

REPLY TO SGX QUERIES

The Company wishes to reply as follows to the SGX's queries dated 4 and 7 July 2008 respectively:

Query (a)

What is the impact of the Sale, if any, on the Company's operations?

Answer (a)

The Sale has no impact on Jishan (Shanghai) Apparel Co., Ltd ("JA")'s operation as JA has ceased its operation in June 2006 whereby all its manufacturing plants were leased out until the cessation of lease agreement and disposal of the said assets.

Query (b)

What are the carrying amount and the fair values of the property, plant and equipment ("PPE")?

Answer (b)

The PPE involved consists of office renovation with carrying value of RMB2,606,295.90 and manufacturing plants with carrying value of RMB3,334,777.92 respectively as at 31 December 2007. The fair value for the manufacturing plants as at 31 December 2007 based on valuation report is RMB3,202,584, and no valuation is done for the office renovation as it is not practical to do so.

Query (c)

What is rationale for selling the PPE to Shanghai Recently Green Weaving Co., Ltd ("SRGW") and Shaoxing Jishan Garment Co.,Ltd ("SJG")?

Answer (c)

As mentioned in the announcement, the rationale of selling the PPE is that JA has ceased its lease agreement with its lessee and therefore the related PPE are disposed accordingly.

Query (d)

Did the Company consider selling the PPE to third parties?

Answer (d)

Yes, but the quoted price from third parties is lower than the price offered by SRGW and SJG respectively.

Query (e)

What is the respective business of each SRGW, SJG and Zhejiang Jishan Holdings Group Co., Ltd ("Zhejiang Jishan")?

Answer (e)

SRGW involves in manufacturing and trading of garment related products, Zhejiang Jishan involves in investment holding activities and SJG's principal activities are similar to SRGW i.e. involves in manufacturing and trading of garment related products.

Query (f)

Why did JA cease its lease agreement?

Answer (f)

The lessee has continued making operating losses and therefore it has chosen to terminate lease agreement with JA. Since there is no suitable lessee subsequent to that, JA decided to dispose off the PPE.

Query (g)

Are any of the transactions that make up the RMB9.7 millions under any IPT Mandate or below S\$100k?

Answer (g)

Yes, the transactions that make up RMB9.7 millions are under IPT Mandate but excluding transactions less than S\$100k.

BY ORDER OF THE BOARD

CHEN GANG

General Manager/Executive Director

9 July 2008