
RELATIONSHIP WITH ELAND WORLD GROUP

OVERVIEW

Immediately after completion of the Global Offering (assuming that the Over-allocation Option is not exercised), ELand World will, through itself and ELand World Singapore, beneficially own in aggregate approximately 58.0% and 17.0%, respectively, of the issued share capital of our Company. ELand World will continue to be the controlling shareholder of our Company.

While our Group will continue to operate independently of ELand World Group, there will be certain transactions between our Group and ELand World Group which will continue following the completion of the Global Offering. For details of such transactions, please see the section headed “Connected transactions” in this prospectus.

BACKGROUND OF ELAND WORLD GROUP

ELand World Group is a retail conglomerate in Korea with more than 30 subsidiaries and affiliates encompassing a variety of businesses. One of these subsidiaries, Deco Ltd., is a listed company on the Korea Securities Dealers Automated Quotations (KOSDAQ). ELand World Group, through ELand World and its other subsidiaries, engages in the businesses of restaurants, interior design, furniture, advertising, construction, real estate development, hotel and resort management, supermarkets, hypermarkets, department stores, discount stores, stand-alone fashion stores, software development, information technology services and e-commerce. Additionally, ELand World Group engages in the design, manufacture and sale of a wide range of apparel and other apparel products. ELand World Group operates in Korea, the PRC, Singapore, the United States, the United Kingdom, Hong Kong, Sri Lanka and Vietnam.

We are a leading and fast-growing women’s apparel company in the PRC and have a different business focus and strategy from that of ELand World Group. Our primary business focus and strategy is to manage a portfolio of women’s apparel brands in the PRC. This includes the design, raw material procurement, outsourced manufacturing and distribution of our branded products in the PRC.

In addition to the Retained Business, ELand World Group operates other women’s apparel businesses outside of the PRC which do not compete, either directly or indirectly, with our business, due to geographic separation and contractual arrangement.

In terms of geographic separation, pursuant to our Trademark License Agreements, we hold exclusive rights to sell the relevant women’s branded products in the PRC, and non-exclusive rights to manufacture such products on a world-wide basis. ELand World Group has reserved the right to manufacture the relevant products in the PRC but is prohibited from selling, transferring, distributing or disposing of, directly or indirectly, such women’s apparel products relating to our business within the PRC. With respect to contractual agreement, pursuant to a Deed of Non-competition, our Controlling Shareholder has undertaken to us that it will not, will procure its Controlled Persons and/or the Controlled Companies will not, and use its best efforts to procure that none of its associates controlled by it will, whether as principal or agent, whether undertaken directly or indirectly through any company, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or

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concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with our business within the PRC.

The distribution model of the Controlling Shareholder's women's apparel business outside of the PRC comprises a retail network including stand-alone franchised stores, brand-specific street shops (brand specialty stores), department store concessions and discount outlet concessions. The Controlling Shareholder does not employ either independent distributors or wholesale channels of any type. The Controlling Shareholder directly operates, manages and oversees the entire process from product design, raw material procurement, manufacture, selection of retail outlet location, pricing, marketing to sale of apparel products in these retail outlets. This effectively ensures that the Controlling Shareholder's sale of women's apparel outside of the PRC will not create direct competition with the Group's business.

Our business comprises operations related to the women's apparel business in the PRC including design, raw materials procurement, manufacturing and distribution that was carried out by ELand World Shanghai and its subsidiaries prior to December 31, 2007, and the Controlling Shareholder did not sell any women's apparel other than those of our business in the PRC during the Track Record Period.

Save as disclosed in this prospectus, none of our Controlling Shareholder or Directors are currently engaged or interested in any business that competes or may compete with that of our Group.

OUR BRANDS AND BRANDS OF ELAND WORLD GROUP

Our women's apparel brands in the PRC are "*E•Land*", "*Scofield*", "*Teenie Weenie*", "*Roem*", "*Prich*", "*Scat*" and "*Teresia*". For additional information regarding these brands, see the section in this prospectus headed "Business — Our brands and principal products".

ELand World Shanghai was incorporated in the PRC on July 14, 1994, in order to engage in the manufacture and export of apparel and the management and development of various brands owned by ELand World Group. Prior to the Reorganization, ELand World Group operated a total of fifteen apparel and undergarment brands in the PRC. ELand World Shanghai, which is owned by ELand World, operated and managed twelve of these brands, comprising all of our brands as well as "*Scofield*" men's fashion series, "*So Basic*", "*Hunt*", "*Bodypops*" and "*Eblin*". Additionally, Wish Shanghai, which is owned by ELand World and ELand World Shanghai, operated and managed the remaining three children's apparel brands, namely, "*E•Land Kids*", "*Paw in Paw*" and "*CoCorita*".

We set out below details of the characteristics shared by our brands and the brands of the members of ELand World Group.

"E•Land" vs. "E•Land Kids" and "E•Land Junior": While we operate our "*E•Land*" women's apparel business in the PRC, ELand World Group operates "*E•Land Kids*" children's apparel business in the PRC and "*E•Land Junior*" children's apparel business in Korea. However, our "*E•Land*" women's apparel business targets the PRC women's apparel market segment which is fundamentally and materially different from either (i) the PRC children's apparel market segment for "*E•Land Kids*" or (ii) the Korean children's apparel market for "*E•Land Junior*". Although both share the word "*E•Land*" in their brand names, logos and trademarks, due to the fundamental difference in market segments, there are differences in product design and concept, trademarks and interior decorations in stores. Additionally, the

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“E•Land” women’s apparel business is operated completely independently of each of the “E•Land Kids” business and “E•Land Junior” business.

“Scofield” women’s fashion series and “Scofield” men’s fashion series: While we operate our “Scofield” women’s apparel business in the PRC, ELand World Group operates the “Scofield” men’s apparel business in the PRC. While the two brands share the word “Scofield” in their brand names, logos and trademarks, due to fundamental differences between the market segments, there are differences in product design and concept, and interior decorations in stores. As the two brands target different gender customers, they also differ from each other in terms of product design, VMD, color usage, interior decoration and other aspects. The “Scofield” women’s fashion business is operated completely independently of the “Scofield” men’s fashion business.

“Teenie Weenie” women’s apparel in the PRC and “Teenie Weenie” unisex casual apparel in Korea: While we operate our “Teenie Weenie” women’s apparel business in the PRC, ELand World Group operates the “Teenie Weenie” unisex casual apparel business in Korea. While our “Teenie Weenie” brand products target female customers in the PRC, ELand World Group’s “Teenie Weenie” products target both male and female customers in Korea. The “Teenie Weenie” women’s apparel business in the PRC is operated completely independently of the “Teenie Weenie” unisex casual apparel in Korea.

