our industrial park in Shishi City, Fujian Province for the design and manufacture of women’s footwear commenced operation.
1998	Our footwear product was recognised as “China Leather Shoes King (中國真皮鞋王)” by China Leather Industry Association. We expanded our product line into accessories.
1999	Our Fuguiniao brand was accredited as “China Well-known Trademark (中國馳名商標)” by Trade Mark Bureau of SAIC.
2001	Our footwear products received “Certificate of Product Exemption from Quality Supervision Inspection” (產品質量免檢證書) from AQSIQ.
2002	Our footwear product was recognised as “China Top Brand Product (中國名牌產品)” by AQSIQ.
2004	We started the sale of business casual menswear products under Fuguiniao brand through a license to an Independent Third Party.
2005	We engaged Mr. Chen Zhonghe (陳忠和), the then head coach of the China women’s national volleyball team, to be our first brand ambassador.
2006	Our Fuguiniao brand was accredited as “The Most Competitive Brands (最具市場競爭力品牌)” by MOFCOM.
2008	Our newly-invested industrial park in Shishi City, Fujian Province for the design and manufacture of men’s footwear commenced operation. Our Fuguiniao brand was accredited as 2008-2009 Fujian International Famous Brand (福建省國際知名品牌) by Fujian Provincial Department of Foreign Trade & Economic Cooperation.
2009	We engaged a famous PRC actor Mr. Lu Yi (陸毅) to be our second brand ambassador.
2010	We launched our AnyWalk brand, targeting younger, fashion-conscious population.

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Year	Event
2011	<p>Our brand was accredited as Year 2011-2013 International Famous Brand to be Fostered and Developed by Fujian Province (福建省重點培育和發展的國際知名品牌).</p> <p>Our manufacture base in Shishi City, Fujian Province for export trading commenced operation.</p> <p>We started to operate the menswear business under Fuguiniao brand by ourselves.</p>
2012	<p>Our sophisticated research center located in Dongguan, Guangdong Province commenced operation.</p> <p>We launched our FGN brand, a middle to high end brand targeting the urban population aged from 25 to 40.</p> <p>Our Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law with a registered capital of RMB400 million.</p>

OUR FOUNDERS AND TRUST ARRANGEMENT

Trust Arrangement

Our Company, as the first and the major operating entity of our Group, was established as a wholly foreign owned enterprise in the PRC on 20 November 1995 by Mr. Wang Jianshe through his individual proprietorship incorporated in Hong Kong, Fook Lam Leather, at the instructions and for and on behalf of our Founders, namely, Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho (the “**Trust Arrangement**”). Mr. Wang Jianshe is a cousin of each of our Founders. The initial registered capital of HK\$7 million of our Company and any further registered capital contributions by Fook Lam Leather were all originally provided by our Founders to Mr. Wang Jianshe. The reason for such Trust Arrangement was that our Founders intended to keep their ownership of our Company confidential for commercial reasons at that time, as well as to expedite the application process for the establishment of our Company as a wholly foreign owned enterprise by utilising the existing vehicle of Fook Lam Leather.

Under the Trust Arrangement, Mr. Wang Jianshe and Fook Lam Leather were merely bare trustees who were not allowed to exercise any voting right or make any decisions as registered shareholders of our Company without the instructions of our Founders. All the voting rights attaching to or the rights to control the entrusted equity interest in Fook Lam Leather were retained by our Founders, and the rights to receive dividends were also remained in their hands.

In order to terminate the Trust Arrangement so as to reflect the true ownership of the beneficial equity interest in our Company, on 8 October 2004, Fook Lam Leather entered into an equity transfer agreement with Fuguiniao Holdco, which was owned as to 25% by each of our four Founders at that time. Pursuant to the equity transfer agreement, Fook Lam Leather transferred the entire equity interest in our Company to Fuguiniao Holdco for a consideration of RMB0.3 million, which was determined based on both parties’ mutual agreement.

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Such consideration was paid by Fuguiniao Holdco to Fook Lam Leather in October 2004. Upon completion of the above-mentioned equity transfer, our Company became beneficially owned by our Founders.

Mr. Wang Jianshe has confirmed that the Trust Arrangement had been terminated and is of no further effect, and that there are no disputes or potential disputes among relevant parties under the Trust Arrangement in relation to the equity interest of our Company or its predecessor.

