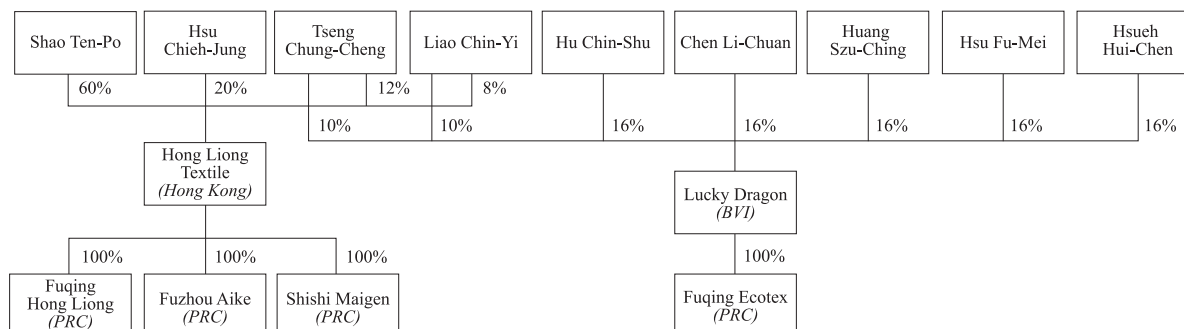


CORPORATE REORGANISATION AND GROUP STRUCTURE

CORPORATE STRUCTURE PRIOR TO REORGANISATION

The following chart shows our corporate structure as it existed immediately prior to the Reorganisation:



CONCERT PARTY ARRANGEMENT IN CONNECTION WITH FUQING HONG LIONG, FUZHOU AIKE AND SHISHI MAIGEN, AND VOTING ARRANGEMENT IN RELATION TO FUQING ECOTEX

Prior to the Reorganisation, Hong Liong Textile was held by Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi which in turn held the entire registered capital of Fuqing Hong Liong, Fuzhou Aike and Shishi Maigen. Accordingly, Fuqing Hong Liong and Fuzhou Aike have been owned as to 100% by Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi collectively since their establishments. Prior to the Reorganisation, the directors of Fuqing Hong Liong were Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi. The directors of Fuzhou Aike were Shao Ten-Po, Tseng Chung-Cheng and Liao Chin-Yi. The executive director of Shishi Maigen was Tseng Chung-Cheng.

Fuqing Ecotex was wholly-owned by Lucky Dragon, which was in turn held by Tseng Chung-Cheng, Liao Chin-Yi, Hu Chin-Shu, Chen Li-Chuan, Huang Szu-Ching, Hsu Fu-Mei and Hsueh Hui-Chen. Shao Ten-Po was appointed as the director of Lucky Dragon on 8 February 2000 and ceased to act as the director on 27 August 2002. Liao Chin-Yi was then appointed as the director of Lucky Dragon on 27 August 2002. Tseng Chung-Cheng was appointed as the executive director of Fuqing Ecotex on 16 July 2002.

In order to consolidate the control of the Group and to manage the Group as a combined unit, the shareholders have since the establishment of the Group come to an arrangement to act in an unanimous fashion towards the governing of the companies comprising the Group.

In the case of Fuqing Ecotex, which was held by Lucky Dragon, a company owned as to 10% by Tseng Chung-Cheng, as to 10% by Liao Chin-Yi, as to 16% by Hu Chin-Shu, as to 16% by Chen Li-Chuan, as to 16% by Huang Szu-Ching, as to 16% by Hsu Fu-Mei and as to 16% by Hsueh Hui-Chen prior to the Reorganisation, certain of the shareholders were passive investors who were not involved in the management of Fuqing Ecotex. Chen Li-Chuan, Huang Szu-Ching, Hsu Fu-Mei and Hsueh Hui-Chen were the passive investors (the "Passive Investors") and Hsu Fu-Mei and Hsueh Hui-Chen have through confirmations in writing, which were signed on 15 April 2002 and 5 January 2004 respectively, appointed Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi as their attorneys to

CORPORATE REORGANISATION AND GROUP STRUCTURE

exercise the voting rights in respect of their shares of Lucky Dragon at their sole discretion and each of Huang Szu-Ching and Chen Li-Chuan has through confirmations in writing, which were signed on 28 January 2004, appointed Shao Ten-Po as their attorney to exercise the voting rights in respect of their shares of Lucky Dragon at his sole discretion. Accordingly, Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi have the actual voting rights of Fuqing Ecotex, as well as effective control and the authority to govern the financial and operating policies of Fuqing Ecotex since its establishment. As advised by our PRC legal advisers, each of the confirmations given by the Passive Investors does not violate the PRC laws and is valid throughout the material times. Ms. Hu Chin-Shu is not a passive investor because she has taken part in the management of Fuqing Ecotex during the Track Record Period. Ms. Hu confirmed that she has acted as a concert party with Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi when exercising her voting right at shareholders' meetings of Lucky Dragon.