As of December 31, 2007, our “Teenie Weenie” women’s apparel products were sold through 270 department store concession counters in the PRC. As of the same date, ELand World Group’s distribution of its “Teenie Weenie” brand products was conducted through a franchise retail network consisting of 41 stand-alone fashion stores, 11 department stores and 14 discount store concession counters in Korea. None of our Directors serves on the board of ELand Ltd., the subsidiary of ELand World Group that operates the “Teenie Weenie” brand in Korea.

“Roem” in the PRC and Korea: While we operate our “Roem” business in the PRC, ELand World Group operates the “Roem” business in Korea. Due to geographical separation and our independent operations, our “Roem” products differ from ELand World Group’s products sold in Korea in terms of designs, sizes and pricing. “Roem” apparel products sold in Korea are priced at the lower end of the market, whereas in the PRC “Roem” apparel products are aimed at higher-end consumers.

As of December 31, 2007, our “Roem” products were sold through 59 department store concession counters in the PRC. ELand World Group distributes its “Roem” products through a franchise retail network consisting of 116 stand-alone fashion stores and 32 discount store concession counters. The revenue models of the two brands are different in that we derive our revenue from sales in the PRC, while ELand World Group derives its revenue from its “Roem” women’s apparel from sales in Korea. None of our executive Directors serves on the board of ELand World or the board of directors of the subsidiary of ELand World Group that operates the “Roem” brand in Korea.

“Teresia” in the PRC and Korea: While we operate our “Teresia” business in the PRC, ELand World Group operates the “Teresia” business in Korea. In addition to geographical separation and differences in products and designs arising from our independent operations, our “Teresia” brand is further distinguishable since it targets higher-end customers in the PRC with mature and sophisticated preferences whereas ELand World Group’s “Teresia” brand

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targets lower-end middle class customers in Korea who are attracted to a more affordable price range. ELand World Group's "Teresia" products in Korea are sold solely through franchised stores and discount store concession counters while our "Teresia" products are sold exclusively in department stores.

As of December 31, 2007, our "Teresia" products were sold through 3 department store concessions in the PRC. ELand World Group distributes its "Teresia" products through a franchise retail network of 52 stand-alone fashion stores and 20 discount store concessions. The revenue models of the two brands are different in that we derive our revenue from sales in the PRC, while ELand World Group derives revenue from its "Teresia" women's apparel from sales in Korea. None of our executive Directors serves on the board of ELand World or the board of directors of the subsidiary of ELand World Group that operates the "Teresia" brand in Korea.

Upon the completion of the Reorganization, ELand World Group will retain several of its brands in the PRC in order to continue to further develop their men's and children's apparel businesses. For details of the retained apparel brands of ELand World Group, please see the section headed "Relationship with ELand World Group — Retained business" in this prospectus. In addition, ELand World Group may enter into any businesses, other than our business.

OUR BUSINESS, THE RETAINED BUSINESS AND THE APPAREL BUSINESS OF ELAND WORLD GROUP OUTSIDE OF THE PRC

Retained Business

The Retained Business includes the branded men's apparel, children's apparel and undergarment businesses with apparel sales in the PRC. The following table summarizes the brands comprising Retained Business as of the Latest Practicable Date:

<u>Brand Name</u>	<u>Type</u>	<u>Description</u>
"Bodypops" (2006)	Undergarments	Trendy undergarments for both men and women
"Eblin" (2004)	Undergarments	Luxury undergarments for women
"Scofield" men's fashion series (2004)	Men	Classic British-style apparel for men
"So Basic" (2007)	Men	Classic and casual apparel for men
"Hunt" (2007)	Men	Classic apparel for men
"Paw in Paw" (2006)	Children	Casual themed apparel for children
"E•Land Kids" (2003)	Children	Casual apparel for children
"CoCorita" (2007)	Children	Petite French concept children's wear

ELand World Group has no current intention to inject any of the Retained Business into the Group.

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The apparel business of ELand World Group outside of the PRC

As of December 31, 2007, ELand World Group operates 11 women's apparel brands, 17 children's apparel brands, 10 unisex casual apparel brands and 10 undergarment brands with apparel sales outside of the PRC:

- the 11 women's apparel brands comprise "2Me", "Ana Capri", "B'art", "Clovis", "Deco", "Dia", "Roem", "Telegraph", "Teresia", "The Day" and "XIX";
- the 17 children's apparel brands comprise "Caps", "Celden", "Cheek", "CoCorita", "E.Kids", "E•Land Junior", "Entetee", "Hunt Kids", "Little Brenn", "New Golden", "Ohoo", "Paw in Paw", "Roem Girls", "The Day Girls", "Usall", "UWS" and "Vianni Kids";
- the 10 unisex casual apparel brands comprise "Brenntano", "C.o.a.x", "Hunt"; "R.Athletic", "Shane", "So.Basic", "Teenie Weenie", "Thers's", "Underwood" and "WHO.A.U"; and
- the 10 undergarment brands comprise "Bodypops", "Eblin", "Hunt Innerwear", "Marie Claire Forum", "NIX 21", "OIX", "OIX.Milano", "Petit Lin", "The Day Underwear" and "Vicman".

Out of the 11 women's apparel brands operated by ELand World Group with apparel sales outside of the PRC, we share two women's apparel brands with ELand World Group, "Roem" and "Teresia". ELand World Group directly operates, manages and oversees the entire process of product design, manufacture and sale of its women's apparel products. None of ELand World Group's women's apparel products are sold in the PRC — they are only sold in Korea. ELand World Group exercises direct control over its distribution system to ensure that its women's apparel products will not be re-routed to the PRC. Consequently, the risk that any of the ELand World Group women's apparel products sold in Korea will be re-distributed to the PRC and result in indirect competition with the Group is minimized. ELand World Group also sells most of its children's apparel products, unisex casual apparel products and undergarment products in Korea. However, it also sells certain unisex casual apparel and children's apparel products, on a limited basis, in the United States and the United Kingdom.