Our PRC legal adviser, Zhong Lun Law Firm, are of the view that the Trust Arrangement had not violated any relevant PRC laws or regulations and was valid and binding among relevant parties until lawfully terminated by relevant parties pursuant to the above-mentioned equity transfer agreement.

Our Founders

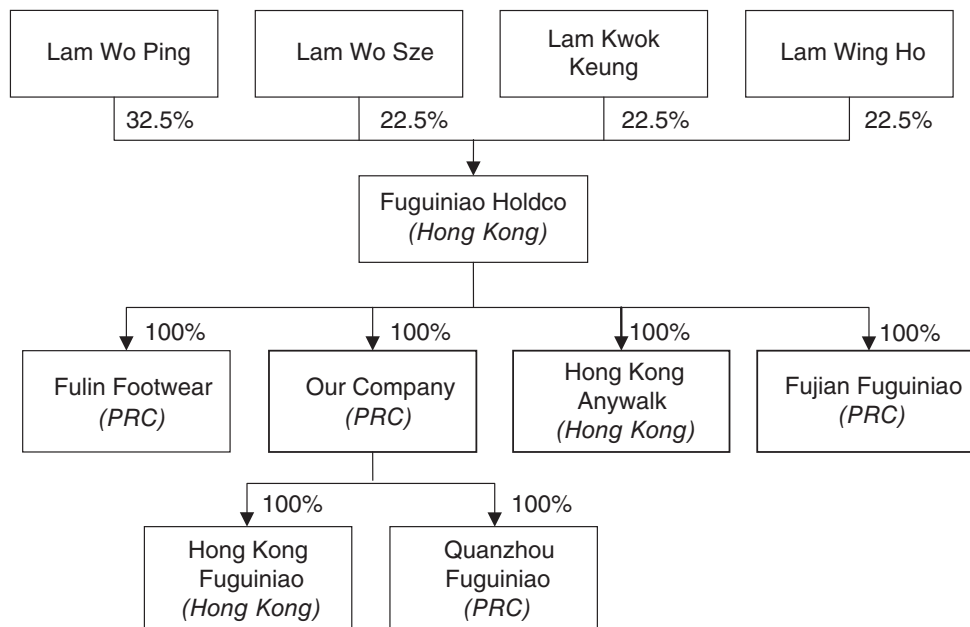
Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho are the Founders of our Company. Mr. Lam Wo Ping is an executive Director and the chairman of the Board of our Company, and each of Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho is a non-executive Director of our Company. Mr. Lam Wo Ping and Mr. Lam Wo Sze are brothers, and are cousins with each of Mr. Lam Kwok Keung and Mr. Lam Wing Ho.

Each of Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho, respectively, has over 29 years of experience in the industry of footwear and apparels.

Please also refer to the section headed “Directors, Supervisors and Senior Management” of this prospectus for further details of the background of our Founders.

REORGANISATION

The companies comprising our Group underwent the Reorganisation to rationalize our corporate structure in preparation for the Global Offering. The following chart sets forth our corporate and shareholding structure immediately prior to the Reorganisation:



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The Reorganisation mainly involved the following steps:

Merger of Fulin Footwear by Absorption

Fulin Footwear was a wholly-owned subsidiary of Fuguiniao Holdco immediately before the merger by absorption, and its business scope mainly included manufacture and sale of footwear and apparel products, which was similar to that of our Company. In order to achieve economies of scale and prepare for the Global Offering, Fuguiniao Holdco decided to inject all the assets and business of Fulin Footwear into our Company.

On 1 December 2009, our Company entered into an agreement of merger by absorption with Fulin Footwear, pursuant to which our Company absorbed all the assets, creditors' rights, debts, personnel and business of Fulin Footwear. As both our Company and Fulin Footwear then were wholly-owned subsidiaries of Fuguiniao Holdco, no consideration was paid by our Company for the merger.

Upon completion of such merger by absorption, the registered capital of our Company increased to US\$35,320,000, being the aggregated amount of the registered capital of both our Company and Fulin Footwear immediately before the merger, and Fulin footwear was dissolved and de-registered on 26 October 2010.