The Passive Investors appointed Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi as their attorney to exercise the voting rights in respect of their shares of Lucky Dragon at their sole discretion due to the reason that unlike Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi, the Passive Investors were unfamiliar with business management as well as lacked of commercial background, experience of establishing successful enterprises, effective business channels and extensive personal connections. As such, the Passive Investors decided to appoint Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi as their attorney to exercise their voting rights in respect of their shares of Lucky Dragon at their sole discretion. During the Track Record Period, dividends were declared by Fuqing Ecotex to its then shareholders before it became a subsidiary of the Company. Dividends were received by Tseng Chung-Cheng, Liao Chin-Yi and Hu Chin-Shu. As advised by the Directors, the Passive Investors waived their dividends during the Track Record Period because they were not involved in the management of the company.

Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi have also confirmed that they have voted unanimously, through Lucky Dragon, at board meetings and shareholders' meetings of Fuqing Ecotex and reached consensus before voting by virtue of the powers vested in them pursuant to the confirmations.

To reconfirm 1) the arrangement between Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi; and 2) that Hu Chin-Shu has acted as a concert party with Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng and Liao Chin-Yi when exercising her voting rights at shareholders' meetings of Lucky Dragon, and to properly record the various confirmations made among the shareholders with respect to the consensus and concert actions, on 27 November 2009, Shao Ten-Po, Hsu Chieh-Jung, Tseng Chung-Cheng, Liao Chin-Yi and Hu Chin-Shu (the "Concert Parties") have executed a written confirmation to confirm that since the establishment of Fuqing Hong Liong, Fuqing Ecotex and Fuzhou Aike and the acquisition of Shishi Maigen, among other things:

- (i) when exercising their respective shareholders' rights, or voting rights at the board meetings, of Fuqing Hong Liong, Fuqing Ecotex and Fuzhou Aike, they have acted unanimously in accordance with the consensus achieved among them. Tseng Chung-Cheng, who was the executive director of Shishi Maigen, has acted unanimously in accordance with the consensus achieved among the Concert Parties; and

CORPORATE REORGANISATION AND GROUP STRUCTURE

- (ii) prior to voting on any resolutions in board meetings of Fuqing Hong Liong, Fuqing Ecotex and Fuzhou Aike, and prior to Tseng Chung-Cheng resolving matters relating to Shishi Maigen, each of the Concert Parties would discuss the relevant matters with each other with a view to reaching consensus and an unanimous vote; and decisions based on the consensus achieved in connection with Fuqing Hong Liong, Fuzhou Aike, Fuqing Ecotex and Shishi Maigen have not been challenged by any Concert Party for any reason.

Through the concert party arrangement mentioned above and based on the unanimous voting record among the Concert Parties, the Concert Parties are a group of controlling shareholders for the purpose of Rule 8.05(1)(c) of the Listing Rules.

REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. The principal steps involved in the Reorganisation are summarised below:

Incorporation of our Company

- (a) on 14 July 2009, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. Upon incorporation, one nil-paid Share was held by Mr. Liao Chin-Yi, representing the entire issued share capital of the Company, which was subsequently transferred to Head Pearl on 27 November 2009;

Incorporation of More Will, Joyous King, Sunny Beauty, Speedy Grand, Head Pearl and Forever Art

- (b) More Will was incorporated in the BVI on 23 January 2008, with an issued share capital of US\$1 representing 1 share of US\$1 and is wholly owned by Shao Ten-Po;
- (c) Joyous King was incorporated in the BVI on 22 April 2008, with an issued share capital of US\$1 representing 1 share of US\$1 and is wholly owned by Hsu Chieh-Jung;
- (d) Sunny Beauty was incorporated in the BVI on 29 May 2009, with an issued share capital of US\$1 representing 1 share of US\$1 and is wholly owned by Tseng Chung-Cheng;
- (e) Speedy Grand was incorporated in the BVI on 8 August 2008, with an issued share capital of US\$1 representing 1 share of US\$1 and is wholly owned by Liao Chin-Yi;
- (f) Head Pearl was incorporated in the BVI on 7 February 2008, with an issued share capital of US\$10,000 divided into 10,000 shares of US\$1 each and is held as to 53.53% by Mr. Shao Ten-Po, 26.43% by Mr. Hsu Chieh-Jung, 8.6% by Mr. Tseng Chung-Cheng and 11.44% by Mr. Liao Chin-Yi, respectively;
- (g) Forever Art was incorporated in the BVI on 28 April 2008, with an issued share capital of US\$1 divided into 1 share of US\$1 each and is wholly owned by Hu Chin-Shu;