ELand World Group's unisex apparel products are distributed in the United States and the United Kingdom through distribution channels that are directly managed and tightly controlled by ELand World Group. In the United Kingdom, ELand World Group manufactures and distributes only duffle coats entirely through its local subsidiary. In the United States, ELand World Group's operations remain in an early stage of development with only one store as a distribution outlet. Hence, all of the apparel products sold by ELand World Group in the United States and the United Kingdom are sold directly to the end customers only in directly managed stores by ELand World Group employees. As a practical matter, it is in the nature of the fashion business that characteristics of consumers and markets differ according to types of apparel, countries and regions. As such, ELand World Group would not be able to sell the products, distributed in the United States and United Kingdom, in the PRC due to the incompatibility with consumers in the PRC. The products sold in the United States and United Kingdom are geared to the relevant local markets in terms of size, design, materials and trends and none of the unisex apparel products will be sold in the PRC.

ELand World Group has no current intention to inject any of the above apparel businesses into the Group.

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Comparison of our business and the Retained Business

We set out below a brief comparison of certain aspects of our business and the Retained Business.

Brands, products and target segments: We are engaged in the women's branded apparel business in the PRC and we sell branded women's apparel products (and few ancillary brand-specific accessories) to women within the mid- to high-end of China's growing middle class. In contrast, the Retained Business targets different market segments and customers in the PRC with different products, consisting of men's apparel, children's apparel and undergarments.

Design and design technology: Our in-house design team handles all our design activities independently from ELand World Group's design team that handles the design for the Retained Business. While our in-house design team has its own design database, technology and know-how for our business, the Retained Business relies on ELand World Group's designers and their design database, technology and know-how.

Production process: Both the Group and the Retained Business outsource nearly all of their respective manufacturing requirements to third-party manufacturers. However, whereas we maintain a *de minimis* manufacturing facility, the Retained Business does not include any internal manufacturing facility. Our Group has not outsourced its manufacturing of products to our Controlling Shareholder.

Sales network and pricing of products: We exclusively use our concessions at department stores for the sales of our products. In addition to department store concessions, the men's apparel business within the Retained Business also uses discount outlet concessions. For example, the "So Basic" brand targets men in the lower-end of China's middle class, men who may prefer discount outlets over department stores.

Revenue model: Our business derives revenues from the sales of women's apparel products in the PRC. The Retained Business derives revenues from the sales of men's apparel, children's apparel and undergarment products in the PRC.

Size and scale of operations: We first commenced our operations in the PRC in 1997 by introducing our first women's apparel brand, "E•Land", and opening our first "E•Land" concession in Shanghai. The Retained Business, on the other hand, has a shorter history. Its first apparel brand, "E•Land Kids", was launched in 2003. As of December 31, 2007, we operated 1,084 concessions in 428 department stores in 119 cities in the PRC. As of the same date, the Retained Business operated 550 concessions (mostly in department stores and a few in discount outlets) in the PRC. These 550 concessions sell only men's apparel, children's apparel and undergarments. The concessions and retail outlets of the Group in the PRC do not sell any of ELand World Group's products. The revenue and profits generated from the Retained Business during the Track Record Period were much less than those generated from the Group during the corresponding period.

Composition of board members: None of our executive Directors holds a position on the board of directors of ELand World Group. Only our non-executive Directors serve ELand World Group entities engaged in retail, furniture, apparel manufacturing and exporting, and other businesses. In contrast, all of the directors of ELand World Shanghai hold positions at other ELand World Group entities.

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Comparison of our business and the women's apparel business of ELand World Group

We set out below a brief comparison of certain aspects of our business and the women's apparel business of ELand World Group.

Brands and products: We are principally engaged in the women's apparel business, operating seven women's apparel brands. ELand World Group is engaged in a variety of businesses of which women's apparel is one. We share two women's apparel brands with ELand World Group, "Roem" and "Teresia". Although the brand names are shared, the products are sold and designed separately and independently. Given that the products are designed for different markets, the sizes, materials, trends of the brands in the PRC and Korea are distinguishable. The target customers also differ in that "Roem" and "Teresia" brand products in Korea are priced at the lower-end of the market, whereas in the PRC, "Roem" and "Teresia" brand products are aimed at higher-end consumers.

Design and design technology: Our in-house design team handles all our design activities independently from ELand World Group's design team that handles the design for the women's apparel business of ELand World Group. While our in-house design team has its own design database, technology and know-how for our business, the women's apparel business of ELand World Group relies on ELand World Group's designers and their design database, technology and know-how.

Production process: While we outsource nearly all of the manufacturing of our products and closely monitor our third-party manufacturers, ELand World Group incurs additional costs and expenses in establishing and maintaining its production facilities and equipment because ELand World Group produces its women's apparel products (but not our products) by using its own production facilities and equipment in the PRC, the United Kingdom, Sri Lanka and Vietnam as well as using third-party manufacturers in the PRC and Korea.

Size and scale of operations: As of December 31, 2007, we had a total of 1,084 concessions in the PRC. As of the same date, ELand World Group had a total of 939 women's apparel stores in Korea. While we operate our brands through department store concession counter contracts, ELand World Group utilizes franchise retail networks, mainly stand-alone fashion stores and some concessions in ELand World Group's own discount store outlets or other retail stores.

Revenue model: Our business derives revenues from the sales of women's apparel products in the PRC. ELand World Group's women's apparel business derives revenues from the sales of women's apparel products in Korea.

Composition of board members: None of our executive Directors holds a position on the board of directors of ELand World or on the board of directors of the subsidiary of ELand World Group that operates the "Roem" and "Teresia" brands. One of our non-executive Directors, Mr. Kwon, Soon Moon, serves as a director of ELand World. Mr. Lee Eun Hong, our non-executive Director, is also a director of Elphis Lanka (PVT) Ltd., an ELand World subsidiary in Sri Lanka, and E.Land Vietnam Co., Ltd., an ELand World subsidiary in Vietnam, both of which are engaged in the manufacturing of apparel. Elphis Lanka (PVT) Ltd. and E.Land Vietnam Co., Ltd., which are part of ELand World Group, are engaged in the manufacturing of apparel for export to Korea, the United States and, on a very limited basis, a

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limited number of European countries. However, none of these products are exported to the PRC, where our apparel products are sold.

Reasons for exclusion

The Group's primary business focus and strategy is to manage a portfolio of women's apparel brands in the PRC. As a result, the Retained Business as well as the unisex brands, the children brands and the undergarment brands operated ELand World Group outside of the PRC were not included in our Group.

