

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated as an exempted company in Bermuda under the Companies Act on 18 October 2004. The Company has established, and registered under Part XI of the Companies Ordinance, its principal place of business in Hong Kong at 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as an oversea company under Part XI of the Companies Ordinance. Mr. Sham Kar Wai and Mr. Chan Wai Mo, Alva have been appointed as the authorised representatives of the Company for acceptance of service of process in Hong Kong. The address for acceptance of service of process in Hong Kong of both Mr. Sham Kar Wai and Mr. Chan Wai Mo, Alva is 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.

As the Company was incorporated in Bermuda, it operates subject to Bermuda law and its constitutive documents comprising the Memorandum of Association and By-laws. A summary of certain parts of its constitution and relevant aspects of the Bermudan company law is set out in Appendix V to this prospectus.

2. Changes in share capital

The authorised share capital of the Company as at the date of its incorporation was HK\$100,000 divided into 100,000 shares of HK\$1 each.

On 19 October 2004, 44,805, 44,805 and 10,390 shares were allotted and issued nil-paid to 3WH Limited, Effective Convey Limited and the Selling Shareholder respectively as initial subscribers.

Pursuant to written resolutions of the shareholders of the Company passed on 3 February 2005:

- (a) the capital of the Company was sub-divided from 100,000 shares of HK\$1 each into 1,000,000 shares of HK\$0.10 each;
- (b) the authorised share capital of the Company was increased from HK\$100,000 to HK\$300,000,000 by the creation of an additional 2,999,000,000 Shares; and
- (c) the Directors were authorised to credit as fully paid at par the aggregate 1,000,000 nil-paid Shares held by the initial subscribers, and to issue and allot 448,050, 448,050 and 103,900 new Shares to 3WH Limited, Effective Convey Limited and the Selling Shareholder respectively, in consideration of the transfer of the entire shareholding in ithk holdings limited to the Company.

Save as aforesaid, there has been no alteration in the share capital of the Company since its incorporation.

3. Written resolutions of the shareholders of the Company passed on 3 February 2005

Pursuant to the written resolutions of the shareholders of the Company passed on 3 February 2005:

- (a) the Company approved and adopted the Bye-laws;
- (b) conditional on the same conditions as stated in the section headed “Structure of the Offering — Conditions”:
 - (i) the Offering (including the Over-allotment Option) was approved and the Directors were authorised to allot and issue the New Shares and to approve the transfer of the Sale Shares pursuant thereto;
 - (ii) the granting of the Pre-IPO Share Options was approved and the Directors were authorised to take all such steps as they consider necessary or desirable to implement such grant; and
 - (iii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto;
- (c) conditional on the share premium account of the Company being credited as a result of the issue of New Shares pursuant to the Offering, the Directors were authorised to capitalise the amount of HK\$74,800,000 from the amount standing to the credit of the share premium account of the Company to pay up in full at par 748,000,000 Shares for allotment and issue to the person(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 3 February 2005 (or as they may direct) pro-rata as nearly as possible without involving fractions to its/their then existing shareholdings in the Company;
- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than pursuant to Shares issued as a result of a rights issue, scrip dividend or upon the exercise of the options to be granted pursuant to the Share Option Scheme or similar arrangement, Shares with an aggregate nominal value not exceeding (i) 20% of the aggregate nominal value of the share capital of the Company in issue and to be issued as mentioned herein (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (ii) the aggregate nominal amount of Shares repurchased under the authority granted to the Directors as referred to in paragraph (e) below, until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law of Bermuda to be held, or the revocation or variation by an ordinary resolution of the shareholders of the Company in a general meeting, whichever is the earlier; and

- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase Shares on the Stock Exchange or other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose with an aggregate nominal value of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued as mentioned herein (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option), until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law of Bermuda to be held, or the revocation or variation by an ordinary resolution of the shareholders of the Company in a general meeting, whichever is the earlier.

Immediately following the Offering becoming unconditional and the issue of Shares as mentioned herein being made, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, the authorised share capital of the Company will be HK\$300,000,000 divided into 3,000,000,000 Shares and the issued share capital will be HK\$100,000,000 divided into 1,000,000,000 Shares, all fully paid or credited as fully paid and 2,000,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of the Company and no issue of Shares which would effectively alter the control of the Company will be made without the prior approval of members in a general meeting.

4. Corporate reorganisation

The companies in the Group underwent a reorganisation in preparation for the Listing which involved the following:

- (a) On 5 October 2004,
- (i) The Selling Shareholder converted a US\$4,000,000 convertible note, issued by ithk holdings limited on 9 October 2003, into 2,078 new shares of US\$1 each in the capital of ithk holdings limited (in addition to a final cash adjustment of not more than HK\$1 million to be paid by ithk holdings Limited or, should the Listing fail to proceed, an issue of further Shares by the Company); and
 - (ii) 3WH Limited and Effective Convey Limited each subscribed for 8,461 new shares of US\$1 each in the capital of ithk holdings limited at par value;
- (b) On 19 October 2004, 3WH Limited, Effective Convey Limited and the Selling Shareholder subscribed, as initial subscribers, for the following number of nil-paid shares in the capital of the Company:

3WH Limited	:	44,805 shares of HK\$1 each
Effective Convey Limited	:	44,805 shares of HK\$1 each
The Selling Shareholder	:	10,390 shares of HK\$1 each

- (c) On 3 February 2005,
- (i) the capital of the Company was sub-divided from 100,000 shares of HK\$1 each into 1,000,000 Shares; and
 - (ii) the authorised share capital of the Company was then increased from HK\$100,000 to HK\$300,000,000 by the creation of an additional 2,999,000,000 Shares;
- (d) On 5 February 2005, each of 3WH Limited, Effective Convey Limited and the Selling Shareholder transferred its entire shareholding in itkh holdings limited to the Company in consideration of:
- (i) the crediting of the nil-paid Shares held by 3WH Limited, Effective Convey Limited and the Selling Shareholder respectively, as fully paid; and
 - (ii) the issue and allotment of new Shares, credited as fully paid, by the Company to 3WH Limited, Effective Convey Limited and the Selling Shareholder respectively as follows:
- | | | |
|--------------------------|---|----------------|
| 3WH Limited | : | 448,050 Shares |
| Effective Convey Limited | : | 448,050 Shares |
| The Selling Shareholder | : | 103,900 Shares |

5. Changes in share capital of subsidiaries

The Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the section headed "Further information about the Company — Corporate reorganisation" in this Appendix, the following Group companies have undergone the following changes in their respective share capitals (or registered capitals, as the case may be) during the two years immediately preceding the date of this prospectus:

- (a) the authorised share capital of Blossom Glory Limited was increased from 10,000 shares of par value HK\$1 each to 300,000 shares of par value HK\$1 each on 31 August 2004;
- (b) the issued share capital of Blossom Glory Limited was increased from 1 share of par value HK\$1 to 300,000 shares of par value HK\$1 each by the issue and allotment at par of 299,999 new shares on 31 August 2004 in favour of itkh investments limited;
- (c) the authorised share capital of Elegant Century Enterprises Limited was increased from 2 shares of par value HK\$1 each to 500,000 shares of par value HK\$1 each on 30 August 2004; and

- (d) the issued share capital of Elegant Century Enterprises Limited was increased from 2 shares of par value HK\$1 each to 500,000 shares of par value HK\$1 each by the issue and allotment at par of 499,998 new shares on 30 August 2004 in favour of *b + ab* (bvi) limited.

6. Repurchase by the Company of its own securities

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction. The Company's sole listing will be on the Stock Exchange.

Pursuant to a resolution in writing passed by the shareholders of the Company on 3 February 2005, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of the share capital of the Company in issue and to be issued as mentioned in this prospectus (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or applicable laws of Bermuda to be held, or when revoked or varied by ordinary resolution of the shareholders of the Company, whichever shall first occur.

Under the Listing Rules and the Companies Ordinance, the shares which are proposed to be purchased by a company must be fully paid up.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and its shareholders to have general authority from shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(c) *Funding of repurchases*

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws, the Listing Rules and the applicable laws of Bermuda.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

(d) *General*

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so.

