

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES**1. Incorporation of the Company**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 29 August 2006 with an authorised share capital of HK\$100,000 divided into 10,000,000 Shares. On 29 August 2006, one nil-paid Share was allotted and issued, nil-paid, to Codan Trust Company (Cayman) Limited, which was transferred to Harmonious World on the same date. The said one nil-paid Share was subsequently paid up in the manner described in paragraph 4 below.

As the Company was incorporated in the Cayman Islands, it operates subject to the relevant laws and regulations of the Cayman Islands and its constitution which comprises a memorandum of association and articles of association. A summary of the relevant laws and regulations of the Cayman Islands and of the Company's constitution is set out in Appendix V to this prospectus.

2. Changes in share capital of the Company*(a) Increase in authorised share capital*

Pursuant to a resolution in writing passed by all Shareholders on 25 November 2006, the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of a further 10,000,000 Shares, which were on that date allotted and issued, credited as fully paid, as described in paragraph 4 below.

The authorised share capital of the Company was further increased from HK\$200,000 to HK\$10,000,000 by the creation of 980,000,000 new Shares pursuant to a resolution passed by all Shareholders referred to in paragraph 3 below and subject to the conditions contained therein.

Immediately following the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Pre-IPO Share Options and the options which may be granted under the Share Option Scheme and upon the exercise of the Over-allotment Option), the authorised share capital of the Company will be HK\$10,000,000 divided into 1,000,000,000 Shares, of which 400,000,000 Shares will be issued fully paid or credited as fully paid, and 600,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the options which may be granted under the Share Option Scheme, the Company does not have any present intention to issue any of the authorised but unissued share capital and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this paragraph and in paragraphs 1, 3 and 4 of this Appendix, there has been no alteration in the share capital of the Company since its incorporation.

(b) *Issue of nil-paid Shares*

On 25 November 2006, an aggregate of 9,999,999 nil-paid Shares were allotted and issued as to 9,809,321 Shares to Harmonious World, as to 42,373 Shares to Fairmout Investments, as to 127,119 Shares to Ms. Cheng Pik Ho Liza and as to 21,186 Shares to Mr. Cheng Chuen Chi. All these Shares were subsequently paid up in the manner described in paragraph 4 below.

(c) *Founder shares*

The Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of all Shareholders passed on 25 November 2006

By resolutions in writing of all the Shareholders passed on 25 November 2006:

- (a) the Company adopted the Articles;
- (b) the Company adopted the rules of the Pre-IPO Share Option Scheme, subject to such modifications as may be decided by the Board (or any committee thereof established by the Board) and the Board (or any such committee) was authorised, in its absolute discretion, to grant options to subscribe for Shares thereunder and conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be allotted and issued pursuant to the exercise of the Pre-IPO Share Options on or before the date falling 30 days after the date of this prospectus, to allot, issue and deal with Shares pursuant to the exercise of the Pre-IPO Share Options;
- (c) conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of that agreement or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the authorised share capital of the Company was increased from HK\$200,000 to HK\$10,000,000 by the creation of 980,000,000 new Shares;

- (ii) the Share Offer and the Over-allotment Option were approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
- (iii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
- (iv) conditional on the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 280,000,000 Shares credited as fully paid at par to the holders of Shares whose names appear on the register of members of the Company at 4:00 p.m. on 25 November 2006 (or as they may direct) in proportion to their then existing respective shareholdings (save that no shareholder shall be entitled to be allotted and issued any fraction of a Share) by way of capitalisation of the sum of HK\$2,800,000 standing to the credit of the share premium account of the Company, and the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;
- (v) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or upon the exercise of the Pre-IPO Share Options or any options which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and (bb) the nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law

to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

- (vi) a general unconditional mandate (“**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any 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, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

4. Group reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group’s structure in preparation for the listing of the Shares on the Stock Exchange. The reorganisation involved the transfer to the Company by Harmonious World, Fairmout Investments, Ms. Cheng Pik Ho Liza and Mr. Cheng Chuen Chi of an aggregate of 472 shares of US\$1 each of EGL, being the entire issued share capital of EGL, the intermediate holding company of the Group, as to 463 shares by Harmonious World, 2 shares by Fairmout Investments, 6 shares by Cheng Pik Ho Liza and 1 share by Cheng Chuen Chi, to the Company in consideration and in exchange for which the Company:

- (i) allotted and issued, credited as fully paid, 10,000,000 new Shares as to 9,809,322 Shares to Harmonious World, as to 42,373 Shares to Fairmout Investments, as to 127,119 Shares to Ms. Cheng Pik Ho Liza and as to 21,186 Shares to Mr. Cheng Chuen Chi; and
- (ii) credited as fully paid at par the 10,000,000 nil paid Shares then held as to 9,809,322 Shares by Harmonious World, as to 42,373 Shares by Fairmout Investments, as to 127,119 Shares by Ms. Cheng Pik Ho Liza and as to 21,186 Shares by Mr. Cheng Chuen Chi.