The women's apparel business of ELand World Group was not included into our Group for the following reasons. First, it is the nature of the fashion business that the characteristics of consumers and markets differ according to the type of apparel, country and region. Second, ELand World Group is one of the largest retail conglomerates in Korea operating a wide range of businesses such as restaurants, interior design, furniture, advertising, construction, real estate development, hotel and resort management, supermarkets, hypermarkets, department stores, discount stores, stand-alone fashion stores, software development, information technology services and e-commerce. Consequently, we have a different business focus and strategy from that of ELand World Group. The Group has focused solely on the PRC, a market with particular characteristics in terms of fashion trends and product distribution. We believe that the Group's focus on the PRC has been important to its success in that market, but that the Group's expertise and experience in the PRC would not necessarily translate into success elsewhere. Furthermore, the PRC is one of the largest markets in the world. Substantial opportunity exists for the Group's continued expansion within the PRC. The Group presently has no plans to develop overseas markets in the near future and intends to focus on expanding its market share in the women's apparel industry in the PRC. Consequently, our Controlling Shareholder, ELand World, does not consider it appropriate to inject its women apparel business, one that operates outside of the PRC, into the Group.

Non-competition undertaking

Deed of Non-competition

In order to maintain a clear delineation of businesses going forward and prevent any potential competition between our Group and ELand World Group, we entered into a deed of non-competition (the "Deed of Non-competition") on April 10, 2008, which will be in full force and effect until the date on which the Shares cease to be listed on the Stock Exchange or other recognized stock exchange, or the date on which ELand World ceases to be interested in 30% or more of the entire issued share capital of the Company, whichever is earlier.

Under the Deed of Non-competition, ELand World has undertaken to us that it will not, will procure its Controlled Persons and/or the Controlled Companies will not, and use its best efforts to procure that none of its associates controlled by it will, whether as principal or agent, whether undertaken directly or indirectly through any company, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with our business within the PRC, provided, however, that (i) ELand World or any of its Controlled Companies may manufacture, but may not sell, transfer, distribute or dispose of, directly or indirectly, women's apparel products relating to our

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business within the PRC and (ii) such restrictions will not apply to any investments made by ELand World in the shares of any publicly-traded company where ELand World does not, whether directly or indirectly, own more than 5% of such company or does not, whether by virtue of its shareholding or otherwise, have the right to control or manage the operations of such company.

Under the Deed of Non-competition, we are not restricted in any way from developing and expanding our current business. We are free to export our women's apparel products overseas or to develop any businesses. However, we currently do not have any plan to manufacture women's apparel products for export or manufacture non-women's apparel products in the PRC.

Referral of business opportunities

ELand World has further undertaken to us that it will refer to us any business investment or other commercial opportunity relating to our business (the "Opportunity") developed or identified by or offered to ELand World and/or any of its associates (other than the members of our Group) (the "Referrer") in the following manner:

(a) ELand World shall, and shall cause its associates (other than members of our Group) to, refer or to procure the referral of the Opportunity to us. ELand World is required to give us a written notice of the Opportunity (the "Referral") containing all information, to the extent available to the Referrer (including but not limited to the nature of the Opportunity and details of the investment or acquisition costs), reasonably necessary for us to consider and decide as to whether (i) such Opportunity would be in competition with our business and (ii) it is in the best interests of our Group as a whole to pursue such Opportunity.

(b) Upon receipt of the Referral, we will seek opinion and decision from a committee of our Board consisting exclusively of our independent non-executive Directors who do not have a personal interest relating to the Referral as to whether (i) the Opportunity would be in competition with our business and (ii) it is in the best interests of our Group as a whole to pursue such Opportunity.

In any event, the Referrer may not pursue the Opportunity unless the Referrer has received a written notice from us declining such Opportunity and confirming that the Opportunity would not be in competition with our business. Such notification and confirmation will be made by the Group within 30 days of receipt of a Referral, and such notification and confirmation shall be deemed as having been made by lapse of the foregoing 30 day period. If there is any material change in the terms and conditions of the Opportunity pursued by the Referrer, the Referrer is required to refer the Opportunity as so revised to us in the manner as set forth above. Any revised Opportunity referred to us by ELand World will be subject to the same control mechanism as prescribed in paragraphs (a) and (b) and such revised Opportunity will be deemed as a new Opportunity subject to a new 30-day notification period as set out in above.

Right of first refusal

Under the Deed of Non-competition, in the event that ELand World or any of its associates (except any members of our Group) intends to transfer or dispose of any of the Retained Business in any way, the seller will first offer to us the right to acquire such business or interest, and will keep the offer open for a period of 30 days, before offering such business

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or interest to a third party. Following the rejection or deemed rejection (by lapse of the foregoing 30 day period) of such offer by us, neither ELand World nor its associates (except any members of our Group) may proceed with such disposal to any third party unless the terms of such disposal are not more favorable than those offered to our Company with terms negotiated at arm's length. Our Company, before making a decision as to whether it chooses to pursue or decline such offer, will also seek approval from the independent non-executive Directors' committee described above. We will fully comply with applicable requirements of the Listing Rules if we choose to exercise the right of first refusal.

Non-solicitation undertaking

Further under the Deed of Non-competition, ELand World undertakes to the Group that it will not and will procure that none of the Controlled Persons or Controlled Companies will (i) at any time induce or attempt to induce any director, manager or employee or consultant of any member of the Group to terminate his or her employment or consultancy with the Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy, or (ii) alone or jointly with any other person through or as manager, adviser, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of the Group, solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to our business to cease to deal with the Group or reduce the amount of business which the person would normally do with the Group or seek to improve their terms of trade with any member of the Group.

Provision of information, access and compliance declaration

ELand World undertakes to the Group that, if reasonably requested, it will procure that all relevant information such as relevant financial reports and corporate strategy reports in the possession of itself or its associates, be provided to the Group and/or our independent non-executive Directors necessary for the annual review by the independent non-executive Directors and the enforcement of the undertakings specified in the Deed of Non-competition. ELand World will allow, subject to applicable confidentiality restrictions, the Group's representatives and auditors and its representatives to have access to corporate records relating to the implementation of the Deed of Non-competition as it may be necessary in order to determine whether it has complied with the undertakings specified in the Deed of Non-competition. ELand World agrees, undertakes and covenants with our Group that it will provide an annual declaration of its compliance, and that of its associates, with the undertakings specified in the Deed of Non-competition and consents to include such annual declaration in our annual report.

In addition, ELand World and its associates will abstain from attending the Company's shareholders' meetings and Board's meetings and exercising voting rights at such meetings and will not form the quorum for those meetings, where there are actual or potential conflicts of interests pursuant to the Deed of Non-Competition as determined by our Board of Directors.