If as a result of a securities repurchase a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers. Accordingly, a shareholder or a group of shareholders of the Company acting in concert could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with rule 26 of the Hong Kong Code on Takeovers and Mergers and the provision may apply as a result of any such increase. The Directors are not aware of any consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

(e) *Share capital*

Exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately after completion of the Offering and the Capitalisation Issue, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and/or any options that may be granted under the Share Option Scheme could accordingly result in up to 100,000,000 Shares being repurchased by the Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the section headed "Further information about the Company — Written resolutions of the shareholders of the Company passed on 3 February 2005" in this Appendix.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a corporate partnership agreement dated 24 January 2003 whereby French Connection (Hong Kong) Limited, Century Team Corporation Limited, French Connection Limited, ithk holdings limited and i.t apparels Limited agreed to carry on the partnership business of operating retail outlet(s) for the sale of certain products in Hong Kong;
- (b) a joint venture agreement dated 30 November 2003 and entered into between Glorious Sun Trading (HK) Limited and Sunport Holdings Limited whereby a joint venture company, G.S - i.t Limited, was established to engage in the retail and wholesale of “up-trend lifestyle” fashion in the PRC, Taiwan and Macau;
- (c) a termination agreement dated 31 March 2004 whereby Sanei International Co., Ltd. (“Sanei”) and Sanjose Limited (“Sanjose”) agreed to terminate a subscriptions and shareholders’ agreement dated 4 October 2000 entered into between Sanei, Sanjose and Top Honour Corporation Limited (“Top Honour”), pursuant to which Sanei and Sanjose subscribed for 40% and 60% of the shares in Top Honour respectively;
- (d) an agreement for the sale and purchase of shares dated 31 March 2004 and entered into between Sanei as the vendor and Sanjose as the purchaser in respect of the acquisition of all of the shares in Top Honour Corporation Limited, being 1,600,000 shares (with a par value HK\$1 each), at a consideration of HK\$569,000;
- (e) a subscription agreement dated 4 July 2003 entered into between ithk holdings limited, The SCM Growth Fund II L.P. (“SCM”) and the guarantors, namely, Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Sham Sau Wai, Ms. Sham Sau Han and Ms. Yau Shuk Ching Chingmy (the Guarantors) whereby SCM agreed to invest in ithk holdings limited by way of subscription for a convertible note in the principal amount of US\$5,000,000 to be issued by ithk holdings limited;
- (f) a sale and purchase agreement dated 1 January 2004 and entered into between izzue (bvi) limited as the vendor and Ms. Sham Sau Wai as the purchaser in respect of the acquisition of one ordinary share at par value of HK\$1 in Joyce East Limited, at a consideration of HK\$1;
- (g) a sale and purchase agreement dated 1 January 2004 and entered into between izzue (bvi) limited as the vendor and Ms. Sham Sau Han as the purchaser in respect of the acquisition of one ordinary share at par value of HK\$1 in Joyce East Limited, at a consideration of HK\$1;

- (h) a sale and purchase agreement dated 1 January 2004 and entered into between izzue (bvi) limited as the vendor and Ms Sham Sau Han as the purchaser in respect of the acquisition of one ordinary share at par value of HK\$1 in Lanson Limited, at a consideration of HK\$1;
- (i) a sale and purchase agreement dated 1 January 2004 and entered into between izzue (bvi) limited as the vendor and Ms Sham Sau Wai as the purchaser in respect of the acquisition of one ordinary share at par value of HK\$1 in Lanson Limited, at a consideration of HK\$1;
- (j) a bank loan agreement entered into between i.t apparels Limited (formerly known as i.t. LIMITED) and Hongkong and Shanghai Banking Corporation Ltd. on 20 October 2004 in relation to a HK\$100 million loan, earning interest at 1.5% over 1 month HIBOR per annum or on daily balances at 2.5% per annum below prime rate;
- (k) a deed of indemnity dated 21 February 2005 entered into between 3WH Limited, Effective Convey Limited, Mr. Sham Kar Wai and Mr. Sham Kin Wai (“the Indemnifiers”) and the Company pursuant to which, the Indemnifiers provided a taxation indemnity for the benefit of the Company;
- (l) a deed of indemnity dated 21 February 2005 entered into between 3WH Limited, Effective Convey Limited, Mr. Sham Kar Wai and Mr. Sham Kin Wai (the “Indemnifiers”) and the Company pursuant to which, the Indemnifiers provided indemnities in connection with the Group’s exposure to certain fines and financial penalties which may be levied against GSIT, or any subsidiary of GSIT, in relation to the operations of GSIT in the PRC;
- (m) a deed of non-competition dated 21 February 2005 entered into between 3WH Limited, Effective Convey Limited, Mr. Sham Kar Wai, Mr. Sham Kin Wai and Ms. Yau Shuk Ching, Chingmy (“the Covenantors”) and the Company pursuant to which, the Covenantors provided undertakings in favour of the Company; and
- (n) the Hong Kong Underwriting Agreement dated 21 February 2005 relating to the Hong Kong Public Offering and entered into by, among others, the Company, the Global Co-ordinator and the Hong Kong Underwriters.

2. Information about the Group’s corporate partnership and jointly controlled companies

The Group has established a corporate partnership in Hong Kong and two jointly controlled companies in Hong Kong and the British Virgin Islands. Summaries of corporate information and the principal terms of these contractual arrangements are as follows:

(a) FCUK IT COMPANY

Date of establishment : 24 January 2003

Paid up capital : HK\$24,000,000

- Percentage of contribution
by the relevant Group
member : Century Team Corporation Limited — 50%
- Percentage of contribution
by other jointly
controlled entity party : French Connection (Hong Kong) Limited — 50%
- Scope of business : a partnership business of operating retail
outlet(s) for the sale of licensed products in
Hong Kong.
- Management Committee : the corporate partnership agreement provides
that the management committee shall consist of
four individuals, two of whom shall be appointed
by Century Team Corporation Limited and two of
whom shall be appointed by French Connection
(Hong Kong) Limited.

(b) *G.S-i.t Limited*

- Date of establishment : 10 November 2003
- Authorised share capital : HK\$10,000
- Percentage of equity
interest owned by the
relevant Group member : Sunport Holdings Limited — 50%
- Percentage of equity
interest owned by other
jointly controlled entity
party : Glorious Sun Trading (HK) Limited — 50%
- Scope of business : retail and wholesale of “up-trend” lifestyle
fashion in the PRC, Taiwan and Macau.
- Board of directors : the joint venture agreement provides that the
board of directors shall consist of eight directors,
four of whom shall be appointed by Sunport
Holdings Limited and four of whom shall be
appointed by Glorious Sun Trading (HK) Limited.

(c) *TOP ALLIANCE ENTERPRISES LIMITED*

- Date of establishment : 8 December 2004
- Authorised share capital : US\$100,000

Percentage of equity interest owned by the Group's jointly-controlled company	:	51% (through the holding of a 50% interest in G.S - i.t Limited a jointly-controlled company of the Group)
Percentage of equity interest owned by other jointly controlled entity party	:	Tung Pei-teh — 25% Huang Fang Ying — 24%
Scope of business	:	importation, wholesale and retail in Taiwan of products of G.S - i.t Limited bearing trademarks specified in the joint venture agreement.
Board of directors	:	the joint venture agreement provides that the board of directors shall consist of five directors, three of whom shall be appointed by G.S - i.t Limited and two of whom shall be appointed by Tung Pei-teh and Huang Fang Ying together.