CORPORATE REORGANISATION AND GROUP STRUCTURE

Incorporation of Easy Era

- (h) Easy Era was incorporated in the BVI on 6 February 2008, with an issued share capital of US\$1 representing 1 share of US\$1 and is wholly owned by the Company;

Incorporation of the Hong Kong Holding Companies

- (i) Easy Venture was incorporated in Hong Kong on 23 February 2009, with an issued share capital of HK\$1 representing 1 share of HK\$1, and is wholly owned by Easy Era;
- (j) Prosper Advance was incorporated in Hong Kong on 30 March 2009, with an issued share capital of HK\$1 representing 1 share of HK\$1, and is wholly owned by Easy Era;
- (k) First Heritage was incorporated in Hong Kong on 22 June 2009, with an issued share capital of HK\$1 representing 1 share of HK\$1, and is wholly owned by Easy Era;
- (l) Star Guide was incorporated in Hong Kong on 22 June 2009, with an issued share capital of HK\$1 representing 1 share of HK\$1, and is wholly owned by Easy Era;

Transfer of equity interest in each of Fuqing Hong Liong, Fuzhou Aike, Shishi Maigen and Fuqing Ecotex

- (m) On 24 November 2009, the entire equity interest in Fuqing Hong Liong was transferred to Easy Venture from Hong Liong Textile as part of our reorganisation in preparation for the Listing at a consideration equivalent to RMB249,310,000 in shares of Easy Venture which was determined based on its net asset value as at 30 June 2009 and was settled by the allotment and issue of 1,500 Shares, 720 Shares, 112 Shares and 3,999 Shares, all credited as fully-paid, to More Will, Joyous King, Speedy Grand and Head Pearl, respectively, at the direction of Hong Liong Textile and the one nil-paid Share held by Head Pearl being credited as a fully paid Share;
- (n) On 24 November 2009, the entire equity interest in Fuzhou Aike was transferred to Star Guide from Hong Liong Textile as part of our reorganisation in preparation for the Listing at a consideration equivalent to RMB6,555,000 in shares of Star Guide which was determined based on its net asset value as at 30 June 2009 and was settled by the allotment and issue of 40 Shares, 20 Shares and 118 Shares, all credited as fully-paid, to More Will, Joyous King and Head Pearl, respectively, at the direction of Hong Liong Textile;
- (o) On 24 November 2009, the entire equity interest in Shishi Maigen was transferred to Prosper Advance from Hong Liong Textile as part of our reorganisation in preparation for the Listing at a consideration equivalent to RMB93,576,000 which was determined based on the investment costs incurred by Hong Liong Textile in the acquisition of Shishi Maigen in 2008 and, as confirmed by the Company, all outstanding amount owed by our Group to the Controlling Shareholders has been settled by the allotment and issue of 556 Shares, 295 Shares and 1,757 Shares, all credited as fully-paid, to More Will, Joyous King and Head Pearl, respectively, at the direction of Hong Liong Textile;

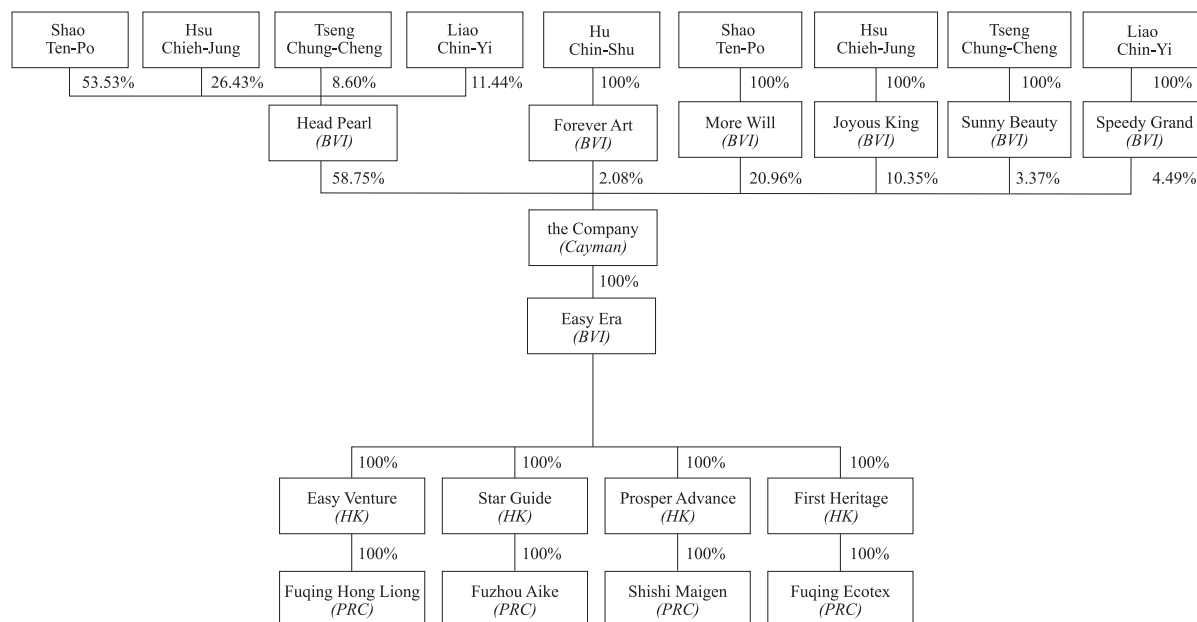
CORPORATE REORGANISATION AND GROUP STRUCTURE

- (p) in 24 November 2009, in preparation of the Reorganisation for the Listing, Chen Li-Chuan, Huang Sze-Ching, Hsu Fu-Mei and Hsueh Hui-Chen transferred their shares in Lucky Dragon (i.e. the investment holding company holding 100% interest in Fuqing Ecotex before the Reorganisation), representing approximately 64% of Lucky Dragon, to Tseng Chung-Cheng and Liao Chin-Yi at a consideration of RMB9,000,000 determined with reference to the annual compound growth rate of 3.8% from the amount of their initial registered capital of US\$1,024,000 made, as agreed upon between 1) Chen Li-Chuan, Huang Sze-Ching, Hsu Fu-Mei and Hsueh Hui-Chen, and 2) Tseng Chung-Cheng and Liao Chin-Yi. Upon such transfer, Fuqing Ecotex was owned as to 16% by Hu Chin-Shu, 42% by Tseng Chung-Cheng and 42% by Liao Chin-Yi; and
- (p) On 24 November 2009, the entire equity interest in Fuqing Ecotex was transferred to First Heritage from Lucky Dragon as part of our reorganisation in preparation for the Listing at a consideration equivalent to RMB35,324,000 in shares of First Heritage which was determined based on its net asset value as at 30 June 2009 and was settled by the allotment and issue of 337 Shares, 337 Shares and 208 Shares, all credited as fully-paid, to Sunny Beauty, Speedy Grand and Forever Art, respectively, at the direction of Lucky Dragon.

The Directors have advised that the consideration for the transfer of shares in Lucky Dragon by Chen Li-Chuan, Huang Sze-Ching, Hsu Fu-Mei and Hsueh Hui-Chen to Tseng Chung-Cheng and Liao Chin-Yi was determined with reference to the annual compound growth rate of 3.8% p.a. from the amount of the initial registered capital made by the Passive Investors, which in turn was based on the average historical time deposit interest rate of about 3.1% p.a. plus a premium. The Directors have advised that the terms of the transfer were determined after negotiation among the parties involved and that it was an understanding among the shareholders of Fuqing Ecotex at the time of investments that the annual return of the Passive Investors shall be a guaranteed return based on a percentage which is slightly higher than the time deposit in the local bank. The guaranteed rate of return of investment would be determined with reference to the average historical time deposit interest rate plus a nominal premium at the time when the Passive Investors exiting from their investment. In addition, Shao Ten-Po and other Concert Parties have the right to request the Passive Investors to exit as and when necessary. Given that Shao Ten-Po and other Concert Parties have a strong industrial background in the PRC and Taiwan, and that the Passive Investors did not participate in the management of Fuqing Ecotex since its establishment, and that they do not have a strong business relation network in the PRC and Taiwan or any management expertise in apparel and OEM businesses, they believe that their investment in Fuqing Ecotex is purely an investment plan with a guaranteed return. Considering that Shao Ten-Po and other Concert Parties intend to restructure the shareholding structure of the Group during the Reorganisation for the purpose of listing, Shao Ten-Po and other Concert Parties have exercised the right to request the Passive Investors to exit from their investment in Fuqing Ecotex at the consideration calculated based on the agreed method.

CORPORATE REORGANISATION AND GROUP STRUCTURE

Upon completion of the Reorganisation, our Company became the holding company of our Group. The following chart sets out the structure of our group immediately after the Reorganisation:



CAPITALISATION ISSUE

On 27 November 2009, the authorised share capital of the listing company was increased from HK\$380,000 divided into 3,800,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares through the creation of 4,996,200,000 additional Shares.

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK\$155,999,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,559,990,000 Shares for allotment and issue to our shareholders as of 27 November 2009, on a pro rata basis.

CORPORATE REORGANISATION AND GROUP STRUCTURE

GROUP STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised):