Assessment of compliance

Our independent non-executive Directors will, based on the information available to them and information and declaration provided by or obtained from ELand World and its associates,

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review on an annual basis, the compliance with the undertakings specified in the Deed of Non-competition, including the right of first refusal provided by ELand World on its existing or future competing businesses as well as the non-solicitation undertaking, and all the decisions taken as to whether to exercise the right of first refusal pursuant to the Deed of Non-competition and whether to pursue any opportunities which may be referred or offered to us by ELand World pursuant to the Deed of Non-competition. ELand World has undertaken to provide all information such as the relevant financial reports necessary for such annual review by the independent non-executive Directors and the enforcement of the undertakings specified in the Deed of Non-competition. ELand World will also make an annual declaration in the annual report of the Company on compliance with the undertakings specified in the Deed of Non-competition. We will disclose results of the annual review and matters reviewed by our independent non-executive Directors relating to any breach and the enforcement of the Deed of Non-competition in our annual report. Disclosure as to how the Deed of Non-competition was complied with and enforced will be consistent with the principles of making voluntary disclosures in the corporate governance report as stated in the Listing Rules.

INDEPENDENCE OF OUR GROUP FROM ELAND WORLD GROUP

Our Board confirms that, for reasons set out below, we will be able to operate independently of ELand World Group after Listing.

Operational independence

Procurement of raw materials

Although ELand World Group and our Group had common raw material suppliers during the Track Record Period, as confirmed by our Directors, most of these third-party raw material suppliers are suppliers commonly used by other companies in the PRC apparel industry. During the Track Record Period, the cost of materials purchased from common raw material suppliers amounted to approximately 19.0%, 20.0% and 20.0% of our total cost of raw materials. We have a procurement management team for our seven brands operating independently from that of ELand World Group. Our Directors also confirm that our Group has established independent relationships with raw material suppliers.

We have established a central procurement team for the procurement of raw materials, consisting of nine members including Mr. Choi, Yun Gi who has been the procurement team leader in charge of the procurement of raw materials for our business. Our in-house procurement team will be in charge of the procurement of raw materials for our business mainly through agreements with third-party suppliers of raw materials. However, the procurement team may coordinate with and receive raw materials through ELand Ltd. and ELand World with respect to certain raw materials and interior decoration products. Further details of the foregoing arrangement with ELand Ltd. and ELand World are set out in the section headed “Connected transactions” in this prospectus.

We have been and will continue to source certain raw materials, such as fabrics, metal ornaments and embroideries, and interior decoration products, such as furniture, cushions, trophies, frames, mannequins and books, from Korea through ELand Ltd. and ELand World. We will purchase raw materials and interior decoration products through ELand Ltd. and ELand World only if the purchase orders are made on normal commercial terms or on terms which are favorable to us. We believe this arrangement helps to maximize our resources and increase

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efficiency and stability. Our Directors believe that it is less cost-effective to procure the raw materials and interior decoration products separately from independent third parties as both parties could leverage on the economies of scale arising from combined large-volume orders from ELand World Group and us. Additionally, this arrangement alleviates administrative burdens such as handling customs clearance procedures. Therefore, the arrangement to procure raw materials and interior decoration products through ELand Ltd. and ELand World allows us to save costs and does not affect our ability to operate independently from ELand World Group. Other than the procurement of such raw materials and interior decoration products from ELand Ltd. and ELand World, we do not purchase any other raw materials from ELand World Group. Therefore, our Directors are of the view that we have independent access to raw material supplies and do not rely on ELand World Group to secure the supply of raw materials.

Outsourcing of manufacturing

Nearly all of our production is outsourced to third-party manufacturers in the PRC. ELand World Group and our Group engaged common third-party manufacturers during the Track Record Period. For the years ended December 31, 2005, 2006 and 2007, the total amount of processing fees incurred by the Group were approximately RMB21 million, RMB37 million and RMB82 million, respectively. During the Track Record, the cost of processing fees paid to common third-party manufacturers amounted to approximately 21.0%, 25.0% and 25.0% of our total cost of purchasing finished goods from OEM and CMT third-party manufacturers. Throughout the Track Record Period, the production management teams for our seven brands operated independently from ELand World Group and, subsequent to the Reorganization, the production management teams for our seven brands will continue to operate independently from ELand World Group. Our Directors also confirm that our Group has established independent relationships with the third-party manufacturers.

Administrative function

All essential administrative functions have been and will be carried out by our Group without support from ELand World Group. Our Group has its own capabilities and personnel to perform all essential administrative functions, including financial and accounting management, product design, human resources and information technology.

Design function

With design teams in Seoul and Shanghai, we have strong design capacity to handle our garment, graphic and interior designs. On December 31, 2007, we established ELand Design as a wholly owned subsidiary of ELand China HK to administer the portion of our design group that is located in Korea. As of December 31, 2007, ELand Design has 40 garment designers, each of whom obtained at least a bachelor's degree in design or design-related disciplines. Prior to the Reorganization, there were 5 engineering designers, 3 graphic designers, 44 VMD designers and 21 interior designers in Shanghai in relation to our business. As a part of the Reorganization, all of such designers in Shanghai joined ELand China Shanghai. Except for exceptional cases (i.e. the launch of new brands or renovation of existing brands) where we may receive interior design services from Lead, we will have full capacity to handle our garment, graphic, VMD and interior design matters. The experienced and efficient interior design team of Lead, which provides interior design services for various companies under

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ELand World Group, may provide interior design services to us by developing the over-arching concept for a brand. Our design team's core competencies lie in executing design plans and creating the actual interiors to be used in concessions. In these regards, in the case of creating a new brand's or renovating an existing brand's interior design concept, we would seek the design services of Lead. The décor of our concessions are not similar to that of ELand World Group's due to the different brand concepts and trends that are developed and executed by our own design team. Our design team plans the displays, the props and the overall appearance of our concessions in response to consumers' tastes and preferences. For the shared brands, "*Roem*", "*Teresia*" and "*Teenie Weenie*", the trademarks and the logos that are used may be similar, if not same, but the design of our concessions and execution of the interior décor are created and carried out separately by our own design team and are different from those of ELand World Group. Our design staff works exclusively for the Group and does not work simultaneously for ELand World Group. Further details of the interior design service arrangement with Lead are set out in the section headed "Connected transactions" in this prospectus.

We will enter into a separate agreement for each specific interior design project with ELand World Group and such agreement will be on normal commercial terms. Our management considers that such arrangement is not crucial or functionally important to us, as we are able to obtain these services from third parties in the open market.