3. Information about the Group's and GSIT's retail network

(a) List of shop locations in Hong Kong

Brand	Free Standing (FS) or Store in Store (SIS)	Address
<i>I.T</i>	FS	Basement, Kingston Building, 2-4 Kingston Street, Causeway Bay
<i>Zucca</i>	FS	Shop B on G/F, Prospect Mansion, 66-72 Paterson Street, Causeway Bay
<i>Coi Girl Magic</i>	FS	Shop A on G/F, Towning Mansion, 50-56 Paterson Street, Causeway Bay
<i>Abahouse Devinette</i>	FS	Shop B on G/F Welcome Mansion, 58-64 Paterson Street, Causeway Bay
<i>Frapbois</i>	FS	Flat A on G/F, Welcome Mansion, 58-64 Paterson Street, Causeway Bay
<i>Vivayou</i>	FS	Shop A on G/F, Causeway Bay Building, 42-48 Paterson Street, Causeway Bay
<i>5cm/as know as de base/ Vert Dense</i>	FS, FS, FS	Shop A-D on G/F, Fairview Mansion, 51 Paterson Street, Causeway Bay
<i>Camper</i>	FS	Shop 1A on Ground Floor, Kingston Building, 2-4 Kingston Street, Causeway Bay
<i>Tsumori Chisato/Earth Music and Ecology/ b + ab</i>	FS/FS/FS	Shop A-D on G/F, Hyde Park Mansion, 53 Paterson Street, Causeway Bay
<i>I.T</i>	FS	Shops #14-16 on G/F, Shops #1-10 on UG/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay
<i>A.P.C.</i>	FS	Shop A on G/F, Prospect Mansion, 66-72 Paterson Street, Causeway Bay

Brand	Free Standing (FS) or Store in Store (SIS)	Address
<i>i.t</i>	FS	Shop No. 3A & Portion on G/F of Highland Mansion, Newtown Mansion, Clarke Mansion, Chesterfield Mansion, Victoria Park Mansion and Marco Polo Mansion, Causeway Bay
<i>i.t</i> / http://www.izzue.com	FS/FS	Shops 1.09 & 1.10, First Floor, Style House, Park Lane Hotel, 310 Gloucester Road, Causeway Bay
<i>b + ab</i>	FS	Shop 1.03A, First Floor, Style House, Park Lane Hotel, 310 Gloucester Road, Causeway Bay
<i>double-park</i>	FS	Shop 631 on 6/F, Times Square, 1 Matheson Street, Causeway Bay
http://www.izzue.com	FS	Shop 601 on 6/F, Times Square, 1 Matheson Street, Causeway Bay
<i>i.t/b + ab</i>	FS/FS	Shops 517–519 on 5/F, Times Square, 1 Matheson Street, Causeway Bay
<i>i.t loves mickey</i>	FS	Shop No. 521 on 5/F, Times Square, 1 Matheson Street, Causeway Bay
<i>FCUK</i>	FS	Shop No. 501, 5/F, Times Square, 1 Matheson Street, Causeway Bay
<i>b + ab</i>	FS	Shops 402–403, 4th Floor, Cityplaza, 18 Taikoo Shing Road, Quarry Bay
http://www.izzue.com	FS	Shop 287, 2nd Floor, Cityplaza, 18 Taikoo Shing Road, Quarry Bay
<i>ETE</i>	CONCESSION	An allocated area in Shop 401, Cityplaza, 18 Taikoo Shing Road, Quarry Bay
<i>Arnold Palmer/ i.t loves mickey</i>	FS/FS	Shop Nos. 406–407 on 4/F Cityplaza, 18 Taikoo Shing Road, Quarry Bay
<i>i.t</i> / http://www.izzue.com	SIS/FS	A portion of the UG/F and the whole M/F, CNAC Group Building, 10 Queen's Road Central
<i>i.t</i> / http://www.izzue.com	FS/SIS	Unit LG1–38, Level LG 1, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
<i>b + ab/5cm/Vivayou</i>	FS/FS/FS	Unit LG1–34 to LG1–36, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
<i>double-park</i>	FS	UG-45, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
<i>Camper</i>	FS	UG-35, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
<i>FCUK</i>	FS	UG-33, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
<i>Arnold Palmer/I.T/ i.t loves mickey/ A.P.C./Tsumori Chisato/Zucca</i>	SIS, FS, SIS, SIS, SIS, SIS	Unit LG2–02, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong
http://www.izzue.com	FS	Shops 2225 & 2226 on 2/F Harbour City, Tsimshatsui
<i>b + ab</i>	FS	Shop 2506, 2nd Floor, Harbour City, Tsimshatsui
<i>Arnold Palmer</i>	FS	271–272, 2nd Floor, Ocean Centre, Harbour City, Tsimshatsui
<i>as know as de base</i>	FS	Shop 262, Ocean Centre, Harbour City, Tsimshatsui
<i>FCUK</i>	FS	Shop Nos. 2336–7 on 2/F, Harbour City, Tsimshatsui
<i>i.t</i>	FS	Shop Nos. 265, 266–268 on 2/F Ocean Centre, Harbour City, Tsimshatsui

Brand	Free Standing (FS) or Store in Store (SIS)	Address
<i>Hyomai.i.t loves mickey/ETE</i>	CONCESSIONS	Shop 9A, LCX–Ocean Terminal, Level 3 (Deck 2), Tsimshatsui
<i>b + ab</i>	FS	Shop No. B21, Basement 1, The Sun Arcade, Lippo Sun Plaza, 28 Canton Road, Kowloon
http://www.izzue.com	FS	Shop Nos. B07–B08, Basement 1, The Sun Arcade, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui
<i>b + ab/i.t</i>	FS/FS	Shops 1030–1049 together with those area on 1st Floor, Miramar Shopping Centre, 1 Kimberley Road, Tsimshatsui
http://www.izzue.com	FS	Shop B on G/F, Wah Fai Mansion, 38–40 Granville Road, Tsimshatsui
<i>b + ab</i>	FS	G/F, 23 Granville Road, Tsimshatsui
<i>5cm</i>	FS	G/F, 49 Granville Road, Tsimshatsui
<i>EXIT</i>	FS	Basement, Ramada Hotel Kowloon, 73–75 Chatham Road, Tsimshatsui
<i>I.T sale store</i>	FS	Shops 72–119 on 3/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>double-park/Carhartt</i>	FS/SIS	Shops 37, 39, 40–42 on LG/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>X-Girl</i>	FS	Shops 105–7 on 1/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>GDC</i>	FS	Shops 135–136 on 1/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>I.T/I.T/Montage</i>	FS/FS/FS	Shop Nos. 111–113, 115–116 & 118–119 on 1/F Silvercord, 30 Canton Road, Tsimshatsui
<i>Tsumori Chisato/A.P.C.</i>	FS/FS	Shop Nos. 101–102 & 120–122 on 1/F Silvercord, 30 Canton Road, Tsimshatsui
<i>Freshjive/XLARGE</i>	FS/FS	Shop Nos. 132–134 on 1/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>Y'SACCs</i>	FS	Shop No. 101 on 1/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>EXIT</i>	FS	Shop Nos. 137–138 on 1/F, Silvercord, 30 Canton Road, Tsimshatsui
<i>5cm/b + ab</i>	FS/FS	Shops G44 to G47 on G/F, Commercial Podium of Site 2, Whampoa Garden, Hung Hom
http://www.izzue.com	FS	Shop No. G43, Ground Floor, Commercial Podium of Site 2, Whampoa Garden, Hung Hom
http://www.izzue.com/ <i>double-park/ETE/b + ab</i>	FS/SIS/SIS/FS	Shop G1, Telford Plaza Level 1, 33 Wai Yip Street, Kowloon Bay
<i>double-park</i>	FS	Shops 360–362 on Level 3, Grand Century Place, 193 Prince Edward Road West, Mongkok
<i>b + ab</i>	FS	Shop 322, Level 3, Grand Century Place, 193 Prince Edward Road West, Mongkok
http://www.izzue.com	FS	Shop Nos. 318–319, Level 3 Grand Century Place, 193 Prince Edward Road West, Mongkok
<i>i.t/b + ab</i>	FS/SIS	2/F, Yuen King Building, 26 Sai Yeung Choi Street South, Mongkok
http://www.izzue.com	SIS	Portion of G/F & 1/F, Yuen King Building, 26 Sai Yeung Choi Street South, Mongkok
<i>b + ab/i.t/double-park/FCUK/</i> http://www.izzue.com	SIS/FS/FS/FS/FS	Shop Nos. 10–19 on Level, 3 & 12–15 on Level 5 of the Retail Accommodation, Langham Place, 8 Argyle Street, Mongkok