In addition to the acquisition of shares in EGL by the Company as referred to above, the Group also underwent the following corporate restructuring:

- (a) on 30 June 2006:
 - EGL transferred 10 shares of US\$1 each in the share capital of Embry Overseas Inc. to Ms. Cheng Pik Ho Liza at a cash consideration of HK\$5,077;

- EGL transferred one share of US\$1 each in the share capital of Embry Overseas Investments Limited to Ms. Cheng Pik Ho Liza at a cash consideration of HK\$1;
 - EGL transferred one share of US\$1 each in the share capital of Gallin Overseas Investments Limited to Ms. Cheng Pik Ho Liza at a cash consideration of HK\$3,093;
 - each of EGL and Mr. Cheng Man Tai (as trustee of EGL) transferred one share of HK\$1 in the share capital of Embry Investment Limited to Ms. Cheng Pik Ho Liza at a total cash consideration of HK\$5,700; and
 - CZ Embry Development (as trustee of Embry Development) and Mr. Cheng Man Tai (as trustee of Embry Development) transferred an aggregate of 300,000 shares of HK\$1 each in the share capital of Changzhou Embry Development (H.K.) Limited to Ms. Cheng Pik Ho Liza at a total cash consideration of HK\$1. Such 300,000 Shares in Embry Development (H.K.) Limited were then held as to 299,999 shares by CZ Embry Development and as to one share by Mr. Cheng Man Tai;
- (b) on 3 July 2006, an aggregate of 365 shares of US\$1 each in the share capital of EGL were allotted and issued to Harmonious World, the subscription price of which was settled by the setting off against a loan in the sum of HK\$15,841,212 owed by EGL to Harmonious World in full;
- (c) on 3 July 2006:
- Ms. Cheng Pik Ho Liza transferred 2,250 shares of HK\$1 each in the share capital of Embry HK to EGL at a consideration of HK\$4,285,714 which was satisfied by the allotment and issue, credited as fully paid, of six shares of US\$1 each in the share capital of EGL; and
 - Mr. Cheng Chuen Chi transferred 375 shares of HK\$1 each in the share capital of Embry HK to EGL at a consideration of HK\$714,286 which was satisfied by the allotment and issue, credited as fully paid, of one share of US\$1 in the share capital of EGL.

5. Changes in share capital of subsidiaries

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this prospectus.

In addition to the alterations described in paragraph 4 above, the following alterations in the share capital of the Company's subsidiaries took place within the two years immediately preceding the date of this prospectus:

- (a) pursuant to an approval dated 27 December 2000 and issued by Shenzhen Foreign Investment Bureau (深圳市外商投資局), Gallin Enterprise (Shenzhen) Limited (a wholly foreign owned enterprise established in the PRC and was a wholly owned subsidiary of Gallin Investments) was approved to be dissolved and its business, assets and liabilities were approved to be merged with those of Embry SZ. Pursuant to such approval and on 16 December 2004, Gallin Enterprise (Shenzhen) Limited was dissolved and in connection with such merger, the registered capital of Embry SZ was increased from HK\$6,000,000 to HK\$11,000,000 and is owned as to 45.45% by Gallin Investments and as to 54.55% by Embry HK; and
- (b) on 18 January 2006, Embry SD was established in the PRC as a wholly foreign owned enterprise with a registered capital of US\$10,000,000 of which US\$2,007,180.97 was paid up by the Group as at 6 March 2006.

6. Further information about the Group's PRC establishments

The Group has interests in the registered capital of four wholly foreign-owned enterprises in the PRC. A summary of the corporate information of each of the enterprises as at the Latest Practicable Date is set out as follows:

(a) *Embry SZ*

- | | | |
|-------|------------------------------------|---|
| (i) | Name of the enterprise: | 安莉芳(中國)服裝有限公司 (Embry (China) Garments Ltd.) |
| (ii) | Economic nature: | Wholly foreign owned enterprise |
| (iii) | Registered owner: | Embry HK (54.55%)
Gallin Investments (45.45%) |
| (iv) | Total investment: | HK\$11,000,000 |
| (v) | Registered capital: | HK\$11,000,000 (fully paid up) |
| (vi) | Attributable interest to the Group | 100% |
| (vii) | Term: | 40 years commencing from 18 December 1987 to 18 December 2027 |

(viii) Scope of business: Manufacture and sale of brassiere, pant, underwear, sleepwear, swimming suit, clothing; manufacture and sale of mould, compression product, special-purpose light industry machinery

(b) *CZ Embry Development*

(i) Name of the enterprise: 常州安莉芳發展有限公司 (Changzhou Embry Development Limited)

(ii) Economic nature: Wholly foreign owned enterprise

(iii) Registered owner: Embry Development Limited (100%)

(iv) Total investment: RMB40,000,000

(v) Registered capital: RMB20,000,000 (fully paid up)

(vi) Attributable interest to the Group: 100%

(vii) Term: 50 years commencing from 4 March 1993 to 3 March 2043

(viii) Scope of business: Development, transfer, lease and sale of real property

(c) *Embry CZ*

(i) Name of the enterprise: 安莉芳(常州)服裝有限公司 (Embry (Changzhou) Garments Ltd.)