Sales function

ELand World Group and our Group have had and will continue to have non-exclusive concession agreements with common department stores. We have management teams for our seven brands operating independently from that of ELand World Group responsible for expanding our network of concessions in the PRC. Our Directors also confirm that our Group has established independent relationships with the department stores.

Lease of properties

Other than the office of ELand Design, we lease all of our offices, manufacturing facility and warehouses from third parties. As of the Latest Practicable Date, ELand China Shanghai maintains its headquarters in Shanghai and branch offices in Dalian, Dongguan, Beijing, Chengdu and Shanghai under lease agreements with third-party landlords in each respective location. ELand China Shanghai also leases three warehouses. As of the Latest Practicable Date, ELand Design leases its office from ELand World. Further details of such lease arrangement are set out in the section headed "Connected transactions" in this prospectus.

As of the Latest Practicable Date, we have entered into nine leases for real property located in the PRC, one lease for real property located in Hong Kong and one lease for property located in Korea, consisting of approximately 3,906.6 square meters of office space (including our corporate headquarters in Shanghai) and an aggregate of approximately 17,020 square meters of warehouse space (including our manufacturing facility). Except for the leased property in Korea which is leased from ELand World, all of our facilities are leased from third parties. Our Property Valuer has confirmed that the rental payments agreed to be made by us for our leased properties were in line with the then prevailing market rates. For

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additional information, please see the section in this prospectus headed “Appendix IV — Property valuation”. We have been advised by our PRC legal counsel, King & Wood, that under PRC law, space that we utilize pursuant to concession agreements with department stores is not leased. We believe that in light of the size of our leased property in Korea, in the event that ELand World ceases to lease the property to us, we would be able to find suitable alternative premises from a third party in the same region without undue delay or inconvenience. Therefore, our Directors are of the view that we do not in any way rely on ELand World to secure our use of office space in Korea.

Intellectual property rights — Trademark and design patent licenses

As a part of the Reorganization, we acquired licenses to use the Licensed Trademarks in the PRC from ELand World Group. Such licenses encompass all of the trademarks historically used by ELand World Group in connection with the women’s apparel business in the PRC. Under the respective Trademark License Agreements, we hold exclusive rights to sell the relevant products in the PRC, and non-exclusive rights to manufacture such products on a world-wide basis. The licensors have reserved the right to manufacture the relevant products in the PRC but are prohibited from selling such trademarked products within the PRC. Further details of the Licensed Trademarks are set forth in the section “Statutory and general information — Intellectual property rights” in Appendix VI to this prospectus.

Each of the Trademark License Agreements is valid for an initial term of ten years, and thereafter, upon the expiration of the initial term and each three-year renewal term, is renewable at our option for additional three-year terms. The design patent license agreement is valid for three years and thereafter, upon the expiration of the initial term and each three-year renewal term, is renewable at our option for additional three-year terms. Our exercise of the renewal option under the Trademark License Agreements and the design patent license agreement is not subject to any conditions. The licensors are contractually bound to allow the Group to use the Licensed Trademarks and design patents even if ELand World Group ceases to be a controlling shareholder or ceases to have any relationship with the Company.

Under each of the Trademark License Agreements, the licensor cannot terminate the agreement unless ELand China Shanghai fails to make timely royalty payments. We may terminate the Trademark License Agreements with or without cause and without penalty at any time by giving a three-month written notice to the relevant licensor.

The royalty payment arrangements under the license agreements vary depending upon both the registration status of the relevant brand-related trademarks in the PRC and the maturity of the relevant brand in terms of revenues and number of concessions for such brand.

With respect to each of the “*E•Land*”, “*Scofield*” and “*Teenie Weenie*” brands, we are required to pay during the initial ten-year term royalties at the rate of 5.0% of the net sales (exclusive of concession fees, department store promotional costs and VAT).

With respect to each of “*Roem*”, “*Prich*”, “*Scat*” and “*Teresia*” brands, the royalty payments will be calculated as follows: (i) with respect to the portion of the accumulated net sales during the fiscal year up to approximately RMB368 million, 3.5% of the net sales; and (ii) with respect to the portion of the accumulated net sales during the fiscal year exceeding RMB368 million, 5.0% of the net sales. With respect to each of our “*Prich*”, “*Scat*” and

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“*Teresia*” brands, no royalty will accrue or be paid until the registration of relevant trademarks in the PRC.

With respect to the extension of the initial ten-year term and each three-year renewal term thereafter, we will negotiate in good faith to agree on royalty rates adjustments. If the parties cannot reach an agreement on the new royalty rate, the then-prevailing rate will continue to apply. This mechanism affords the Group protection in royalty rate adjustment negotiations so that the licensors cannot use the threat of significant royalty rate increases to constructively terminate the Trademark License Agreements. Jones Lang LaSalle Sallmanns Limited, an independent appraiser, is of the view that the license fees payable by the Group under the Trademark License Agreements are fair and reasonable.

Under each of the Trademark License Agreements, if the licensor intends to sell the relevant Licensed Trademarks, we have a right of first refusal to purchase such trademarks at fair value.

In case of the relevant licensor’s anticipated insolvency, we have a call option to purchase any or all of the Licensed Trademarks licensed from such licensor at fair value. As advised by the Company’s counsels, Yoon Yang Kim Shin & Yu and King & Wood, each of the relevant Trademark License Agreements provides the following procedures: (i) if an application for bankruptcy or rehabilitation proceeding is filed with respect to the licensor by itself or any third party, the licensor is required to immediately notify the licensee, ELand China Shanghai and the escrow agent appointed by the two parties; (ii) upon such notification, ELand China Shanghai may exercise the call option, on a brand-by-brand basis, by sending a written notice to the licensor and escrow agent; (iii) simultaneously upon the licensor’s receipt of such notice, the relevant Licensed Trademarks shall be deemed to be assigned to ELand China Shanghai and the licensor shall request that the escrow agent deliver to ELand China Shanghai all documents (including the relevant application form and power of attorney) necessary for the registration of such assignment in the PRC entrusted to the escrow agent and provide ELand China Shanghai with any other additional necessary documents; (iv) ELand China Shanghai will file an application with the foregoing documents to register such assignment; and (v) ELand China Shanghai will pay the fair value determined by a third party appraiser upon the exercise of the call option. According to the Company’s Korean legal counsel, Yoon Yang Kim Shin & Yu, in order for the Group to effectively acquire the relevant Licensed Trademarks by exercising its call option, it needs to complete the entire process for the assignment of the relevant Licensed Trademarks through the call option before a preliminary injunction is imposed on the licensor. Once a preliminary injunction is imposed, the licensor’s obligation under the call option will be suspended. As advised by King & Wood, the Company’s PRC counsel, such filed application cannot be challenged by any third party as long as all necessary documents have been submitted. However, we have been advised by our Korean legal counsel, Yoon Yang Kim Shin & Yu, that under Korean law, to the extent that any applicable bankruptcy or insolvency law applies, such a law may nullify or prevent our exercise of our call option but that, under the Korean bankruptcy or insolvency laws, the risk of the call option being nullified or prevented from being exercised is remote considering the expedited call option exercise process as set forth in the Trademark License Agreements.

We may independently develop, use and register any new trademarks and other intellectual properties in connection with our business, without any additional consideration to be paid to the licensors or being subject to any other obligations under the Trademark License

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Agreements. Also, we may develop and use variations of the Licensed Trademarks derived from or based on such Licensed Trademarks with no additional consideration to be paid to the licensors under the Trademark License Agreements. However, such variations may be registered in the name of the licensors. We believe that the value of such variation is limited in terms of time periods as the use of such variations are in many cases on a short-term basis (for example, seasonal variations and other short-term variations reflecting or anticipating rapidly changing fashion trends and consumer preferences).

We have non-exclusive rights to use the design patents set forth in the section headed “Statutory and general information — Further information about the business — Intellectual property rights” in Appendix VI to this prospectus. Under the design patent license agreements, we are able to unilaterally terminate the license of the design patents at any time prior to the expiry of the design patent license agreements at our sole discretion and without any penalty.

Additionally, we have acquired from ELand World Shanghai the title to the domain names set forth in the section headed “Statutory and general information — Further information about the business — Intellectual property rights” in Appendix VI to this prospectus.

Under each of the Trademark License Agreements and the design patent license agreement, the licensor is required to indemnify us with respect to third-party infringement claims in relation to any trademark or design patent licensed to us under such agreements. In case any licensor suffers direct and actual damages due to our breach, we are required to indemnify the licensor for the actual economic costs. During the Track Record Period, there had not been any incident requiring any of the licensors to indemnify us.

Under the Trademark License Agreements, we are required to comply with the licensors’ reasonable trademark quality standards and applicable legal requirements. In case of a counterfeit product or other infringement by a third-party with respect to any of the Licensed Trademarks and design patents, we take actions on our own at our expense. During the Track Record Period, to the best of our knowledge after due inquiry, we have not infringed upon the intellectual property rights of any third party and we are not aware of any material incident of intellectual property rights infringement by others against us.

Retention of ownership of intellectual property rights by ELand World Group

Trademarks

ELand World Group, which had initially developed the Licensed Trademarks, possesses a wide scope of businesses in the PRC and Korea, and part of ELand World Group’s business relies on the usage of some of the Licensed Trademarks. In order to control and maintain the overall quality and proper usage of these trademarks, which are important to the overall business of ELand World Group, these trademarks are not transferred to the Group and are managed by ELand World Group collectively. We believe that the Trademarks License Agreements provide us with sufficient protection and flexibility by granting us right to use the Licensed Trademarks for an initial term of ten years, renewable upon expiration of the initial term at the option of the Group for an indefinite number of additional three-year terms. Therefore, we believe that the non-transferral of the trademarks has no material impact on the business of the Group.

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Design patents

Our Directors are of the view that our rights to use the design patents used in our business are sufficiently protected. The design patent license agreement between ELand World Shanghai and ELand China Shanghai grants us the rights to use the relevant design patents at nil consideration, for an initial term of three years, renewable upon the expiration of the initial term or any renewed terms at our option for additional three-year terms. The licensor is not entitled to terminate the design patent license agreement without our consent. On the other hand, we are able to unilaterally terminate the design patent license agreement at any time prior to the expiry of the design patent license agreement at our sole discretion and without any penalty. Hence, we have the right to use the design patents effectively for an indefinite period of time. Since design styles embodied in most of the design patents are subject to frequent changes in fashion trends and consumer preferences and we have our own internal design capacity, there is no significant additional benefit that may be obtained by our outright ownership of the licensed design patents.

Financial independence

Our Directors confirm that our Group has the ability to operate with financial independence from ELand World Group. Our Group had not relied during the Track Record Period and will not, upon the Listing, rely on financial assistance from ELand World Group. ELand World Group has not provided any loan, guarantee or other financing or credit support to our Group.

Management independence

Although ELand World will retain a controlling interest in our Company upon completion of the Global Offering, the day-to-day management of the business of our Group will be the responsibility of our Directors. The Board has nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors.

The following table sets out details of the directorships held by our three non-executive Directors in ELand World Group immediately upon Listing:

<u>Director</u>	<u>Name of company</u>	<u>Business nature</u>
Mr. Choi, Jong Rang	New Core, Ltd.	Operating discount outlets in Korea
Mr. Lee, Eun Hong	New Core, Ltd.	Operating discount outlets in Korea
	Wine Castle, Ltd.	Importing and distributing wine in Korea
	ELand Leisure-vis, Ltd.	Managing hotels and condominiums in Korea
	Elphis Lanka (PVT) Ltd.	Manufacturing of apparel for overseas customers
	E.Land Vietnam Co., Ltd.	Manufacturing of apparel for overseas customers
	ELand World Singapore	Investment holding

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<u>Director</u>	<u>Name of company</u>	<u>Business nature</u>
Mr. Kwon, Soon Moon . . .	Eland World	Group holding company
	New Core Ltd.	Operating discount outlets in Korea
	Lead	Advertising and interior design
	E.Land Development, Ltd.	Construction and development of properties in Korea
	Eland Leisure-vis, Ltd.	Managing hotels and condominiums in Korea
	E-Land Retail, Ltd.	Operating hyper-markets in Korea
	Francia, Ltd.	Furniture retail in Korea

Mr. Kwon is an executive director for E-Land Development, Ltd. and a non-executive director of Eland World and five of Eland World's subsidiaries including New Core Ltd. and Eland Retail, Ltd. However, because E-Land Development, Ltd. is a construction company and has no competing business with the Group, there will be no conflict of interest issue, especially because Mr. Kwon has been appointed as a non-executive director of the Group. Mr. Kwon is not actively involved in the business of Eland World or its subsidiaries as a non-executive director of those entities.

Mr. Choi is an executive director of New Core, Ltd. As part of the Reorganization and in an attempt to further enhance the management independence of the Group, Mr. Choi resigned from his position at E.Land International Limited on January 24, 2008 and resigned from his position as a chief executive officer of Eland World Shanghai on February 25, 2008. Furthermore, because New Core, Ltd. operates department stores and discount outlets, there will be no conflict of interest issue, especially because Mr. Choi has been appointed as a non-executive Director.

Mr. Lee is a non-executive director on the boards of six Eland World Group subsidiaries as well as a member of the senior management team of Eland World Group. As a non-executive director of Eland World Group subsidiaries, Mr. Lee does not participate in the day-to-day business of any of those entities. Mr. Lee is active only as a member of the senior management team of Eland World Group.

Save as disclosed above, no other Director holds any directorship in Eland World Group. Although Messrs. Choi, Jong Rang, Lee, Eun Hong and Kwon, Soon Moon will continue to hold directorships in Eland World Group, they will not, in their capacity as non-executive Directors, participate in our daily management and operation after the Listing.

Our Group has an independent senior management team, none of whom have any managerial role in Eland World Group. Further details are set out in the section in this prospectus headed "Directors and senior management". Most members of the senior management of our Group have, for all or substantially all of the Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group.

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Only the three non-executive Directors also serve ELand World Group companies, and none of such non-executive Directors is involved in the day-to-day management of our business. None of our senior management members and directors of our Group companies, other than the non-executive Directors, is serving any other entity outside our Group.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In order to protect the interests of our shareholders, any conflicting Directors will not attend those meetings and will abstain from voting and will not form the quorum for those meetings where conflicts of interest arise as determined by our Board of Directors. In case of any potential conflicts of interest between our Group and ELand World Group, the independent non-executive Directors will decide whether or not the resolution is in the interest of the shareholders and, in the event that it is resolved that the issue at stake is not in the interest of the shareholders, the Group will seek advice from and consult its compliance adviser or external financial advisor and take appropriate actions based on their advice. Such actions taken based on the advice of the Group's compliance adviser or external financial adviser will be further reviewed by the independent non-executive Directors to determine whether they are in the interest of the shareholders. On the basis of the aforesaid, our Directors believe that we operate independently of ELand World Group and in the interests of the shareholders.

WOORI INVESTMENT

In December 2007, Woori Private Equity Fund⁽¹⁾ ("Woori")⁽²⁾ invested in preferred shares (Series A and Series B) and convertible bonds of ELand World (the "Woori Investment"). The Woori Investment is comprised of three agreements, namely, a convertible bond purchase agreement, a redeemable preferred share purchase agreement and an option agreement. The transaction did not result in a change of control of ELand World. In connection with its investment in ELand World, Woori will have the right to purchase shares in the Company from ELand World after the expiration of the six-month lock-up period following the Listing Date.

Pursuant to the redeemable preferred share purchase agreement, Woori agreed to acquire and ELand World agreed to issue 125,000 series A preferred shares (with a dividend rate of 15.0% per annum) and 125,000 series B preferred shares (with a dividend rate of 12.0% per annum) at a price of KRW200,000 (equivalent to approximately RMB1,557) per share for a total consideration of KRW50 billion. Other than the dividend rate and the redemption price payable, all material terms of series A preferred shares and series B preferred shares are identical.

Pursuant to the option agreement, the maximum number of Shares that Woori may purchase will be KRW75 billion (equivalent to approximately RMB584 million) divided by

Notes:

- (1) Woori Private Equity Fund was the contracting party of the three agreements (convertible bond purchase agreement, redeemable preferred share purchase agreement, and option agreement), but it assigned all of its rights and status under the foregoing three agreements to Woori EL, Ltd. (a 100% subsidiary of Woori Private Equity Fund) when Woori EL, Ltd. was established on December, 24, 2007.
- (2) "Woori" shall mean "Woori Private Equity Fund" prior to the assignment of the three agreements and "Woori EL, Ltd." after such assignment.

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85.0% of the Offer Price (Korean currency calculated with the basic exchange rate between Korean Won and Hong Kong dollars announced by the Seoul Money Brokerage Services, Ltd. on the day that the call option notice is sent). However, if the call option is exercised according to (1) and/or (2) below, the maximum number of Shares that Woori may purchase will be KRW88 billion (equivalent to approximately RMB685 million) divided by the Offer Price (Korean currency calculated with the basic exchange rate between Korean Won and Hong Kong dollars announced by the Seoul Money Brokerage Services, Ltd. on the day that the call option notice is sent):

- (1) in the event an early repayment event occurs under the convertible bond purchase agreement, and Woori then pays for the option price with the early repayment amount made by ELand World; and/or
- (2) under the redeemable preferred share purchase agreement, (i) if an early redemption event occurs as in (1) above or as the profit available for dividend of ELand World falls (or is reasonably expected to fall) below 120.0% of the aggregate amount of the initial purchase price for any remaining preferred shares held by Woori without being redeemed or sold, and (ii) if Woori then pays for the option price with the early redemption amount of the preferred shares.

An early repayment event includes, *inter alia*, reduction of ELand World's credit rating to BB- or lower, material violation of the convertible bond purchase agreement, notes or checks issued by ELand World being dishonored, suspension or closure of ELand World's business and commencement proceedings for winding-up, composition, reorganization or court receivership.

The Woori Investment is a private commercial arrangement made between Woori and ELand World. The Company is not a party to the Woori Investment and it has no obligations whatsoever under the Woori Investment. Woori has no rights to require the Company to issue any new shares in its favor. The rationale for the Woori Investment is for ELand World to obtain financing for its own operations, to enhance the credit rating of ELand World by receiving financing from an outside bank and to improve the financial structure of ELand World. Such financing is unrelated to the Company or the Group. Woori is an independent third party and has no relationship with the Controlling Shareholder, Directors or associates of the Company.

Woori's call option will exist from the last day of the lock-up period until the later of either (1) one year and six months from the Listing Date or (2) two years from the option agreement. However, the call option will be terminated upon full redemption or conversion of the convertible bonds or the preferred shares into ordinary shares of ELand World, provided, however, that if early repayment or early redemption occurs as in (1) or (2) above, Woori will be able to exercise the call option up to one year and six months from the Listing Date.

The Shares that Woori may purchase under the option agreement will be Shares owned by ELand World and not new Shares to be allotted and issued by the Company after the Listing Date. There are no special rights granted to Woori which are not generally available to other shareholders.