Brand	Free Standing (FS) or Store in Store (SIS)	Address
<i>b + ab</i>	FS	Shop Nos. 335–338, Level 3, Metroplaza, 223 Hing Fong Road, Kwai Fong
<i>http://www.izzue.com/ double-park/ETE/b + ab</i>	FS/SIS/SIS/SIS	Shop 407D–408D, Level 4, New Town Plaza, Phase 1, Shatin
<i>i.t loves mickey</i>	FS	Shop Nos. A366–368, Level 3, New Town Plaza Phase III, 2–8 Sha Tin Centre Street, Shatin
<i>Arnold Palmer</i>	FS	Shop No. A315, Level 3, New Town Plaza Phase III, 2–8 Sha Tin Centre Street, Shatin
<i>b + ab/http:// www.izzue.com/ double-park/ETE/5cm</i>	FS/FS/SIS/SIS/ SIS	Shop No. 238c, Level 2, Tai Po Mega Mall, Tai Po Centre Phase 4, 8 On Pong Road, Tai Po
<i>b + ab/http:// www.izzue.com/ double-park/5cm</i>	SIS/FS/SIS/SIS	Shop Nos. 104–109 & 150–153 on 2/F Tsuen Kam Centre, 338 Castle Peak Road, Tsuen Wan
<i>b + ab/http:// www.izzue.com/ double-park/ETE/5cm</i>	FS/FS/SIS/SIS/ SIS	Shops 2259–2300 and 2306–2308 on 2/F Commercial Accommodation of Tuen Mun Town Plaza Phase I, 1 Tuen Shing Street and 1 Tuen Shun Street, Tuen Mun
<i>double-park/ETE/5cm/ Arnold Palmer/ i.t loves mickey</i>	SIS/SIS/SIS/SIS/ SIS	Shop Nos. 201–210 & 211 on 2/F Yuen Long Plaza, 251 Castle Peak Road, Yuen Long
<i>b + ab/http:// www.izzue.com</i>	FS/FS	Shop Nos. 276–280 on 2/F, Yuen Long Plaza, 251 Castle Peak Road, Yuen Long
<i>b + ab/http:// www.izzue.com/ double-park</i>	FS/FS/FS	Shops 1086–1092, 1186–1188, Level 1, Metro City Plaza II, 8 Yan King Road, Tseung Kwan O
<i>ETE</i>	FS	Shops 1096–97, Level 1, Metro City Phase II, 8 Yan King Road, Tseung Kwan O
<i>Arnold Palmer</i>	FS	Shops 1175–6 on Level 1, Metro City Phase II, 8 Yan King Road, Tseung Kwan O

All of these stores are leased by the Group. Please refer to the Property Valuation report in Appendix IV of this prospectus for details.

(b) Registration of leases by GSIT in the PRC

As at the Latest Practicable Date, a total of eight of GSIT's leases including leases for three warehouses and eight offices in the PRC have not been registered with the relevant PRC authorities. According to the PRC laws as advised by the PRC lawyers, leases that have not been registered are not effective against third parties; such leases are binding on lessors and lessees, but do not bind third parties such as transferees or mortgagees of the leases.

Under such situations, the lessee has the right to be compensated by the lessor due to the lessor's breach of the lease agreement. However, the lessee cannot claim any right to continue the lease over the disagreement of the transferee. The lessee also has no right to continue the lease if the subject property is mortgaged and then disposed of by the mortgagee.

Furthermore, as at the Latest Practicable Date, four of the title certificates of the leased properties in the PRC have not yet been provided by the landlords of the leased properties. According to the laws of the PRC as advised by the PRC lawyers, if any of the leased properties does not have a proper title certificate, the

relevant lease agreement to which such leased property is subject may be null and void. However, in such a situation, the Group is able to be indemnified against losses suffered due to the defect in the ownership of the leased properties.

The Directors believe that the leased properties of GSIT in the PRC could be substituted by other similar properties with the same or similar rents. Therefore, the impact due to the lack of lease registration should be immaterial to the business of the Group.

4. Intellectual property rights

(a) Trade Marks*

As at the Latest Practicable Date, the Group had registered the following trademarks:

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Effective Period</u>	<u>Class</u>	<u>Registration Number</u>
http://www.izzue.com	ithk tm limited	Hong Kong	31.8.1999– 30.8.2006	25	200014078
http://www.izzue.com	ithk tm limited	Hong Kong	31.8.1999– 30.8.2006	35	200014079
izzue.com	ithk tm limited	Hong Kong	24.2.2000– 23.2.2007	18	200103564
izzue.com	ithk tm limited	Hong Kong	24.2.2000– 23.2.2007	24	200103565
izzue.com	ithk tm limited	Hong Kong	24.2.2000– 23.2.2007	9	200105347
izzue.com	i.t apparels Limited	PRC	14.9.2001– 13.9.2011	9	1634520
izzue.com	i.t apparels Limited	PRC	14.8.2001– 13.8.2011	18	1616769
izzue.com	i.t apparels Limited	PRC	14.7.2001– 13.7.2011	24	1600838
http://www.izzue.com	i.t apparels Limited	PRC	07.4.2002– 06.4.2012	25	1741795
izzue.com	i.t apparels Limited	PRC	28.12.2000– 27.12.2010	35	1499931
izzue.com	i.t apparels Limited	Malaysia	03.3.2000– 03.3.2010	9	2000/02346
izzue.com	i.t apparels Limited	Malaysia	03.3.2000– 02.3.2010	24	2000/02344
IZZUE.com	ithk tm limited	Malaysia	12.11.2002– 11.11.2012	43	2002/14023
http://www.izzue.com	i.t apparels Limited	Malaysia	27.11.1999– 26.11.2009	25	99/12098
izzue.com	i.t apparels Limited	Taiwan	16.6.2001– 15.6.2011	9	0945854
izzue.com	i.t apparels Limited	Taiwan	16.6.2001– 15.6.2011	18	0946682
izzue.com	i.t apparels Limited	Taiwan	16.6.2001– 15.6.2011	24	0946927
izzue.com	i.t apparels Limited	Taiwan	16.1.2001– 15.1.2011	25	0926191
izzue.com	i.t apparels Limited	Taiwan	16.12.2001– 15.12.2011	35	0134117

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Effective Period</u>	<u>Class</u>	<u>Registration Number</u>
izzue.com	i.t apparels Limited	Japan	11.5.2001– 11.5.2011	9, 18, 24, 25	4472830
izzue.com	i.t apparels Limited	Korea	02.4.2002– 02.4.2012	9, 18, 24, 25	516,743
izzue.com	i.t apparels Limited	Korea	01.9.2004– 01.9.2014	35	105,167
izzue.com	i.t apparels Limited	Australia	13.1.2000– 13.1.2010	9, 18, 24	819920
izzue.com	i.t apparels Limited	Australia	07.1.2000– 07.1.2010	25, 35	819410
izzue.com	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	24	T0003062A
http://www.izzue.com .	i.t apparels Limited	Singapore	21.10.1999– 21.10.2009	25	T9911912C
http://www.izzue.com .	i.t apparels Limited	Singapore	21.10.1999– 21.10.2009	35	T9911913A
izzue.com	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	9	T0003060E
izzue.com	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	18	T0003061C
b+ab	ithk tm limited	Hong Kong	26.9.1997– 25.9.2014	25, 42	1999B08970AA
b+ab	ithk tm limited	Hong Kong	20.6.2000– 19.6.2007	9	2002B15324
b+ab	ithk tm limited	Hong Kong	20.6.2000– 19.6.2007	18	2002B15325
b+ab	ithk tm limited	Hong Kong	20.6.2000– 19.6.2007	24	2002B15326
b+ab	i.t apparels Limited	PRC	28.11.2000– 27.11.2010	35	1483436
b+ab	i.t apparels Limited	PRC	28.12.2000– 27.12.2010	25	1497238
b+ab	i.t apparels Limited	PRC	28.5.2001– 27.5.2011	9	1578698
b+ab	i.t apparels Limited	PRC	07.4.2001– 06.4.2011	24	1549004
b+ab	i.t apparels Limited	PRC	14.4.2004– 13.4.2014	18	2017815
b+ab & device	i.t apparels Limited	Australia	15.3.1999– 15.3.2009	25, 35	788339
b+ab	i.t apparels Limited	Australia	13.1.2000– 13.1.2010	9, 18, 24	819921
b+ab	i.t apparels Limited	Taiwan	01.10.2000– 30.9.2010	25	0908270
b+ab	i.t apparels Limited	Taiwan	16.3.2000– 15.3.2010	35	0121794
b+ab	i.t apparels Limited	Taiwan	01.6.2001– 31.5.2011	9	0942950
b+ab	i.t apparels Limited	Taiwan	16.5.2001– 15.5.2011	18	0941757
b+ab	i.t apparels Limited	Taiwan	01.3.2001– 28.2.2011	24	0933750
b+ab	i.t apparels Limited	Korea	27.3.2002– 27.3.2012	9, 18, 24	516,028
b+ab	i.t apparels Limited	Korea	07.3.2001– 07.3.2011	25, 42	2,683