(ii) Economic nature: Wholly foreign owned enterprise

(iii) Registered owner: Embry Garments (100%)

(iv) Total investment: RMB16,500,000

(v) Registered capital: RMB11,600,000 (fully paid up)

(vi) Attributable interest to the Group: 100%

(vii) Term: 50 years commencing from 4 March 1993 to 3 March 2043

(viii) Scope of business: Manufacture and sale of clothing and accessory

(d) Embry SD

- | | | |
|--------|------------------------------------|--|
| (i) | Name of the enterprise: | 安莉芳(山東)服裝有限公司 (Embry (Shandong) Garments Limited) |
| (ii) | Economic nature: | Wholly foreign owned enterprise |
| (iii) | Registered owner: | Embry HK (100%) |
| (iv) | Total investment: | US\$12,000,000 |
| (v) | Registered capital: | US\$10,000,000 (as at 6 March 2006, US\$2,007,180.97 has been paid up) |
| (vi) | Attributable interest to the Group | 100% |
| (vii) | Term: | 50 years commencing from 18 January 2006 to 17 January 2056 |
| (viii) | Scope of business: | Design and manufacture of textile products (excluding wool spinning and cotton spinning), clothing, underwear, clothing and accessories, bedware, mould and compression product, special-purpose light industry machinery and accessory, shoes and hats, gift, handicraft, cleaning product, furniture; sale of self-manufactured products; import and export business; property development |

7. Repurchase by the Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Main Board must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all Shareholders on 25 November 2006, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of Shares on the Main Board or any other stock

exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own securities on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of profits or the share premium account of the Company or, if authorised by the Articles and subject to the Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have general authority from the 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 asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

(d) Funding of repurchases

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

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 were 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 an 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.

(e) *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 any 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 memorandum and articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part XI of the Companies Ordinance

The Company has established its head office and a principal place of business in Hong Kong for the purpose of registration under Part XI of the Companies Ordinance at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, Hong Kong. The Company has been registered as an oversea company under Part XI of the Companies Ordinance. Ms. Cheng Pik Ho Liza, an executive Director and Ms. Tai Yuen Yu have been appointed as agents of the Company for the acceptance of service of process in Hong Kong.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY**9. Summary of material contracts**

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

- (a) a termination agreement dated 31 May 2005 entered into by Fairmout Investments, Harmonious World, Transpac Nominees Pte Ltd and EGL for the termination of a shareholders' agreement relating to EGL dated 20 November 1998;
- (b) an agreement dated 25 November 2006 made between Harmonious World, Fairmout Investments, Ms. Cheng Pik Ho Liza and Mr. Cheng Chuen Chi as vendors, Mr. Cheng Man Tai and Madam Ngok Ming Chu as warrantors and the Company as purchaser for the acquisition by the Company of the entire issued share capital of EGL in consideration of (i) the allotment and issue, credited as fully paid, of an aggregate of 10,000,000 new Shares as to 9,809,322 Shares to Harmonious World, 42,373 Shares to Fairmout Investments, 127,119 Shares to Ms. Cheng Pik Ho Liza and 21,186 Shares to Mr. Cheng Chuen Chi and (ii) the crediting as fully paid at par an aggregate of 10,000,000 nil paid Shares then held as to 9,809,322 Shares by Harmonious World, 42,373 Shares by Fairmout Investments, 127,119 Shares by Ms. Cheng Pik Ho Liza and 21,186 Shares by Mr. Cheng Chuen Chi;
- (c) a deed of indemnity dated 4 December 2006 executed by Mr. Cheng Man Tai, Madam Ngok Ming Chu, Ms. Cheng Pik Ho Liza, Harmonious World and Fairmout Investments in favour of the Company for itself and as trustee for its subsidiaries stated therein containing the indemnities more particularly referred to in paragraph 16 of this Appendix; and
- (d) the Underwriting Agreement.

10. Connected transactions and related party transactions

Save as disclosed in this prospectus and in note 11 to the accountants' report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, the Company has not engaged in any other material connected transactions or related party transactions.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

11. Directors

(a) Disclosure of interests of Directors

- (i) Mr. Cheng Man Tai, Ms. Cheng Pik Ho Liza and Madam Ngok Ming Chu are interested in the Reorganisation.
- (ii) Save as disclosed in this prospectus, none of the Directors or their associates was engaged in any dealings with the Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service contracts

Executive Directors

Each of the executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for a fixed term of three years with effect from 1 December 2006.

Each of these executive Directors is entitled to a basic salary plus a gratuity payment equal to the amount of the then monthly salary payable in January each year (subject to an annual increment after 31 December 2006 at the discretion of the Directors of not more than 10% of the annual salary immediately prior to such increase). In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 8% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of the executive Directors are as follows:

Name	Annual salary (HK\$)
Mr. Cheng Man Tai	1,950,000
Ms. Cheng Pik Ho Liza	1,794,000
Madam Ngok Ming Chu	1,664,000
Mr. Hung Hin Kit	1,170,000

In addition, each of Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza is entitled to the use of a car and the Group shall bear all expenses relating to such use. During the term of appointment, the Group shall also provide a director's quarter in the PRC to each of Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza for himself/herself and his/her family members.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for a fixed term of two year commencing from 25 November 2006. Each of the independent non-executive Directors is entitled to a director's fee of HK\$240,000 per annum. Save for directors' fees and the Pre-IPO Share Options granted to each of them, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) *Remuneration of Directors*

- (i) The aggregate emoluments paid by the Group to the Directors in respect of the financial year ended 31 December 2005 were approximately HK\$4.9 million.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding the discretionary bonus) payable by the Group to the Directors (including the independent non-executive Directors (in their respective capacity as directors) for the year ending 31 December 2006, are expected to be approximately HK\$4.2 million.
- (iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 December 2005 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2005.