Acquisition of Hong Kong Anywalk

Hong Kong Anywalk was incorporated in Hong Kong on 29 July 2010 and was wholly-owned by Fuguiniao Holdco immediately before the acquisition. It was mainly engaged in the administration of offshore trademarks and other intellectual property, including the trademark of AnyWalk.

On 19 April 2012, in preparation for the Global Offering, Hong Kong Fuguiniao, a wholly-owned subsidiary of our Company, entered into an instrument of transfer with Fuguiniao Holdco, pursuant to which Fuguiniao Holdco transferred the entire issued share capital of Hong Kong Anywalk to Hong Kong Fuguiniao for a consideration of the nominal value of such share capital in the total amount of HK\$10,000.

The consideration of HK\$10,000 was fully paid by Hong Kong Fuguiniao to Fuguiniao Holdco in April 2012. Hong Kong Anywalk became an indirect wholly-owned subsidiary of our Company upon the completion of such acquisition.

Acquisition of Fujian Fuguiniao

Fujian Fuguiniao was established in the PRC on 31 January 2007 and was wholly-owned by Fuguiniao Holdco immediately before the acquisition. It was mainly engaged in the design and manufacture of footwear, apparel and accessories, and in particular, the administration of sale of such products.

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On 1 April 2012, in preparation for the Global Offering and for the purpose of further improving our vertically integrated business model, our Company, together with its wholly-owned subsidiary Hong Kong Fuguiniao, entered into an equity transfer agreement with Fuguiniao Holdco, pursuant to which each of our Company and Hong Kong Fuguiniao acquired 75% and 25% of the equity interest in Fujian Fuguiniao, for a consideration of RMB23,528,497.92 and RMB7,842,832.64, respectively. The consideration was determined based on the NAV of Fujian Fuguiniao as at 31 December 2011, minus the amount of dividends distributed by Fujian Fuguiniao to its shareholders in March 2012.

The consideration of RMB23,528,497.92 and RMB7,842,832.64 were fully paid by our Company and Hong Kong Fuguiniao to Fuguiniao Holdco in April 2012. Fujian Fuguiniao became an indirect wholly-owned subsidiary of our Company upon the completion of such acquisition.

Disposal of Quanzhou Fuguiniao

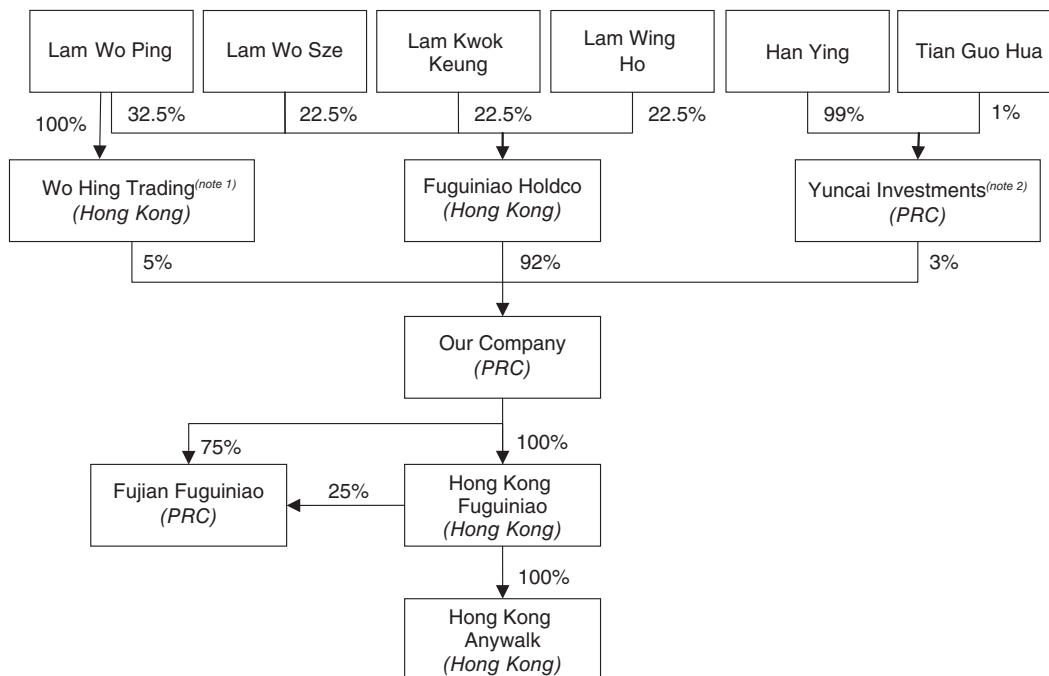
Quanzhou Fuguiniao was established in the PRC on 25 October 2010 by our Company and was wholly-owned by our Company immediately before the disposal. Its business scope mainly included real estate investment, sale of electronic products and management of real properties. Before the disposal, it had not actually engaged in any business activities since its establishment.