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Effective Period</u>	<u>Class</u>	<u>Registration Number</u>
b+ab	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	9	T0003057E
b+ab	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	18	T0003058C
b+ab	i.t apparels Limited	Singapore	28.2.2000– 28.2.2010	24	T0003059A
b+ab	i.t apparels Limited	Singapore	24.3.1999– 24.3.2009	25	T9902923Z
b+ab	i.t apparels Limited	Singapore	24.3.1999– 24.3.2009	35	T9902924H
b+ab	i.t apparels Limited	Japan	24.12.1999– 24.12.2009	25	4348620
b+ab	i.t apparels Limited	Japan	11.5.2001– 11.5.2011	9, 18, 24	4472829
5 cm	i.t apparels Limited	Taiwan	16.10.2000– 15.10.2010	25	910283
5 cm	i.t apparels Limited	Taiwan	01.4.2000– 31.3.2010	35	0122731
five centimetre	ithk tm limited	Hong Kong	30.8.2003– 29.8.2013	9, 18, 25, 35	300071171AB
double-park (in series)	ithk tm limited	Hong Kong	03.7.2000– 02.7.2007	18	200111750
double-park (in series)	ithk tm limited	Hong Kong	03.7.2000– 02.7.2007	25	200111751
double-park (in series)	ithk tm limited	Hong Kong	03.7.2000– 02.7.2007	35	200111752
I.T.	ithk tm limited	PRC	21.4.2004– 20.4.2014	35	1946031
I.T.	ithk tm limited	Taiwan	01.5.2004– 30.4.2014	18	1098793
I.T.	ithk tm limited	Taiwan	16.9.2002– 15.9.2012	35	0169475
i.t (in series)	ithk tm limited	Hong Kong	21.9.2000– 20.9.2007	35	2001B08976
i.t	ithk tm limited	PRC	21.1.2003– 20.1.2013	35	1946034
i.t	ithk tm limited	Taiwan	01.5.2004– 30.4.2014	18	1098794
i.t	ithk tm limited	Taiwan	01.10.2002– 15.9.2012	35	0170717
PUZZLE (in series)	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	18	200401280
PUZZLE (in series)	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	25	200315029
PUZZLE (in series)	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	35	200315030
PUZZLE & Jigsaw device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	18	200400879
PUZZLE & Jigsaw device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	25	200315028
PUZZLE & Jigsaw device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	35	200314703
Jigsaw Device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	18	200400878
Jigsaw Device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	25	200315027

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of Registration</u>	<u>Effective Period</u>	<u>Class</u>	<u>Registration Number</u>
Jigsaw Device	ithk tm limited	Hong Kong	19.10.2002– 18.10.2009	35	200314702
I-TEE (in series)	ithk tm limited	Hong Kong	20.1.2004– 19.1.2014	35	300145467
fingercroxx (in series).	ithk tm limited	Hong Kong	23.6.2004– 22.6.2014	9, 18, 25, 35	300237294

As at the Latest Practicable Date, the Group had applied for registration of the following trademarks which are yet to be granted:

<u>Trademark</u>	<u>Applicant</u>	<u>Place of Application</u>	<u>Filing Date</u>	<u>Class</u>	<u>Application Number</u>
http://www.izzue.com	i.t apparels Limited	Malaysia	27.11.1999	35	99/12099
izzue.com	i.t apparels Limited	Malaysia	03.3.2000	18	2000/02345
b + ab	ithk tm limited	Malaysia	06.2.2002	9	2002/01416
b + ab	ithk tm limited	Malaysia	06.2.2002	18	2002/01415
b + ab	ithk tm limited	Malaysia	06.2.2002	24	2002/01414
b + ab	ithk tm limited	Malaysia	06.2.2002	25	2002/01413
b + ab	ithk tm limited	Malaysia	06.2.2002	35	2002/01412
5 cm	ithk tm limited	Hong Kong	30.8.2003	9, 18, 25, 35	300071171AA
5 cm	ithk tm limited	PRC	09.2.2004	9	3905128
5 cm	ithk tm limited	PRC	09.2.2004	18	3905127
5 cm	ithk tm limited	PRC	09.2.2004	24	3905126
5 cm	ithk tm limited	PRC	09.2.2004	25	3905125
5 cm	ithk tm limited	PRC	09.2.2004	35	3905124
five centimetre	ithk tm limited	PRC	09.2.2004	9	3905123
five centimetre	ithk tm limited	PRC	09.2.2004	18	3905122
five centimetre	ithk tm limited	PRC	09.2.2004	24	3905121
five centimetre	ithk tm limited	PRC	09.2.2004	25	3905103
five centimetre	ithk tm limited	PRC	09.2.2004	35	3905102
double-park	ithk tm limited	PRC	09.2.2004	9	3905133
double-park	ithk tm limited	PRC	09.2.2004	18	3905132
double-park	ithk tm limited	PRC	09.2.2004	24	3905131
double-park	ithk tm limited	PRC	09.2.2004	25	3905130
double-park	ithk tm limited	PRC	09.2.2004	35	3905129
I.T	ithk tm limited	PRC	24.7.2002	18	3252258
I.T	ithk tm limited	PRC	24.7.2002	25	3252257
I.T	ithk tm limited	Taiwan	18.3.2003	25	92013181
i.t	ithk tm limited	PRC	24.7.2002	18	3252260
i.t	ithk tm limited	PRC	24.7.2002	25	3252259
i.t	ithk tm limited	Taiwan	18.3.2003	25	92013184
PUZZLE & Jigsaw device	ithk tm limited	PRC	09.2.2004	9	3905137
PUZZLE & Jigsaw device	ithk tm limited	PRC	09.2.2004	18	3905136
PUZZLE & Jigsaw device	ithk tm limited	PRC	09.2.2004	24	3905135
PUZZLE & Jigsaw device	ithk tm limited	PRC	09.2.2004	25	3905134
PUZZLE & Jigsaw device	ithk tm limited	PRC	09.2.2004	35	3905120

<u>Trademark</u>	<u>Applicant</u>	<u>Place of Application</u>	<u>Filing Date</u>	<u>Class</u>	<u>Application Number</u>
fingercroxx device (vertical)	ithk tm limited	Hong Kong	23.6.2004	9, 18, 25, 35	300237302AA
fingercroxx device (horizontal)	ithk tm limited	Hong Kong	23.6.2004	9, 18, 25, 35	300237302AB
fingercroxx mark & device (vertical)	ithk tm limited	Hong Kong	23.6.2004	9, 18, 25, 35	300237285AA
fingercross mark device (horizontal)	ithk tm limited	Hong Kong	23.6.2004	9, 18, 25, 35	300237285AB
fingercroxx mark & device (vertical)	ithk tm limited	Hong Kong	26.7.2004	9, 18, 25, 35	300255708
fingercroxx mark & device (horizontal)	ithk tm limited	Hong Kong	26.7.2004	9, 18, 25, 35	300255717

(b) *Domain names**

As at the Latest Practicable Date, the Group had registered the following domain names:

<u>Domain name</u>	<u>Registered Owner</u>	<u>Date of registration</u>
double-park.com	i.t apparels Limited	08.6.2000
ithk.com	i.t apparels Limited	23.6.1998
izzue.com	i.t apparels Limited	12.7.1999
izzue.com.hk	i.t apparels Limited	19.4.2004

* The former name of “i.t apparels Limited” is “i.t. LIMITED”. A Certificate of Change of Name was issued by the Companies Registrar in Hong Kong on 26 November 2004 to reflect this change. Applications to record this change of name with the Trade Mark Offices and domain name Registrars in the relevant jurisdictions are being processed.

Save as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material in relation to the Group’s business.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**1. Disclosure of interests**

- (a) Save as disclosed herein and in the section headed “Further information about the business — Summary of material contracts” in this Appendix, none of the Directors has any direct or indirect interest in the promotion of the Company or in any assets acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group within the two years immediately preceding the date of this prospectus.
- (b) Save as disclosed in the section headed “Further information about the business — Summary of material contracts” in this Appendix, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

2. Particulars of service agreements

Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai and Mr. Chan Wai Mo, Alva has entered into a service agreement with the Company for an initial term of three years (subject to renewal) commencing 19 October 2004 with a monthly remuneration of HK\$415,000 (including housing allowance of HK\$80,000) and HK\$290,000, and an annual remuneration of HK\$150,000 respectively. In addition, Mr. Sham Kar Wai and Mr. Sham Kin Wai will each be entitled to a discretionary bonus equivalent to their respective monthly remuneration on or around each Chinese new year falling after the first anniversary of the commencement of their respective service agreements, as well as an annual bonus in respect of each complete financial year of the Group during the term of their respective service agreements. The annual bonus shall be of such amount as the Board may determine, in its absolute discretion, from time to time and will be paid in arrears after the audited accounts of the Group in respect of the relevant financial year have been published. Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai and Mr. Chan Wai Mo, Alva will also be entitled to all reasonable out-of-pocket expenses.