- (d) *Interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations following the Share Offer*

Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Share Options and the options which may be granted under the Share Option Scheme, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV 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 recorded in the register referred to therein or which will be required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Total number of shares (Note 1)	Approximate percentage of interest
Mr. Cheng Man Tai	The Company	Interests of controlled corporations (Note 2)	295,550,850 Shares (L)	73.89%
	The Company	Beneficial owner	873,000 Shares (L) (Note 3)	0.22%
	Harmonious World	Beneficial owner	59 shares of US\$1 each	60.2%
Ms. Cheng Pik Ho Liza	The Company	Beneficial owner	3,813,555 Shares (L)	0.95%
	The Company	Beneficial owner	500,000 Shares (L) (Note 3)	0.13%

Name of Director	Name of Group member/associated corporation	Capacity/nature of interest	Total number of shares (Note 1)	Approximate percentage of interest
Madam Ngok Ming Chu	The Company	Interests of controlled corporations (Note 2)	295,550,850 Shares (L)	73.89%
	The Company	Beneficial owner	773,000 Shares (L) (Note 3)	0.19%
	Harmonious World	Beneficial owner	39 shares of US\$1 each	39.8%
Mr. Hung Hin Kit	The Company	Beneficial owner	332,000 Shares (L) (Note 3)	0.08%
Mr. Lau Siu Ki	The Company	Beneficial owner	68,000 Shares (L) (Note 3)	0.02%
Mr. Lee Kwan Hung	The Company	Beneficial owner	68,000 Shares (L) (Note 3)	0.02%
Prof. Lee T. S.	The Company	Beneficial owner	68,000 Shares (L) (Note 3)	0.02%

Notes:

1. The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
2. These Shares will be held as to 294,279,660 Shares by Harmonious World and as to 1,271,190 Shares by Fairmout Investments. Harmonious World is owned as to 60.2% by Mr. Cheng Man Tai and as to 39.8% by Madam Ngok Ming Chu. Fairmout Investments is owned as to 50% by Mr. Cheng Man Tai and as to 50% by Madam Ngok Ming Chu.
3. These represent the number of Shares which will be allotted and issued to such Directors upon the exercise of the Pre-IPO Share Options granted to each of them.

12. Interest discloseable under the SFO and substantial shareholders

So far as the Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be taken up under the Share Offer and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the Pre-IPO Share

Options and any interest under the Securities Lending Agreement), other than a Director or chief executive of the Company whose interests are disclosed under the sub-paragraph headed “Interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations following the Share Offer” above, the following persons will have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of the Shares:

Name of Shareholders	Capacity/nature of interest	Total number of Shares (Note 1)	Approximate percentage of interest
Harmonious World	Beneficial owner (Note 2)	294,279,660 Shares (L)	73.57%

Notes:

- The letter “L” denotes the corporation’s long position in the Shares.
- Harmonious World is owned as to 60.2% by Mr. Cheng Man Tai and as to 39.8% by Madam Ngok Ming Chu.

13. Disclaimers

Save as disclosed in this prospectus:

- the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately after completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be taken up under the Share Offer or upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and the options which may be granted under the Share Option Scheme and any interest under the Securities Lending Agreement), have an interest or a short position in 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 who will, directly or indirectly, 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 the Company or any other member of the Group;
- none of the Directors has any interest or short position in any of the shares, underlying shares or debentures of the Company or any associated corporations within the meaning of Part XV 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 any of them is 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 which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;

- (c) none of the Directors nor any of the parties listed in the section headed "Qualification of experts" of this Appendix has been interested in the promotion of, or has any direct or indirect interest 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 the Company or any of the subsidiaries of the Company, or are proposed to be acquired or disposed of by or leased to the Company or any other member of the Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of the Directors nor any of the parties listed in the section headed "Qualifications of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of the Group;
- (e) save in connection with the Underwriting Agreement, none of the parties listed in the section headed "Qualifications of experts" of this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of the Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

D. OTHER INFORMATION

14. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by all Shareholders on 25 November 2006:

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled

to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) Who may join

The Directors (which expression shall, for the purpose of this paragraph 14, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which the Group holds an equity interest;
- (bb) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of any member of the Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(iii) Maximum number of Shares

- (aa) The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (bb) The initial 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 and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the time trading of the Shares commence on the Main Board ("**General Scheme Limit**") (without taking into account the Shares (if any) which may be allotted and issued pursuant to the exercise of the Over-allotment Option) (i.e. 40,000,000 Shares).
- (cc) Subject to (aa) above but without prejudice to (dd) below, the Company may issue a circular to its shareholders and seek approval of its shareholders in general meeting to refresh the General Scheme 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 share options scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the

Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

- (v) Grant of options to connected persons

- (aa) 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 (as defined under the Listing Rules) must be approved by independent non-executive Directors of the Company (excluding

independent non-executive Director who is the grantee of the options).

- (bb) Where any grant of options to a substantial shareholder or an independent non-executive director of the Company 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:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the Shareholders in general meeting.

- (vi) Time of acceptance and exercise of option

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer of the 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.