On 13 February 2012, in preparation for the Global Offering and for the purpose of disposing of any business not directly related to our major business, our Company entered into an equity transfer agreement with Shishi Fuguiniao, which was owned as to 25% by each of Mr. Lam Wo Ping, Mr. Lam Wo Sze, Mr. Lam Kwok Keung and Mr. Lam Wing Ho. Pursuant to the equity transfer agreement, the entire equity interest in Quanzhou Fuguiniao was transferred to Shishi Fuguiniao for a consideration of RMB5,000,000, which was determined based on the paid-up registered capital of Quanzhou Fuguiniao, and also by reference to its NAV.

The consideration of RMB5,000,000 was fully paid by Shishi Fuguiniao to our Company in February 2012.

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The following chart sets forth the corporate structure of our Company immediately after the Reorganisation steps above:



Note 1: Pursuant to the arrangement among our Founders that Mr. Lam Wo Ping shall directly and indirectly own more than 30% in aggregation of the equity interest in our Company, on 1 April 2012, Wo Hing Trading and Yuncai Investments entered into a capital increase agreement (“**Capital Increase Agreement**”) with Fuguiniao Holdco, pursuant to which Wo Hing Trading agreed to contribute US\$4.12 million (determined based on the NAV of our Company as at 31 January 2012) to our Company, of which US\$1.92 million was credited to our registered capital, and the remaining US\$2.2 million was credited to our capital reserve. Such capital contribution was fully paid as at 25 April 2012.

Under the Capital Increase Agreement, no special rights that were not available to other Shareholders were given to Wo Hing Trading.

Wo Hing Trading is wholly-owned by Mr. Lam Wo Ping, an executive Director, chairman of the Board and one of our Controlling Shareholders.

Note 2: Our Company granted an option to Ms. Han Ying in 2000 to contribute to and own certain percentage of the equity interests in the women’s footwear business of our Group. In 2007, both parties reached an agreement, pursuant to which such option was modified such that Ms. Han Ying could contribute and own certain percentage of the equity interests in our Company, instead of women’s footwear business of our Group. To exercise such option, on 1 April 2012, Yuncai Investments and Wo Hing Trading entered into the Capital Increase Agreement with Fuguiniao Holdco, pursuant to which Yuncai Investments agreed to contribute US\$2.47 million (determined based on the NAV of our Company as at 31 January 2012) to our Company, of which US\$1.15 million was credited to our registered capital, and the remaining US\$1.32 million was credited to our capital reserve. Such capital contribution was fully paid as at 25 April 2012.

Under the capital increase agreement, no special rights that were not available to other Shareholders were given to Yuncai Investments.

Yunca Investments was mainly engaged in private equity investments and providing related consultancy service. It is owned as to 99% by Ms. Han Ying, an executive Director of our Company, and 1% by Mr. Tian Guo Hua, the husband of Ms. Han Ying.

Our PRC legal adviser, Zhong Lun Law Firm, confirmed that relevant approvals from the relevant PRC authorities in relation to the above Reorganisation steps have been obtained, and that the Reorganisation complies with the relevant applicable PRC laws and regulations.