3. Directors' remuneration

Remuneration and benefits in kind of approximately HK\$2,364,000 in aggregate were paid and granted by the Group to the Directors in respect of the year ended 29 February 2004.

Under the current arrangements, the Directors will be entitled to receive remuneration which, for the financial year ending 28 February 2005, is expected to be approximately HK\$8,733,000, excluding the discretionary bonuses payable to the Directors.

4. Interests and/or short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

Immediately following completion of the Capitalisation Issue and the Offering (but without taking into account Shares falling to be allotted and issued upon the exercise of the Over-allotment Option, any Pre-IPO Share Options and/or any options that may be granted under the Share Option Scheme), the Directors will have the following interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be required to be notified to the Company and the Stock Exchange once the Shares are listed:

Long positions in the Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in Company</u>
Sham Kar Wai	Interest in controlled company and beneficiary of trust (Notes 1 and 2)	672,000,000	67.2%
Sham Kin Wai	Interest in controlled company and beneficiary of trust (Notes 2 and 3)	672,000,000	67.2%

Notes:

1. Mr. Sham Kar Wai holds 25% of the issued share capital of 3WH Limited. Ms. Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) also holds 25% of the issued share capital of 3WH Limited. As such, Mr. Sham Kar Wai is deemed to have a controlling interest in 3WH Limited and is therefore deemed to be interested in the interests of 3WH Limited in the Company.
2. Mr. Sham Kar Wai and Mr. Sham Kin Wai are both beneficiaries of The ABS 2000 Trust, which is an irrevocable discretionary trust. Effective Convey Limited is wholly-owned by Dynamic Vitality Limited, which is in turn wholly-owned by The ABS 2000 Trust. Each of Mr. Sham Kar Wai and Mr. Sham Kin Wai is therefore deemed to be interested in the interests of Effective Convey Limited in the Company.
3. Mr. Sham Kin Wai holds 50% of the issued share capital of 3WH Limited. Mr. Sham Kin Wai is deemed to have a controlling interest in 3WH Limited and is therefore deemed to be interested in the interests of 3WH Limited in the Company.

Short positions in the Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in Company</u>
Sham Kar Wai	Interest in controlled company (Note 1)	45,682,000 (Note 3)	4.6%
Sham Kin Wai	Interest in controlled company (Note 2)	45,682,000 (Note 3)	4.6%

Notes:

1. Mr. Sham Kar Wai holds 25% of the issued share capital of 3WH Limited. Ms. Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) also holds 25% of the issued share capital of 3WH Limited. As such, Mr. Sham Kar Wai is deemed to have a controlling interest in 3WH Limited and is therefore deemed to be interested in the interests of 3WH Limited in the Company.
2. Mr. Sham Kin Wai holds 50% of the issued share capital of 3WH Limited. Mr. Sham Kin Wai is deemed to have a controlling interest in 3WH Limited and is therefore deemed to be interested in the interests of 3WH Limited in the Company.
3. 3WH Limited has a short position of 45,682,000 Shares in the Company by virtue of a stock borrowing agreement made between 3WH Limited and CLSA Limited on 21 February 2005.

Long positions in the shares of associated corporations of the Company (as defined in the SFO)

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Capacity</u>	<u>Approximate percentage of interest in Company</u>
Sham Kar Wai	3WH Limited	Beneficial owner	50%
	Comfort Yield Limited	Interests in controlled company	100%
	GP (FE) Limited	Interests in controlled company	100%
	Income Team Limited	Interests in controlled company	100%
	izzue.com (Hong Kong) Limited	Interests in controlled company	100%
	Online Profit Limited	Interests in controlled company	100%
	Optimum Performance Limited	Interests in controlled company	100%
	Popbest Limited	Interests in controlled company	100%

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Capacity</u>	<u>Approximate percentage of interest in Company</u>
	Profit Targets Limited	Interests in controlled company	100%
	Shine Team Development Limited	Interests in controlled company	100%
	Veston Limited	Interests in controlled company	100%
	Weskin Limited	Interests in controlled company	100%
	Yearful (Hong Kong) Limited	Interests in controlled company	100%
	Young Ranger Investment Limited	Interests in controlled company	100%
	Yueon Corporation Limited	Interests in controlled company	100%
	Effective Convey Ltd	Beneficiary of trust	100%
	Dynamic Vitality Ltd	Beneficiary of trust	100%
Sham Kin Wai	3WH Limited	Beneficial owner	50%
	Comfort Yield Limited	Interests in controlled company	100%
	GP (FE) Limited	Interests in controlled company	100%
	Income Team Limited	Interests in controlled company	100%
	izzue.com (Hong Kong) Limited	Interests in controlled company	100%
	Online Profit Limited	Interests in controlled company	100%
	Optimum Performance Limited	Interests in controlled company	100%
	Popbest Limited	Interests in controlled company	100%
	Profit Targets Limited	Interests in controlled company	100%
	Shine Team Development Limited	Interests in controlled company	100%
	Veston Limited	Interests in controlled company	100%
	Weskin Limited	Interests in controlled company	100%
	Yearful (Hong Kong) Limited	Interests in controlled company	100%

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Capacity</u>	<u>Approximate percentage of interest in Company</u>
	Young Ranger Investment Limited	Interests in controlled company	100%
	Yueon Corporation Limited	Interests in controlled company	100%
	Effective Convey Ltd	Beneficiary of trust	100%
	Dynamic Vitality Ltd	Beneficiary of trust	100%

Save as disclosed above, immediately following completion of the Capitalisation Issue and the Offering (but without taking into account Shares falling to be allotted and issued upon the exercise of the Over-allotment Option, any Pre-IPO Share Options and/or any options that may be granted under the Share Option Scheme), none of the Directors will have any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

5. Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, immediately following the completion of the Capitalisation Issue and the Offering (but without taking into account Shares falling to be allotted and issued upon the exercise of the Over-allotment Option, any Pre-IPO Share Options and/or any options that may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of the Company) will have an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

<u>Name</u>	<u>Capacity</u>	<u>Class and number of securities</u>	<u>Approximately percentage of shareholding</u>
3WH Limited	Beneficial owner	336,000,000	33.6%
Effective Convey Limited (<i>Note 1</i>) . . .	Beneficial owner	336,000,000	33.6%
Dynamic Vitality Limited (<i>Note 1</i>) . . .	Interest in corporation	336,000,000	33.6%
The ABS 2000 Trust (<i>Notes 1 and 2</i>) . . .	Interest in corporation	336,000,000	33.6%

Notes:

1. Effective Convey Limited is a wholly-owned subsidiary of Dynamic Vitality Limited, which is wholly-owned by The ABS 2000 Trust. Each of Dynamic Vitality Limited and The ABS 2000 Trust is therefore deemed interested in the Shares held by Effective Convey Limited.
2. The ABS 2000 Trust was established on 14 September 2000 as an irrevocable discretionary trust for the benefit of Mr. Sham Kar Wai and Mr. Sham Kin Wai, and their respective family members.

6. Personal guarantees

Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Sham Sau Wai and Ms. Sham Sau Han have provided personal guarantees in favour of certain banks for banking facilities granted to certain members of the Group. The Directors have confirmed that the banks have agreed in principle to release or replace all such guarantees with guarantees or other securities from the Company and/or its subsidiaries after Listing.