(viii) Subscription price for Shares and consideration for the option

The subscription price for Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

(aa) Shares allotted upon the exercise of an option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(x) Restrictions on the time of grant of options

For so long as the Shares are listed on the Stock Exchange, no offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the last date on which the Company must publish its an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

The Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation or termination and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any

person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value, and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

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

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (aa) the expiry of the option period in respect of such option; (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); or (cc) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

(b) *Present status of the Share Option Scheme*

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of option

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

(iv) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

15. Pre-IPO Share Option Scheme

(a) *Summary of terms*

The purpose of the Pre-IPO Share Option Scheme is to recognise and reward the contribution of certain Directors, senior management and employees of the Group to the growth and development of the Group and the listing of the Shares on the Main Board. The principal terms of the Pre-IPO Share Option Scheme adopted by a resolution in writing passed by all Shareholders on 25 November 2006 are similar to the terms of the Share Option Scheme except that:

- (i) the classes of eligible participants are different from that provided in paragraph 14 (a)(ii);
- (ii) the subscription price for Shares under the Pre-IPO Share Option Scheme is determined by the board of Directors at its discretion and is not required to be subject to the restrictions under Chapter 17 of the Listing Rules;
- (iii) the general scheme limit, the individual limit applicable to each proposed grantee and the restrictions on grant of options to a connected person as referred to in paragraphs 14(a)(iii)(bb), 14(a)(iv) and 14(a)(v), respectively, do not apply;
- (iv) the rules of the Pre-IPO Share Option Scheme were adopted unconditionally by a resolution in writing passed by all Shareholders on 25 November 2006, but the exercise of any option granted thereunder is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme on or before the date falling 30 days after the date of this prospectus, failing which such options granted and the Pre-IPO Share Option Scheme shall forthwith lapse;
- (v) the Directors may only grant options under the Pre-IPO Share Option Scheme at any time within a period commencing from its date of adoption and ending on the Latest Practicable Date;
- (vi) any offer of option made by the Directors under the Pre-IPO Share Option Scheme shall be open for acceptance for a period of up to the earlier of 21 days from the relevant offer date or the Latest Practicable Date; and
- (vii) in the event of a capitalisation of profits or reserves, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable or the Pre-IPO

Share Option Scheme, the number or nominal amount of Shares to which the Pre-IPO Share Option Scheme or any option relates and/or the subscription price of the option concerned and/or the number of Shares comprised in an option granted under the Pre-IPO Share Option Scheme is subject to adjustments on terms similar to that of the Share Option Scheme as referred to in paragraph 14 (a)(xxiv) below, except that sub-paragraph (dd) of paragraph 14 (a)(xxiv) is not applicable to the Pre-IPO Share Option Scheme and options granted thereunder.

(b) *Present status of the Pre-IPO Share Option Scheme*

As at the Latest Practicable Date, the Pre-IPO Share Options to subscribe for an aggregate of 6,510,000 Shares had been granted to the Directors and certain senior management and employees of the Group, representing (i) approximately 1.6% of the issued share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue (but does not take into account any Shares which may fall to be allotted and issued upon the exercise of such Pre-IPO Share Options and any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option) and (ii) approximately 1.6% of the issued share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue and assuming that all the Pre-IPO Share Options are exercised at the same time (but does not take into account any Shares which may fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option).

The Directors estimate the charge to income statement in relation to the issue of Pre-IPO Share Options for the first full year after the grant of the Pre-IPO Share Options will be approximately HK\$7.0 million. Based on a total of 400,000,000 Shares outstanding, the impact on the earning per Share is approximately HK\$0.018 per Share.

A breakdown of the grant of the Pre-IPO Share Options by category of grantees is set out below:

Category of grantees	Number of grantees	Number of the underlying Shares
Directors (including executive and independent non-executive Directors)	7	2,682,000
Senior management of the Group and company secretary of the Company	13	2,232,000
Other employees of the Group	26	1,596,000
	<u>46</u>	<u>6,510,000</u>

Save as disclosed above, no options have been granted or will be granted under the Pre-IPO Share Option Scheme.

Pursuant to the offer letters in respect of the grant of the Pre-IPO Share Options:

- (i) the exercise price of each of the Pre-IPO Share Options per share is 50% of the final Offer Price (i.e. between HK\$1.43 and HK\$1.81); and
- (ii) the Pre-IPO Share Options can only be exercised by the grantees thereof in the following manner:

	Maximum cumulative percentage of the total number of Shares under the Pre-IPO Share Options that can be subscribed for pursuant to the exercise of the Pre-IPO Share Options
Commencing from the first anniversary of the Listing Date and ending at 5:00 p.m. on the day immediately before the second anniversary of the Listing Date	25
Commencing from the second anniversary of the Listing Date and ending at 5:00 p.m. on the day immediately before the third anniversary of the Listing Date	50
Commencing from the third anniversary of the Listing Date and ending at 5:00 p.m. on the day immediately before the fourth anniversary of the Listing Date	75
Commencing from the fourth anniversary of the Listing Date and ending at 5:00 p.m. on the day immediately before the fifth anniversary of the Listing Date	100

The grantees who are connected persons of the Company (including all Directors and Mr. Cheng Chuen Chuen, the son of Mr. Cheng Man Tai, and Mr. Yue Zhong Lu, the brother of Madam Ngok Ming Chu) have undertaken to the Company, the Stock Exchange and the Sponsor that they will not exercise the Pre-IPO Share Options to such extent that the Shares held by the public Shareholders will fall below 25% of the issued share capital of the Company.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Pre-IPO Share Options.

(c) *Outstanding Pre-IPO Share Options*

Particulars of the outstanding Pre-IPO Share Options which have been granted under the Pre-IPO Share Option Scheme as at the Latest Practicable Date are set out below:

Name of the grantees (position within the Group)	Residential address of grantee	Number of underlying Shares under the options	Approximate percentage of shareholding held upon exercise of all Pre-IPO Share Options (Note 1)
Directors			
Cheng Man Tai (Chairman and executive Director)	House No.28, Beaulieu Peninsula, 17.5 Milestone Castle Peak Road, Tuen Mun New Territories, Hong Kong	873,000	0.215%
Cheng Pik Ho Liza (Executive Director and chief executive officer)	Flat E, 11/F, Block 8, Royal Ascot, Fo Tan, New Territories, Hong Kong	500,000	0.123%
Ngok Ming Chu (Executive Director)	House No.28, Beaulieu Peninsula, 17.5 Milestone Castle Peak Road, Tuen Mun New Territories, Hong Kong	773,000	0.190%
Hung Hin Kit (Executive Director)	Flat B, 8/F, Tower 3, Yue Man Centre, 300-302 Ngau Tau Kok Road, Kwun Tong, Kowloon, Hong Kong	332,000	0.082%
Lau Siu Ki (Independent non-executive Director)	803, Block J, Kornhill, Quarry Bay, Hong Kong	68,000	0.017%
Lee Kwan Hung (Independent non-executive Director)	Flat G, 21st Floor, Block 7, South Horizons, Apleichau, Hong Kong	68,000	0.017%
Prof. Lee T. S. (Independent non-executive Director)	13B Casas Domingo, Kam Ka Street, Sheung Shui, New Territories, Hong Kong	68,000	0.017%
		2,682,000	

Name of the grantees (position within the Group)	Residential address of grantee	Number of underlying Shares under the options	Approximate percentage of shareholding held upon exercise of all Pre-IPO Share Options (Note 1)
Senior Management			
Tam Robert (Finance director)	28 Begonia Road, 1st Floor, Yau Yat Chuen, Kowloon, Hong Kong	468,000	0.115%
Tai Yuen Yu (Company Secretary)	Flat C, 8/F., Block 2, Hung Hom Garden, 3 Tsing Chau St., Hung Hom, Kowloon, Hong Kong	100,000	0.025%
Cheng Chuen Chuen (Research director)	Room 14E, Block C, Dou Shi Min Yuan Luohu District Shenzhen, the PRC	232,000	0.057%
Lu Qun (Administration director and officer of general management office)	Room 408, Block 13, Song Quan Gong Yu, Luohu District, Shenzhen, the PRC	232,000	0.057%
Wang Jian Ping (Knowledge management director)	Room 12A, Hai Du Hua Yuan, Yan Tian District, Shenzhen, the PRC	232,000	0.057%
Du Yan Hu (Sales and marketing director)	Block 5, Da Yuan, No 6 Jiao Hu Lu, Luohu District, Shenzhen, the PRC	232,000	0.057%
Yue Zhong Lu (Assistant general manager)	Room 503, Block 4, Yang Guang Si Ji, Futian District, Shenzhen, the PRC	146,000	0.036%
Peng Shi Qiong (Finance manager)	Room 1301, Jia Hua Ge Zuo, Jia Fu Hua Yuan, Futian District, Shenzhen, the PRC	140,000	0.034%
Hui Chun Ho, Eric (Group accounting manager)	Flat C, 10/F., Block 8, 99 Tai Tong Road, Yuen Long, New Territories, Hong Kong	132,000	0.032%
Lam Ching Lok, Gary (Accounting manager)	Flat N, 18/F., Kwai Chung Building, Shek Ying Path, Kwai Chung, New Territories, Hong Kong	100,000	0.025%
Peng Xin Wu (Production manager)	Room 7C, Yang Fu Ju, Dong Zuo, Fu Hua Rd, Futian District, Shenzhen, the PRC	82,000	0.020%
Ye Jin Feng (Human resources director)	Block 6, No 10 Zhen Hua Rd, Futian District, Shenzhen, the PRC	68,000	0.017%
Tang Sai Keung (Assistant administration and human resources director)	Flat D, 5/F., 91 Broadway, Stage 4, Mei Foo Sun Chuen, Kowloon, Hong Kong	68,000	0.017%
		2,232,000	

Name of the grantees (position within the Group)	Residential address of grantee	Number of underlying Shares under the options	Approximate percentage of shareholding held upon exercise of all Pre-IPO Share Options (Note 1)
Other employees			
Ma Rui (Regional sales director)	No 98 Ba Yi Xi Rd, East District, Chang Sha Shi, Hunan, the PRC	160,000	0.039%
Liu Yu Shan (Assistant regional sales manager)	1-5-802 Dong Fang Mei Di Yuan, Nan Shan District, Shenzhen, the PRC	120,000	0.030%
Wen Qing (Brand administration manager)	Room 402, Block 2, Qiao Xiang Si Dao, San Jiu Long Jing Su She, Futian District, Shenzhen, the PRC	110,000	0.027%
Jiang Xu Qin (Production director – Embry CZ)	Room 901, 47 Zhuang Jia Dan Yuan, Jin Se Xin Cheng, Changzhou, the PRC	100,000	0.025%
Chen Xiao Kun (Administration director – Embry CZ)	Room 501, 48 Zhuang Mao Dan Yuan, Fu Qiang Xin Cun, Changzhou, the PRC	82,000	0.020%
Ho Shuk Ching (District Sales Director)	Room 3206, Oi Cheung House, Tsz Oi Court, Tsz Wan Shan, Kowloon, Hong Kong	82,000	0.020%
Siu Oi Hing (Assistant technical manager)	Flat D, 38/F, Block 10, Villa Esplanada, 8 Nga Ying Chau Street, Tsing Yi, Hong Kong	72,000	0.018%
Zhong Zhu Xuan (Regional sales director)	No 8 Hou Bi Yang 5 Xiang, Jin Long District, Lu Feng Shi, Guangdong, the PRC	66,000	0.016%
Xu Jun (Regional sales director)	No 151 Qing Tan Rd, ChangZhou Shi Jiangsu, the PRC	62,000	0.015%
Xie Gui Lan (Application support manager)	Room 403, No 3 Nan Shui Cun, She Kou, Nan Shan District, Shenzhen, the PRC	62,000	0.015%
Zong Yue Gang (Research manager)	Room 307, Blk 16, Song Quan Gong Yu, Luohu District, Shenzhen, the PRC	62,000	0.015%
Wan Xiao Qing (Regional sales manager)	No 32-5 Qian Zhong Rd, Den Fu Zhen Zhan Yu Jiang Xian, Jiangxi, the PRC	60,000	0.015%
Zhi Xiao Dong (Assistant regional sales manager)	Room 501, No 17 Zhong Shan Rd, Changzhou, Jiangsu, the PRC	56,000	0.014%
Zhou Guo Ping (Secretary to the general management office)	Room 603, Blk B, Xin Ming Xuan, Yang Ming Ju, Luohu District, Shenzhen, the PRC	50,000	0.012%

Name of the grantees (position within the Group)	Residential address of grantee	Number of underlying Shares under the options	Approximate percentage of shareholding held upon exercise of all Pre-IPO Share Options (Note 1)
Chan Wai Ling (Assistant procurement manager)	Flat 1706, Yiu Yam House, On Yam Estate, Kwai Chung, New Territories, Hong Kong	50,000	0.012%
Hah Yin Chun (Assistant production control manager)	Room 10, 10/F., Kam Shun House, Kam Ying Court, Ma On Shan, Shatin, New Territories, Hong Kong	50,000	0.012%
Wong Shu Ying (Senior systems analyst)	Flat 4, 28/F., Block L, Sun Shine City, Ma On Shan, New Territories, Hong Kong	50,000	0.012%
Cao Hai Hui (Quality manager)	Room 7G, Yin Zhuang Da Sha, Jin Tian Nan Rd, Futian District, Shenzhen, the PRC	46,000	0.011%
Wu Xiao Wei (Manager)	Room 802, 16 Zhuang Bing Dan Yuan, Zhao Feng Fa Yuan, Changzhou, the PRC	42,000	0.010%
Dai Xiao Bing (Programmer)	Room 701, Blk 59, Shui Wei Cun, Luohu District, Shenzhen, the PRC	40,000	0.010%
Yang Yan Ling (Sales administration manager)	Room A703, No 58 Nan You Long Cheng Rd, Nan Shan District, Shenzhen, the PRC	40,000	0.010%
Yang Xiao Hong (Designer)	Room 303, Blk 76, No 1 Hong Xing Rd, He Fei Shi, Shi Zhong Qu, Anhui, the PRC	36,000	0.009%
Lau Kam Lan (Chief designer)	12G, Block 2, Noble Place, 10 King Fung Path, Tuen Mun, New Territories, Hong Kong	32,000	0.008%
Xu Xin Bo (Regional sales director)	No 1 Mao Jia Ling, Shang Rao Shi, Jiangxi, the PRC	32,000	0.008%
Li Yi Jun (Assistant to research director)	Room 2B, Blk 23, Bai Shi Da Phase 2, Luohu District, Shenzhen, the PRC	22,000	0.005%
Wu Peng (Sales manager)	Zheng Shan Bo Li Chang Su She, Shuang Zhong Zhen, Hu Kou Xian, Jiangxi, the PRC	12,000	0.003%
		1,596,000	

Notes:

- Each grantee, upon accepting the Pre-IPO Share Options, is deemed to have undertaken to the Company that he/she will comply with all applicable laws, legislation and regulations (including all applicable exchange control, fiscal and other laws to which he/her is subject) in connection with the acceptance of the

grant of his/her option, the holding and exercise of his/her option in accordance with the rules of the Pre-IPO Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of his/her option and the holding of such Shares.

2. These percentages are calculated on the basis of 406,510,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (as enlarged by the exercise in full of the Pre-IPO Share Options) and assuming that all Pre-IPO Share Options are exercised in full at the same time but does not take into account any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

16. Estate duty, tax and other indemnity

Mr. Cheng Man Tai, Madam Ngok Ming Chu, Ms. Cheng Pik Ho Liza, Harmonious World and Fairmout Investments (together, the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (c) referred to in paragraph headed “Summary of material contracts” of this Appendix) to provide indemnities on a joint and several basis in connection with, *inter alia*:

- (a) any liability for Hong Kong estate duty which is or might be payable by any member of the Group by reasons of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of the Group at any time on or prior to the date on which the Share Offer becomes unconditional (the “Effective Date”);
- (b) any tax liabilities (including all fines, penalties, costs, charges, expenses and interest related to taxation) which might be payable by any member of the Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the date of the deed of indemnity;
- (c) any losses, damages, liabilities, costs or expenses suffered or incurred by any member of the Group in connection with the use, occupying or modifying of any property, or any losses, damages, liabilities, costs or expenses suffered or incurred by any member of the Group whereby any member of the Group is prohibited from using or occupying or being evicted from any one or more of the properties currently leased and/or occupied by any member of the Group in the PRC (which for the purpose of the deed of indemnity includes Hong Kong, Macau and Taiwan) whether by the landlord or any third party whatsoever (including without limitation any government authorities or other competent authorities in the PRC (which for the purpose of the deed of indemnity includes Hong Kong, Macau and Taiwan)) on the grounds that the relevant tenancy or lease (excluding any tenancy or lease in respect of the same property renewed or entered into by any member of the Group on or after the Effective Date) is invalid or unenforceable or has been

breached (other than a breach occurred on or after the Effective Date as a result of any action or inaction of any member of the Group) or the relevant landlord has not obtained the requisite licences, permits and/or title certificates or any requisite procedure (including but not limited to registration or filing with the relevant government authorities in the PRC (which for the purpose of the deed of indemnity includes Hong Kong, Macau and Taiwan)) has not been completed;

- (d) any relocation costs and expenses, operating and business losses, liabilities and damages suffered or incurred by any member of the Group as a result of or in connection with, whether directly or indirectly, the events referred to in (c) above;
- (e) any claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses, and fines of whatever nature suffered or incurred by any member of the Group as a result of or in connection with any legal proceedings instituted by or against any member of the Group in relation to events occurred on or before the Effective Date;
- (f) any losses, liabilities or damages suffered by any member of the Group arising out of or in connection with any non-compliance or alleged non-compliance by any member of the Group with any applicable rules and regulations in the PRC (which for the purpose of the deed of indemnity includes Hong Kong, Macau and Taiwan) in the course of its business if such non-compliance or alleged non-compliance occurred on or before the Effective Date;
- (g) all actions, claims, losses, damages, costs (including all legal costs), charges, expenses, interests, penalties or other liabilities which any member of the Group may reasonably and properly incur in connection with:-
 - (i) the investigation, assessment or the contesting of any claim by any tax or other authority in relation to taxation liability of the Group;
 - (ii) the settlement of any such claim;
 - (iii) any legal proceedings in which any member of the Group claims under or in respect of the deed of indemnity and in which judgment is given in favour of any member of the Group;
 - (iv) the enforcement of any such settlement or judgment.

The Indemnifiers are under no liability under the deed of indemnity in respect of taxation or liability:

- (i) to the extent where provision, reserve or allowance has been made for such taxation liabilities and claim in the accountants' report in Appendix I to this prospectus or the individual audited accounts of any member of the Group for the Track Record Period;
- (ii) relating to Hong Kong profits tax falling on any member of the Group in respect of any transaction after the Effective Date unless liability for such Hong Kong profits tax would not have arisen but for some act or omission of, or transaction entered into by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations on or before the Effective Date;
- (iii) to the extent of any provision or reserve made for taxation in the accounts' report in Appendix I to this prospectus or the individual audited accounts of any member of the Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter;
- (iv) to the extent that such taxation liabilities or claims arise or is incurred as a consequence of any retrospective change in law, rules and regulation or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the Effective Date or to the extent that such taxation or claim arises or is increased by an increase in rates of taxation or claim after the Effective Date with retrospective effect; or
- (v) for any penalty imposed on any member of the Group under section 42 of the Estate Duty Ordinance or the equivalent thereof under the laws of any jurisdiction outside Hong Kong by reason of any member of the Group defaulting, at any time after the date of the deed of indemnity, in any obligation to give information to the Commissioner under section 42(1) of the Estate Duty Ordinance or the equivalent authority thereof under the laws of any jurisdiction outside Hong Kong.

17. Litigation

No member of the Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company, that would have a material adverse effect on our results of operations or financial condition of the Company.

18. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately US\$3,000 (equivalent to approximately HK\$23,400) and are payable by the Company.

19. Promoter

- (a) The promoter of the Company is Harmonious World.
- (b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter named in subparagraph 19(a) above in connection with the Share Offer or the related transactions described in this prospectus.

20. Agency fees or commissions received

The Underwriters will receive a commission of 2.5% of the Offer Price per Offer Share in respect of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. The Sponsor will also receive a documentation fee. Such commissions, selling concessions, documentation fees and expenses, together with the Stock Exchange listing fees, legal and other professional fees, and printing and other expenses relating to the Share Offer, which are estimated to amount in aggregate to approximately HK\$24 million, will be payable by the Company.

21. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Pre-IPO Share Options, the Over-allotment Option and any options which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

22. Qualifications of expert

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Taifook Capital	A licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Name	Qualification
GFE Law Office	licenced legal advisers on the PRC law
DTZ Debenham Tie Leung Limited	professional property valuer

23. Consents of experts

Each of Taifook Capital, Ernst & Young, Conyers Dill & Pearman, GFE Law Office and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and the references to its name or summaries of opinions included herein in the form and context in which they respectively appear.

None of the experts named in the paragraph headed "Qualification of experts" in this Appendix has any shareholding interests 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.

24. 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 section 44A and 44B of the Companies Ordinance so far as applicable.

25. Taxation of holders of Shares

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of the Company, the Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

26. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years preceding the date of this prospectus:
 - (aa) no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) 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; and
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in the Company or any of its subsidiaries;
 - (ii) 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; and

- (b) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30 June 2006 (being the date to which the latest audited combined financial statements of the Group were made up).