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STRATEGIC INVESTMENTS

For the purpose of improving our corporate governance structure, as well as satisfying the requirement of minimum number of promoters for establishment of joint stock limited liability company under PRC laws, on 25 April 2012, Fuguiniao Holdco, one of our Controlling Shareholders, entered into an equity transfer agreement with the Strategic Investors, namely, Junding Investments, Leading Fortune, Leading Investments, Bairui Leading, Shiji Tianfu, Shiji Caifu, Tianrui Leading and Tiangui Leading, to transfer an aggregate of 9.2% of the equity interest in our Company for a total consideration of RMB460 million (equals RMB12.5 per Domestic Share held by the Strategic Investors upon the conversion of our Company from a limited liability company to a joint stock limited liability company, representing premium between 120.3% to 57.3% to the Offer Price range, calculated based on the lower end of the Offer Price range of HK\$7.17 per Share and the upper end of the Offer Price range of HK\$10.04 per Share), which was determined based on arm's length negotiation among the relevant parties. The table below sets forth details in relation to such equity transfer:

<u>Strategic Investors</u>	<u>Percentage of equity interest acquired</u>	<u>Transfer price</u>	<u>Date of payment</u>
		(RMB million)	
Junding Investments	4.0%	200	28 April 2012
Leading Fortune	1.3%	65	28 April 2012
Leading Investments	1.0%	50	28 April 2012
Bairui Leading	0.6%	30	28 April 2012
Shiji Tianfu	0.6%	30	28 April 2012
Shiji Caifu	0.6%	30	28 April 2012
Tianrui Leading	0.6%	30	28 April 2012
Tiangui Leading	0.5%	25	28 April 2012
Total:	9.2%	460	28 April 2012

The other two then existing Shareholders, namely Wo Hing Trading and Yuncai Investments, waived their pre-emptive rights in relation to the equity interest to be transferred under the equity transfer agreement.

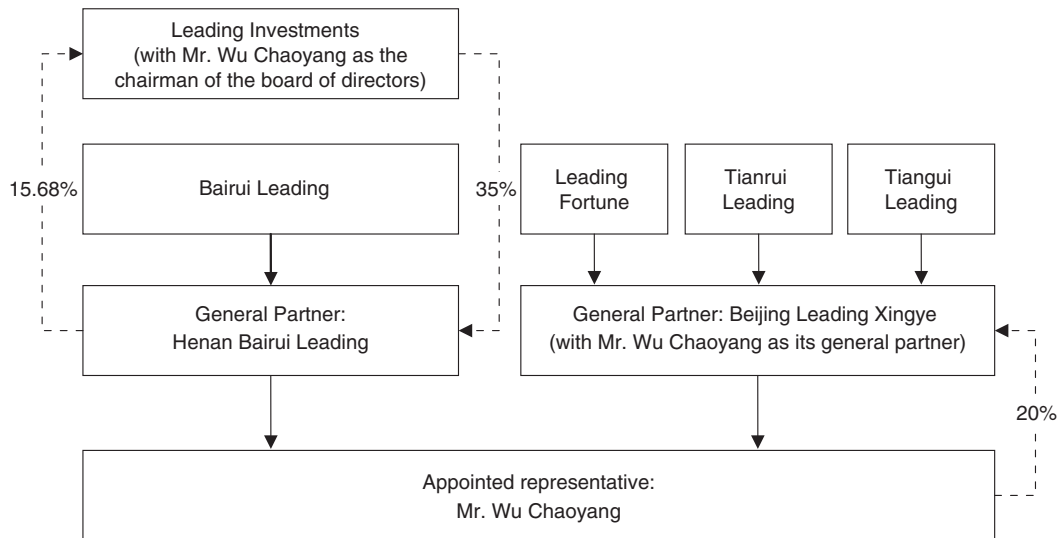
No special rights that are not available to other Shareholders are available to the Strategic Investors under the equity transfer agreement. According to the PRC Company Law, the equity interest in our Company held by each of the Strategic Investors shall not be transferred within one year from the Listing Date.

The Shares of our Company to be held by the Strategic Investors upon Listing will be considered as part of the public float, as for each of the Strategic Investors, (i) none of them is a connected person of our Company; (ii) the acquisition of its equity interest in our Company was not financed directly or indirectly by our Company or any connected person of our Company; and (iii) none of them is accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of equity interest in our Company held by it. As the strategic investments were completed on 28 April 2012, which is more than 28 days before the first submission of the listing application to the Stock Exchange, the Sole Sponsor confirms that the strategic investments are in compliance with the Interim Guidance on Pre-IPO Investments announced by the Listing Committee on 13 October 2010.