7. Agency fees or commission

Within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

8. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of the Company has any interest and/or short position in the shares, underlying shares, listed or unlisted derivatives of or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be required to be notified to the Company and the Stock Exchange once the Shares are listed;
- (b) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;
- (c) none of the Directors or the experts named in the section headed "Other information — Consents of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (d) none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (e) the Directors are not aware of any person who immediately following the completion of the Capitalisation Issue and the Offering (but without taking into account Shares falling to be allotted and issued upon the exercise of the Over-allotment Option, any Pre-IPO Share Options and/or any options that may be granted under the Share Option Scheme) will have an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group; and
- (f) none of the experts named in the section headed “Other information — Consents of experts” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

D. PRE-IPO SHARE OPTIONS

In recognition of the contributions made by employees and a consultant of the Group towards its growth and success, (prior to the Offering) on 3 February 2005, an aggregate of 7,200,000 Pre-IPO Share Options (the exercise of which would entitle these employees to an aggregate of 7,200,000 Shares, representing approximately 0.72% of the issued share capital of the Company immediately following the Offering assuming the Over-allotment Option or any Pre-IPO Share Options are not exercised and without taking account of Shares falling to be issued upon the exercise of any options that may be granted under the Share Option Scheme) have been granted by the Company to, and accepted by, certain employees and the relevant consultant. A full list of such grantees (including one director, eight senior management staff and one consultant) containing all the details in respect of each option required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

<u>Grantee and Position</u>	<u>Address</u>	<u>Number of Pre-IPO Share Options</u>	<u>Percentage of total issue share capital of the Company (Note 1)</u>
Ms. CHEUNG Margaret <i>Consultant</i>	21A, Tower I, Ruby Court, 55 South Bay Road, Hong Kong	5,000,000	0.50%
Mr. CHAN Wai Mo, Alva <i>Executive Director</i>	J-12 Marina Cove, Sai Kung, Hong Kong	600,000	0.06%
Ms. NG Yuk Chau <i>Finance Director</i>	Room C, 22/F, Block 5, Park Island, Ma Wan, New Territories	200,000	0.02%

<u>Grantee and Position</u>	<u>Address</u>	<u>Number of Pre-IPO Share Options</u>	<u>Percentage of total issue share capital of the Company (Note 1)</u>
Ms. YU, Michaeline <i>Retail Operations Director</i>	17C Vienna Court, 41 Conduit Road, Hong Kong	200,000	0.02%
Ms. CHOW Hau Mui <i>Retail Administration Director</i>	Flat 3, 17/F, Block C, Hui Lai Court, Kowloon, Hong Kong	200,000	0.02%
Ms. LEE Shuk Kuen, Joe <i>Merchandising Director</i>	Flat A, 25/F, 12A-14 Tsui Man Street, Happy Valley, Hong Kong	200,000	0.02%
Ms. LEE Yuen Pik <i>Brand Director</i>	Flat A, 11/F, Champion Court, 67–69 Wong Nai Chung Road, Hong Kong	200,000	0.02%
Ms. CHENG, Deborah <i>Marketing and Communications Director</i>	Block C-1, 15/F, 152 Tin Hau Temple Road, Hong Kong	200,000	0.02%
Ms. YU Lai Hung <i>MIS Director</i>	TS18B, 2/F, House 18, Forest Hill, 31 Lo Fai Road, Tai Po, Hong Kong	200,000	0.02%
Ms. TAM Shuk Yi <i>Human Resources Director</i>	Flat E, 28/F, Block 2, Mountain Shore, Ma On Shan, New Territories	200,000	0.02%
Total		7,200,000	0.72%

Note:

1. Assuming completion of the Offering but assuming the Over-allotment Option or any pre-IPO Share Options are not exercised and without taking into account any Shares falling to be issued and allotted upon the exercise of any options that may be granted under the Share Option Scheme.

A summary of the principal conditions attached to the Pre-IPO Share Options is set out below:

1. Consideration

An aggregate cash consideration of HK\$1.00 has been paid by each grantee of the Pre-IPO Share Options.

2. Exercise Period

Subject to other conditions as set out below, within three years from the date of the offer of the Pre-IPO Share Options unless extended in writing by the Board (and approved by the independent non-executive Directors) in its absolute discretion. The Pre-IPO Share Options shall lapse automatically at the end of such option period.

3. Exercise Price

HK\$0.10 per Pre-IPO Share Option representing a discount of 94.9% to the maximum Offer Price. The exercise price was determined in recognition of the contributions made to the Group by the respective grantees of the Pre-IPO Share Options.

4. Other conditions

The grant of the Pre-IPO Share Options is subject to the following additional conditions:

- (a) the commencement of dealings in the Shares (and the Stock Exchange having granted the listing of, and permission to deal in, Shares that may be issued upon the exercise of the Pre-IPO Share Options and the Share Option Scheme);
- (b) any exercise of the Pre-IPO Share Options must be made in full and not in part;
- (c) the Pre-IPO Share Options cannot be exercised within the first six months after the commencement of dealings in the Shares;
- (d) the Pre-IPO Share Options are personal to the relevant grantee and may not be transferred or assigned; and
- (e) the grantees of the Pre-IPO Share Options shall adhere to any undertakings or restrictions that may be further imposed on them by the Stock Exchange or the Sponsor as described in this prospectus.

Exercise of any of the Pre-IPO Share Options will have a dilution effect on the shareholdings of the shareholders of the Company at the time of such exercise of the Pre-IPO Share Options as well as on the earnings/loss per Share for the relevant financial year of the Group. Save as disclosed above, no other options will be granted prior to the Listing Date. Assuming that all of the outstanding Pre-IPO Share Options were exercised in full on the Listing Date, the shareholding interests of the public would be reduced from approximately 30.5% to approximately 30.2% of the issued share capital of the Company, taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, or options granted under the Share Option Scheme or any Shares which may be issued by the Company pursuant to the general mandate as described on pages 101 and 102 of this prospectus. Based on the profit forecast of the Group for the year ending 28 February 2005 (as set out in Appendix III of this prospectus) and the mid-range Offer Price of HK\$1.85, and assuming that the Over-allotment Option is not exercised but all of the outstanding Pre-IPO Share Options are

fully exercised, the forecast earnings per Share on a fully diluted basis will be diluted from approximately HK\$0.106 to approximately HK\$0.105. The Pre-IPO Share Options are not exercisable within the first six months immediately after the Listing Date. The grantees of the Pre-IPO Share Options will not exercise any Pre-IPO Share Options if, as a result of such action, the Company will not be able to comply with the public float requirements of the Listing Rules.

An application has been made to the Listing Committee for the listing of and permission to deal in the 7,200,000 Shares which may be issued pursuant to the exercise of the Pre-IPO Share Options, as described above.

Save as disclosed above, no other Pre-IPO Share Option has been granted or will be granted by the Company prior to the Listing Date.

E. SHARE OPTION SCHEME

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme adopted pursuant to the written resolutions of the shareholders of the Company passed on 3 February 2005:

1. *Who may join and purpose*

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants (as defined below) have made or may make to the Group. It will provide the Eligible Participants (as defined below) with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives:

- (a) motivate the Eligible Participants (as defined below) to optimise their performance and efficiency for the benefit of the Group; and
- (b) attract and retain or otherwise maintain ongoing business relationships with the Eligible Participants (as defined below) whose contributions are or will be beneficial to the Group.

The Board may at its discretion grant options to any or all of the following eligible participants (“Eligible Participants”): (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“**Affiliate**”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

In order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).

2. *Price of Shares*

The subscription price shall, subject to the adjustment as stated in the Share Option Scheme, be a price determined by the Board and shall not be less than the higher of (i) the nominal value of a Share; (ii) the closing price of one Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer of the relevant option, which shall be a business day; and (iii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer.

3. *Maximum number of Shares*

- (a) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other schemes of the Group) to be granted under the Share Option Scheme and any other schemes of the Group must not in aggregate exceed 10% of the Shares in issue as at the Listing Date, being 100,000,000 Shares (“**Scheme Mandate Limit**”), provided that:
- (i) subject to paragraph (b) and without prejudice to paragraph (a)(ii), the Company may by the issue of a circular to and approval of its shareholders in general meeting to refresh the Scheme Mandate Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme or any other schemes of the Group) previously granted under the Share Option Scheme or any other schemes of the Group will not be counted; and
 - (ii) subject to paragraph (b) and without prejudice to paragraph (a)(i), the Company may by the issue of a circular and separate shareholders’ approval in general meeting grant options under the Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the limit referred to in paragraph (a)(i) to participants specifically identified by the Company before such approval is sought.
- (b) The number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme and any other schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company from

time to time. No options may be granted under the Share Option Scheme or any other schemes adopted by the Group if the grant of such options will result in the limit referred to in this paragraph being exceeded.

4. *Maximum entitlement of each participant*

Subject to paragraph 5 of this section, the total number of Shares issued and which may fall to be issued upon exercise of the options of the Share Option Scheme and the options granted under any other schemes of the Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company at any given point during such period. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

5. *Grant of options to connected persons*

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the relevant grantee). Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million,

such further grant of options must be approved by the shareholders of the Company.

For the purpose of seeking the approval of the shareholders of the Company under paragraphs 3, 4 and 5 of this section, the Company must send a circular to its shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

6. *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period (which may not expire later than 10 years from the date of offer of that option) to be determined and notified by the Directors to the grantee and in the absence of such determination, from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses under paragraph 18 of this section and 10 years from the date of offer of that option. A consideration of HK\$1 will be payable upon acceptance of the offer.

7. *Performance target*

Unless the Directors otherwise determined and stated in the offer of grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

8. *Rights are personal to grantee*

An option may not be transferred or assigned and will be personal to the grantee of the option. Options granted to the trustee(s) of a trust or to a company will not be invalidated by any change, as applicable, of the trust beneficiaries or company shareholders.

9. *Rights on dismissal*

If the grantee of an option leaves the service of the Group by reason of his voluntary resignation or by termination of his employment in accordance with the provisions of his contract of employment or by redundancy or because his employing company ceases to be a member of the Group, he may exercise all or part of his options (to the extent not already exercised) within a period being the earlier of one month upon expiry of the date he so ceases or the expiration of the relevant option period. Any options not so exercised shall lapse and determine at the end of the said period provided that the Directors in their absolute discretion may otherwise determine.

10. *Rights on ceasing employment or death*

If the grantee of an option leaves the service of the Group by reason of ill-health, disability or death or retirement in accordance with the terms of his contract of employment, the grantee or the personal representatives of the grantee may exercise his option in full or part within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse provided that the Directors in their absolute discretion may otherwise determine.

11. *Effect of alterations to capital*

In the event of any alteration in the share capital of the Company, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision, or reduction of the share capital of the Company, the number or nominal amount of Shares comprised in each option so far as unexercised and/or the subscription price may be adjusted in such manner as the Directors (having received a statement in writing from the independent financial advisor or auditors of the Company that in their opinion the adjustments proposed satisfy the requirements as stated in the Share Option Scheme and the Listing Rules and are fair and reasonable) may deem appropriate, provided always that a grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate subscription price relating to any option and no adjustment shall have the effect of rendering the subscription price payable upon the exercise of any option becoming less than the nominal value of the Share.

12. *Rights on a general offer*

In the event of a general offer being made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify every grantee and each grantee shall be entitled to exercise the option in full or in part (to the extent not already exercised) at any time within one month after the date on which the general offer becomes or is declared unconditional and any option shall upon expiry of such period cease and determine.

13. *Rights on winding up*

If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every option shall be exercisable in whole or in part at any time thereafter until the resolution is duly passed or defeated or the meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon cease and terminate.

14. *Rights on a compromise or arrangement*

In the event of a compromise or arrangement between the Company and its members or creditors being proposed, the Company shall give notice thereof to all grantees on the same date as it despatches notice of the meeting to its members or creditors to consider such a compromise or arrangement and each grantee (or his or her legal personal representatives) may, forthwith and until the expiry of the period commencing on such date and ending on the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the relevant court be entitled to exercise his option, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the relevant court and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

15. *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until the registration of the grantee (or his nominee or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with the fully-paid Shares in issue on the date on which the name of the grantee is registered on the register of members of the Company, save that they will not rank for any dividend to be or is proposed to be paid to holders of Shares on the register on a date prior to such registration.

16. *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

17. *Alteration*

The Directors may from time to time in their absolute discretion waive or amend such rules of the Share Option Scheme as they deem desirable save and except the following which shall be approved by the shareholders of the Company in general meeting:

- (a) alteration to the terms and conditions of the Share Option Scheme relating to the matters set out in rule 17.03 of the Listing Rules;
- (b) alteration to the terms and conditions of the Share Option Scheme which are of a material nature; and
- (c) any alteration to the terms and conditions of the options granted.

Any change to the authority of the Directors in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.

18. *Lapse of option*

An option will lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of the period specified for the acceptance of an offer of the option;
- (c) the expiry of the periods referred to in paragraphs 9, 10, 12, 13 and 14 above of this section;
- (d) the date of commencement of the winding-up of the Company; and
- (e) the date on which the grantee commits a breach of paragraph 8 above of this section.

19. *Cancellation of options*

Any cancellation of options granted but not exercised shall require approval of the shareholders of the Company in general meeting, and the relevant grantees and their respective associates shall abstain from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Cancelled options may be re-issued after such cancellation has been approved, provided that the re-issued options shall only be granted in compliance with the terms of the Share Option Scheme. If new options are issued to the same grantee, the issue of such new options may only be made where there are available unissued options (excluding the cancelled options) within the limit approved by the shareholders of the Company pursuant to paragraph 3 of this section.

20. *Termination of the Share Option Scheme*

The Company may by resolution in general meeting or the Board may at any time resolve to terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

21. *Condition of the Share Option Scheme*

The Share Option Scheme is conditional on (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme; and (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof.

22. *Present status of the Share Option Scheme*

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 100,000,000 Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, as described above.

F. OTHER INFORMATION**1. Indemnities**

Each of 3WH Limited, Effective Convey Limited, Mr. Sham Kar Wai and Mr. Sham Kin Wai have entered into deeds of indemnity whereby they have given joint and several indemnities in connection with:

- (a) Hong Kong estate duty which might be payable by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong) to any member of the Group on or before the date of the fulfillment of the last of the conditions set out in the section headed “Structure of the Offering — Conditions” in this prospectus and other taxation (including all fines, penalties, costs, charges, expenses and interests relating to taxation) which may be made against any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date of the fulfillment of the last of the conditions set out in the section headed “Structure of the Offering — Conditions” in this prospectus; and
- (b) the Group’s exposure to certain fines and financial penalties which may be levied against GSIT, or any subsidiary of GSIT, in relation to the operations of GSIT in the PRC.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in Bermuda.

2. Litigation

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of the Group.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned herein, including any Shares that may be issued under the Over-allotment Option and any Shares falling to be issued pursuant to the exercise of the Pre-IPO Share Options and/or options which may be granted under the Share Option Scheme.

4. Preliminary expenses

The estimated preliminary expenses of the Company are approximately HK\$30 million and are payable by the Company (based on the Offer Price of HK\$1.85 per Share, being the mid-point of the stated range of the Offer Price of between HK\$1.75 and HK\$1.95 per Share and the assumption that the Over-allotment Option is not exercised).

5. Promoters

The promoters of the Company are 3WH Limited, Effective Convey Limited and the Selling Shareholder. Save as disclosed in this prospectus, no amount or benefit has been paid or given to the promoters in connection with the Offering or related transactions described in this prospectus within the two years preceding the date of this prospectus.

6. Particulars of the Selling Shareholder

<u>Name</u>	<u>Description</u>	<u>Registered Office</u>	<u>Number of Sale Shares</u>
The SCM Growth Fund II L.P.	Closed-end private investment fund incorporated as a limited partnership in the Cayman Islands	Walkers SPV Limited P.O. Box 908GT Mary Street George Town Grand Cayman Cayman Islands	54,548,000

7. Consents of experts

CLSA Equity Capital Markets Limited, PricewaterhouseCoopers, American Appraisal China Limited, Fangda Partners and Conyers Dill & Pearman have given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, valuation certificate, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

<u>Name</u>	<u>Qualification</u>
CLSA Equity Capital Markets Limited	Registered investment adviser
PricewaterhouseCoopers	Certified public accountants
American Appraisal China Limited	Property valuer
Fangda Partners	Legal advisers on PRC laws
Conyers Dill & Pearman	Legal advisers on Bermuda laws

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance of Hong Kong so far as applicable.

9. Miscellaneous

- (a) Save as disclosed in this prospectus,
 - (i) there has been no material adverse change in the financial position or prospects of the Group since 31 August 2004 (being the date to which the latest audited consolidated financial statements of the Group were made up); and
 - (ii) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of the Company or any of its subsidiaries.
- (b) Save as disclosed in the section headed “Further information about the Company — Changes in share capital of subsidiaries” in this Appendix and in the section headed “Business — Convertible notes” in this prospectus, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (c) Save as disclosed in the section headed “Business — Convertible notes” in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.
- (d) Save as disclosed in the section headed “Pre-IPO Share Options” in this Appendix, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (e) The Company has no founder shares, management shares or deferred shares.
- (f) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.