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Each of the Strategic Investors is a limited liability company or a limited liability partnership established in the PRC, mainly engaged in private equity investment. Each of the Strategic Investors is independent from the other Shareholders of our Company, the Directors, the Supervisors, the senior management of our Company and their respective associates. Save as disclosed below (further set forth in the chart below), there is no other relationship among the Strategic Investors:

- Mr. Wu Chaoyang is the chairman of the board of directors of Leading Investments, and indirectly owns 15.68% of the equity interest in Leading Investments. The general partner of Bairui Leading is Henan Bairui Leading Investments Co., Ltd. (河南百瑞力鼎投資有限公司, “**Henan Bairui Leading**”), which appointed Mr. Wu Chaoyang as its representative for such general partner affairs. Leading Investments owns 35% of the equity interest in Henan Bairui Leading, the single largest shareholder of Henan Bairui Leading.
- The general partner of each of Tianrui Leading, Tiangui Leading and Leading Fortune is Beijing Leading Xingye Investment Management Center (北京力鼎興業投資管理中心, “**Beijing Leading Xingye**”), which appointed Mr. Wu Chaoyang as its representative for such general partner affairs. Mr. Wu Chaoyang contributed to 20% of the share capital of Beijing Leading Xingye, and is its general partner.



CONVERSION AND ESTABLISHMENT OF THE COMPANY

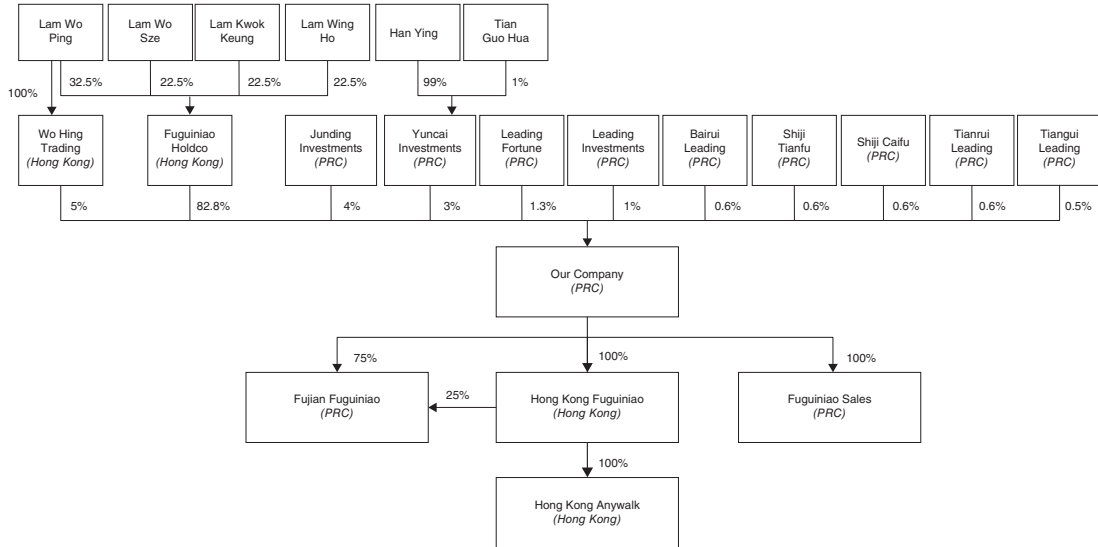
In preparation for a listing, the Company was converted from a limited liability company into a joint stock limited liability company under the PRC laws with a registered capital of RMB400 million on 29 June 2012. In November 2012, we submitted an application to CSRC for the listing of A shares of our Company on the Shanghai Stock Exchange. In the spring of 2013, we learned from various media reports that the CSRC had a significant backlog of applications for listing on the A-share market and expected the vetting and approval process for the listing of our Company in the PRC to be lengthy as well as uncertain. Accordingly, we started planning the listing of our H Shares on the Stock Exchange and withdrew our A-share listing application from the CSRC on 31 May 2013.

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ESTABLISHMENT OF FUGUINIAO SALES

For the purpose of better management of the overall sales activities of our Group, on 8 March 2013, Fuguiniao Sales, with registered capital of RMB50 million, was established as a limited liability company under the PRC Laws by our Company to mainly engage in the sales business of our Group.

The following chart sets out our ownership and corporate structure immediately prior to the Global Offering:



The following chart sets out our ownership and corporate structure immediately after the Global Offering, assuming the Over-allotment Option is not exercised:

