

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

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 October 2002 with an authorised share capital of HK\$100,000 divided into 1,000,000 Shares. On 30 October 2002, 999,999 Shares were allotted and issued nil paid to Fu Teng, and the remaining one Share was allotted and issued nil paid to Codan Trust Company (Cayman) Limited and was transferred by Codan Trust Company (Cayman) Limited on the same date to Fu Teng. The said 1,000,000 nil paid Shares were subsequently paid up in the manner described in paragraph 4 below.

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

Pursuant to a resolution in writing of all the shareholders of the Company passed on 2 June 2003, the share capital of the Company was increased to HK\$200,000 by the creation of a further 1,000,000 Shares, which were on that date issued credited as fully paid as described in paragraph 4 below. The authorised share capital of the Company will be further increased to HK\$200 million by the creation of a further 1,998 million Shares pursuant to a resolution passed by all the shareholders of the Company referred to in paragraph 3 below and subject to the conditions contained therein.

Immediately following completion of the Share Offer and the Capitalisation Issue and the issue of Shares as mentioned in this prospectus being made, the authorised share capital of the Company will be HK\$200 million divided into 2,000 million Shares of which 382.8 million Shares will be issued fully paid or credited as fully paid, and 1,617.2 million Shares will remain unissued (assuming that the Over-allotment Option is not exercised at all). Other than pursuant to the exercise of the Over-allotment Option and the exercise of 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, without the prior approval of the members in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

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

(b) Founder shares

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

3. Resolutions in writing of all the shareholders of the Company passed on 2 June 2003

On 2 June 2003 pursuant to further resolutions in writing passed by all the shareholders of the Company:

- (a) the Company adopted its existing articles of association;
- (b) 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 the Underwriting Agreement or otherwise, in each case on or before the date 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\$200 million by the creation of a further 1,998 million Shares;
 - (ii) the Share Offer and the Over-allotment Option was approved and the Directors were authorised to approve the allotment and issue of the New Shares pursuant to the New Issue and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option and to approve the transfer of the Sale Shares pursuant to the Offer for Sale;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 12 of this Appendix, were approved and adopted and the Directors were authorised 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 granted under the Share Option Scheme;
 - (iv) conditional on the share premium account of the Company being credited as a result of the New Issue, the Directors were authorised to capitalise HK\$29.8 million standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 298 million Shares in aggregate for allotment and issue to holder(s) of Shares whose name(s) appear on the register of members of the Company at the close of business on 2 June 2003 (or as they may direct) in proportion (as nearly as may be without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing shareholdings in the Company;
 - (v) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights, scrip dividend schemes or similar arrangements in accordance with the articles of association of the Company, or upon the exercise of any options which may be granted under the Share Option Scheme, or under the New Issue 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 and actually

issued upon the exercise of the Over-allotment Option, and (bb) the aggregate 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 of association of the Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors, whichever occurs first; and

- (vi) a general unconditional 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 the completion of the Share Offer and the Capitalisation Issue and actually issued upon 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 of association of the Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by shareholders of the Company in general meeting 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 Fu Teng, China Plaza, Luskin Star, Dynamic Bright and Equity Eye of an aggregate of 1,000 shares of US\$1 each, being the entire issued share capital in Bloxworth, the intermediate holding company of the Group, in consideration of and in exchange for which the Company (i) allotted and issued, credited as fully paid at par, an aggregate of 1,000,000 new Shares as to 390,000 Shares to Fu Teng, 160,000 Shares to China Plaza, 160,000 Shares to Luskin Star, 150,000 Shares to Dynamic Bright and 140,000 Shares to Equity Eye, and (ii) credited as fully paid at par the 1,000,000 nil-paid Shares then held by Fu Teng.

In addition to the transfer of shares in Bloxworth referred to above, the Group also underwent the following corporate restructuring:

- (a) on 25 February 2002, Bloxworth and Nikjak Enterprises Limited ("Nikjak") entered into an agreement (as supplemented by an agreement dated 26 April 2002 made between the same parties), whereby Bloxworth acquired 25% equity interest in Fuwang from Nikjak at a consideration of US\$1,200,000 satisfied by Bloxworth's allotment and issue of 250 shares of US\$1 each in Bloxworth, credited as fully paid to Nikjak on 26 April 2002;
- (b) on 25 February 2002, Bloxworth and 福建省福清市大鑫旺彩印有限公司 (Fujian Province Fuqing City Daxinwang Colour Printing Co., Ltd.) ("Daxinwang") entered into an agreement, whereby Bloxworth acquired 75% equity interest in Fuwang from Daxinwang at a consideration of US\$3,650,000;

- (c) on 26 April 2002, Mr. Yang subscribed for and was allotted 749 shares of US\$1 each in Bloxworth at an aggregate subscription price of US\$3,650,000;
- (d) on 8 July 2002, Mr. Yang transferred 750 shares of US\$1 each in Bloxworth to Fu Teng in consideration of the allotment and issue of 749 shares of US\$1 each in Fu Teng;
- (e) on 8 July 2002, pursuant to four placing agreements between Nikjak and each of Luskin Star, Dynamic Bright, Equity Eye and China Plaza, Nikjak transferred 80, 75, 70 and 25 shares of US\$1 each in Bloxworth to Luskin Star, Dynamic Bright, Equity Eye and China Plaza at the respective considerations of US\$388,000, US\$363,750, US\$339,500 and US\$121,250; and
- (f) on 8 July 2002, pursuant to an agreement made between Fu Teng and China Plaza, Fu Teng transferred 55 shares of US\$1 each in Bloxworth to China Plaza at the consideration of US\$266,750.

5. **Changes in share capital of the Company's 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, on 6 September 2001, one share of US\$1 in Bloxworth was allotted and issued to Mr. Yang for cash at par.

Save as disclosed herein and in paragraph 4 of this Appendix, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

6. **Securities repurchase mandate**

This paragraph 6 sets out 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 Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all the shareholders of the Company on 2 June, 2003 a general unconditional mandate (“**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 securities of the Company 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 amount of the share capital of the Company immediately following completion of the Share Offer and the Capitalisation Issue and actually issued upon 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 date by which the next annual general meeting of the Company is required by the articles of association of the Company or applicable law to be held, or the passing of an ordinary resolution by shareholders of the Company in general meeting, whichever occurs first.

(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Company’s memorandum and articles of association and the Companies Law. Under the Cayman Islands law, any repurchases by the Company may only 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 so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(c) *Reasons for repurchases*

The Directors believe that it is in the best interest 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 when 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 its memorandum and articles of association, 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 level which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, assuming that the Over-allotment Option is not exercised at all and on the basis of 382.8 million Shares in issue immediately after listing of Shares, would result in up to 38.28 million Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

Assuming that the Over-allotment Option is exercised in full and on the basis of 397.77 million Shares in issue immediately after the exercise of the Over-allotment Option, the exercise in full of the Repurchase Mandate would result in up to 39.777 million Shares repurchased by the Company during the same period.

(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 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) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

7. 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 Room 2603, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The address for service of process and notices of the Company is the same as its said principal place of business in Hong Kong. The Company has been registered as an oversea company under Part XI of the Companies Ordinance. Mr. Yang and Mr. Ng Kin Sun, both executive Directors whose respective addresses are set out in the section headed "Directors and parties involved in the Share Offer" of this prospectus, have been appointed as agents of the Company for the acceptance of service of process and notices in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS


8. Summary of material contracts

The following contracts (not being contracts 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) an agreement in Chinese dated 25 February 2002 and made between Nikjak as vendor and Bloxworth as purchaser for the sale and purchase of 25% equity interest in Fuwang at a consideration of US\$1,200,000 to be satisfied by the allotment and issue of 250 shares of US\$1 each in Bloxworth to Nikjak, which is supplemented by an agreement in Chinese dated 26 April 2002 and made between the same parties;
- (b) an agreement in Chinese dated 25 February 2002 and made between Daxinwang as vendor and Bloxworth as purchaser for the sale and purchase of 75% equity interest in Fuwang at a consideration of US\$3,650,000;
- (c) an agreement dated 2 June 2003 and made between (i) Fu Teng, China Plaza, Luskin Star, Dynamic Bright and Equity Eye as vendors; (ii) Mr Yang as warrantor; and (iii) the Company as purchaser for the acquisition by the Company of the entire issued share capital of Bloxworth in consideration of (aa) the allotment and issue, credited as fully paid, of an aggregate of 1,000,000 Shares, among which, as to 390,000 Shares to Fu Teng, 160,000 Shares to China Plaza, 160,000 Shares to Luskin Star, 150,000 Shares to Dynamic Bright and 140,000 Shares to Equity Eye; and (bb) the crediting as fully paid at par the 1,000,000 nil paid Shares then held by Fu Teng;
- (d) a deed of indemnity dated 9 June 2003 executed by Fu Teng and Mr. Yang in favour of the Company (for itself and as trustee for its subsidiaries stated therein) containing the indemnities in respect of taxation referred to in paragraph 13 of this Appendix; and
- (e) the Underwriting Agreement.

9. Intellectual property rights of the Group

As at the Latest Practicable Date, the Group is the registered owner of the following trademark in the PRC:

Trademark	Class	Registration number	Duration of validity	Principal types of products covered
	6	1304385	10 years from 14 August 1999 to 13 August 2009	Metal cans, tinplate cans, beer cans, metal packaging containers

As at the Latest Practicable Date, the Group had applied for registration of the following trade/service mark in Hong Kong, the registration of which has not yet been granted:

Trademark	Class	Application number	Application date	Products/services covered
	40	300012400	30 April 2003	Tinplate lacquering, metal coating and advisory services relating to the application of coatings to metal

10. Information about the wholly foreign-owned enterprise of the Group established in the PRC

The Group has established Fuwang, a wholly foreign-owned enterprise in the PRC. Set out below is a summary of the corporate information of Fuwang:

- | | |
|--|---|
| (i) Name of the enterprise: | 福建福旺金屬製品有限公司 (Fujian Fuwang Metal Products Co., Ltd.) |
| (ii) Economic nature: | wholly foreign-owned enterprise |
| (iii) Registered owner: | Bloxworth |
| (iv) Total investment: | US\$4,200,000 |
| (v) Registered capital: | US\$3,000,000 (<i>Note</i>) |
| (vi) Attributable interest to the Group: | 100% |
| (vii) Term: | about 50 years, from 6 November 1994 to 26 October 2044 |
| (viii) Scope of business: | the production of easy-opening cans and other metal products, colour paper boxes, paper containers and other high quality colour printing products (excluding products restricted by the State and in respect of those projects requiring approval, they should only be operated within the approved scope and term.) |

Note: Pursuant to a capital verification report (驗資報告) dated 29 May 1998 and issued by Fuqing Certified Public Accountants (福清會計師事務所), the registered capital of Fuwang in the amount of US\$3,000,000 was fully paid up as at 16 May 1998.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

11. Disclosure of interests

(a) *Disclosure of interests of the Directors*

Mr. Yang is interested in the corporate reorganisation referred to under paragraph 4 of this Appendix.

(b) *Particulars of service contracts*

Each of Mr. Yang, Xue Xi, Xue De Fa, Ng Kin Sun and Liu Zhi Qiang, being all the executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 June 2003 and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of the service contract until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term. Each of these executive Directors is entitled to the respective basic salary set out below (subject to an annual increment after 31 December 2003 at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase). Each of the above-mentioned executive Directors is also entitled to an additional bonus payment equivalent to his one-month salary payable on or before 31 December of each financial year provided that if on the date of payment of such bonus, his employment by the Company is less than 12 months, the amount of such additional bonus shall be pro-rated. In addition, for each of the financial years of the Company, the executive Directors are also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all the executive Directors in respect of any financial year of the Company may not exceed 5% of the audited consolidated or combined net profit of the Company (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional 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 discretionary bonus payable to him. The current basic annual salaries of the executive Directors are as follows:

Name	Amount
Mr. Yang	HK\$600,000
Xue Xi	HK\$120,000
Xue De Fa	HK\$120,000
Ng Kin Sun	HK\$600,000
Liu Zhi Qiang	HK\$120,000

In addition, Mr. Yang is entitled to a housing allowance of HK\$26,500 per month under his service contract. 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) *Directors' remuneration*

- (i) During the year ended 31 December 2002, the aggregate emoluments paid and benefits in kind granted by the Group to the Directors was approximately RMB329,000.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by the Group to and benefits in kind receivable by the Directors for the year ending 31 December 2003 are approximately RMB1,797,000.
- (iii) Each of the two independent non-executive Directors (namely, Mr. Tong Hing Wah and Mr. Chong Hoi Fung) is currently proposed to be paid a director's fee of HK\$120,000 per annum. Save for the aforementioned director's fee, the two independent non-executive Directors are not entitled to receive any other remuneration for their respective offices of independent non-executive Directors.
- (iv) 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 2002 (i) as 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.
- (v) 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 2002.

(d) *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 Share Offer and the Capitalisation Issue, the interests and/or short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the SF Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SF Ordinance (including interests and short positions in which they are taken or deemed to have under such provisions of the SF Ordinance) or which will be required pursuant to section 352 of the SF Ordinance 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, once the Shares are listed will be as follows:

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities <i>(Note 1)</i>
Mr. Yang	Company	Interest of a controlled corporation <i>(Note 2)</i>	191,500,000 Shares (L) <i>(Note 2)</i>
		Short position of a controlled corporation <i>(Note 3)</i>	14,970,000 Shares (S) <i>(Note 3)</i>
Mr. Yang	Fu Teng <i>(Note 4)</i>	Beneficial owner	750 ordinary shares of US\$1 each (L)

Notes:

1. The letters "L" and "S" denote the Director's long position and short position in such securities, respectively.
2. The interest in the 191,500,000 Shares will be held by Fu Teng, the entire issued share capital of which is beneficially owned by Mr. Yang. Mr. Yang will be taken to be interested in these Shares by virtue of the SF Ordinance.
3. These Shares are the subject of the Stock Borrowing Agreement and Mr. Yang is taken to have a short position in these Shares pursuant to Part XV of the SF Ordinance.
4. Fu Teng is the holding company of the Company and thus is an associated corporation of the Company pursuant to the SF Ordinance. As at the Latest Practicable Date, the issued share capital of Fu Teng was US\$750 divided into 750 shares of US\$1 each.

(e) *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. Each of the Sponsors will also receive a documentation and advisory fee. Such commissions, selling concessions, documentation fees and expenses, together with the

Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, the investor compensation levy, legal and other professional fees, and printing, advertising costs and other expenses relating to the Share Offer, which are estimated to amount in aggregate to approximately HK\$18.6 million, will be payable as to approximately HK\$15.4 million by the Company and as to approximately HK\$3.2 million by the Vendor.

(f) *Interest disclosable under the SF Ordinance and substantial shareholders*

So far as is known to the Directors, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking account of Shares which may be taken up under the Share Offer and Shares falling to be allotted and issued upon the exercise of the Over-allotment Option), the following persons 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 SF Ordinance, or will be interested in more than 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:

Name	Company/ Name of Group member	Capacity	Class and number of securities <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 8)</i>
Fu Teng	Company	Beneficial owner	191,500,000 Shares (L) <i>(Note 2)</i>	50.03
			14,970,000 Shares (S) <i>(Note 3)</i>	
Mr. Yang <i>(Note 2)</i>	Company	Interest of a controlled corporation <i>(Note 2)</i>	191,500,000 Shares (L) <i>(Note 2)</i>	50.03
		Short position of a controlled corporation <i>(Note 3)</i>	14,970,000 Shares (S) <i>(Note 3)</i>	
Ms. Yang Yunxian <i>(Note 2)</i>	Company	Interest of spouse <i>(Note 2)</i>	191,500,000 Shares (L) <i>(Note 2)</i>	50.03
		Short position of spouse <i>(Note 3)</i>	14,970,000 Shares (S) <i>(Note 3)</i>	

Name	Company/ Name of Group member	Capacity	Class and number of securities (Note 1)	Approximate percentage of shareholding (Note 8)
China Plaza	Company	Beneficial owner	24,000,000 Shares (L)	6.27
Mr. Lam Tun Kam (Note 4)	Company	Interest of a controlled corporation (Note 4)	24,000,000 Shares (L) (Note 4)	6.27
Ms. Wong Wai Yan (Note 4)	Company	Interest of spouse (Note 4)	24,000,000 Shares (L) (Note 4)	6.27
Luskin Star	Company	Beneficial owner	24,000,000 Shares (L)	6.27
Ms. Chan Chau Wan (Note 5)	Company	Interest of a controlled corporation (Note 5)	24,000,000 Shares (L) (Note 5)	6.27
Mr. Lam Ping Tung (Note 5)	Company	Interest of spouse (Note 5)	24,000,000 Shares (L) (Note 5)	6.27
Dynamic Bright	Company	Beneficial owner	22,500,000 Shares (L)	5.88
Mr. Chen Hong Liang (Note 6)	Company	Interest of a controlled corporation (Note 6)	22,500,000 Shares (L) (Note 6)	5.88
Equity Eye	Company	Beneficial owner	21,000,000 Shares (L)	5.48
Mr. Tong Yiu On (Note 7)	Company	Interest of a controlled corporation (Note 7)	21,000,000 Shares (L) (Note 7)	5.48
Ms. Chen Zen Zen, Karen (Note 7)	Company	Interest of spouse (Note 7)	21,000,000 Shares (L) (Note 7)	5.48

Notes:

- The letters “L” and “S” denote the person’s/entity’s long position and short position in the Shares, respectively.

2. Mr. Yang is the owner of the entire issued share capital of Fu Teng. Mr. Yang and his spouse, Ms. Yang Yunxian, are taken to be interested in these 191,500,000 Shares held by Fu Teng by virtue of the SF Ordinance.
3. These Shares are the subject of the Stock Borrowing Agreement and Fu Teng, Mr. Yang and Ms. Yang Yunxian are taken to have a short position in these Shares pursuant to Part XV of the SF Ordinance.
4. Mr. Lam Tun Kam is the owner of the entire issued share capital of China Plaza. Mr. Lam Tun Kam and his spouse, Ms. Wong Wai Yan, are taken to be interested in these 24,000,000 Shares held by China Plaza by virtue of the SF Ordinance.
5. Ms. Chan Chau Wan is the owner of the entire issued share capital of Luskin Star. Ms. Chan Chau Wan and her spouse, Mr. Lam Ping Tung, are taken to be interested in these 24,000,000 Shares held by Luskin Star by virtue of the SF Ordinance.
6. Mr. Chen Hong Liang is the owner of the entire issued share capital of Dynamic Bright. Mr. Chen Hong Liang is taken to be interested in these 22,500,000 Shares held by Dynamic Bright by virtue of the SF Ordinance.
7. Mr. Tong Yiu On is the owner of the entire issued share capital of Equity Eye. Mr. Tong Yiu On and his spouse, Ms. Chen Zen Zen, Karen, are taken to be interested in these 21,000,000 Shares held by Equity Eye by virtue of the SF Ordinance.
8. If the Over-allotment Option is exercised in full, the percentage of shareholdings in the Company of each of the persons named in the above table will be reduced as follows:

Name	Approximate percentage of shareholding
Fu Teng/Mr. Yang/Ms. Yang Yunxian	48.14
China Plaza/Mr. Lam Tun Kam/Ms. Wong Wai Yan	6.03
Luskin Star/Ms. Chan Chau Wan/Mr. Lam Ping Tung	6.03
Dynamic Bright/Mr. Chen Hong Liang	5.66
Equity Eye/Mr. Tong Yiu On/Ms. Chen Zen Zen, Karen	5.28

(g) *Related party transactions*

During the two years preceding the date of this prospectus, the Group had engaged in dealings with certain Directors and their associates as described in:

- (i) notes 13, 14, 21 and 24 to section A of the accountants' report set out in Appendix I to this prospectus;
- (ii) the paragraph headed "Connected transaction" in the section headed "Business of the Group" of this prospectus; and
- (iii) paragraph 4 of this Appendix.

(h) *Disclaimers*

Save as disclosed in this prospectus:

- (i) and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, the Directors are not aware of any person who will, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking account of Shares which may be taken up under the Share Offer and Shares falling to be issued upon the exercise of the Over-allotment Option), be interested or have 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 SF Ordinance, or 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 members of the Group;
- (ii) none of the Directors or chief executives of the Company has any interest and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SF Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SF Ordinance (including interests and short positions which he will be taken or deemed to have under such provisions of the SF Ordinance) once the Shares are listed, or which will be required, pursuant to section 352 of the SF Ordinance, to be entered in the register referred to therein once the Shares are listed, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules once the Shares are listed on the Stock Exchange;
- (iii) and in particular as disclosed in paragraphs 4 and 11(g) of this Appendix, notes 13, 14, 21 and 24 to section A of the accountants' report set out in Appendix I to this prospectus and the paragraph headed "Connected transaction" in the section headed "Business of the Group" of this prospectus, none of the Directors or the experts named in paragraph 18 of this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of the Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of the Group nor will any Director apply for Shares either in his own name or in the name of a nominee;
- (iv) and in particular as disclosed in paragraphs 4 and 11(g) of this Appendix, notes 13, 14, 21 and 24 to section A of the accountants' report set out in Appendix I to this prospectus and the paragraph headed "Connected transaction" in the section headed "Business of the Group" of this prospectus, no Director 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 taken as a whole; and

- (v) none of the experts named in paragraph 18 of 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.

12. 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 the shareholders of the Company on 2 June 2003:

(i) Purpose 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 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 any member of 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; and
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity,

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 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 falls 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 basis of 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' opinion as to his contribution to the development and growth of the Group.

(iii) Maximum number of Shares available for subscription

- (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 per cent. of the issued share capital of the Company from time to time.
- (bb) 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 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 per cent. of the Shares in issue on the day on which trading of the Shares commences on the Main Board ("General Scheme Limit"). Assuming that the Over-allotment Option is not exercised, the General Scheme Limit is 38.28 million Shares. If the Over-allotment Option is exercised in full on or prior to the listing of the Shares on the Stock Exchange, the General Scheme Limit is 39.777 million 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 allotted and 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 per cent. 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 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 extended 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 generic 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 per cent. 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 must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(bb) Where any grant of options to a substantial shareholder of the Company 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:

- (i) representing in aggregate over 0.1 per cent. 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 shareholders of the Company 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 general 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 of the Company or an independent non-executive Director or any of their respective associates must be approved by the shareholders of the Company in general meeting.

(vi) Time of acceptance and exercise of option

An 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 a day after 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.

(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 and issued 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 (the "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

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 published in the newspapers. 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 interim or annual results, and (bb) the last date on which the Company must publish its interim or annual results announcement under its listing agreement, and ending on the date of the announcement of the results, no option may be granted.

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 Companies 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 or termination, 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 of employment 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 persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangement 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) and 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; (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 of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders of the Company, 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 an effective 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 prior to the date on which such resolution is 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 shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the day prior to the date of such resolution.

(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 granted 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 (aa) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (bb) 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 (cc) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. 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, the approval of the Directors and the requirement of the Listing Rules, which currently provide that where the Company cancels options and issues new ones to the same participant, the issue of such new options may only be made under a scheme with available unissued options (excluding the cancelled options) within the limit approved by the shareholders at general meetings as referred to in paragraph (iii) 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 period referred to in paragraph (vi); and
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii).

(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 may be altered by a resolution of the Directors save and except those that require the prior sanction/approval of the shareholders of the Company, which mainly include the following:
 - (1) 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;
 - (2) 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, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

- (3) 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,

the amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(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. If the Over-allotment Option is not exercised, the General Scheme Limit is 38.28 million Shares. If the Over-allotment Option is exercised in full prior to the listing of the Shares on the Stock Exchange, the General Scheme Limit is 39.777 million Shares.

(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 option

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.

OTHER INFORMATION**13. Estate duty and tax indemnity**

Each of Fu Teng and Mr Yang (together, the “Indemnifiers”) has 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 (d) referred to in paragraph 8 of this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group and/or its associated companies 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 (“Estate Duty Ordinance”)) to any member of the Group on or before the Listing Date. The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands and the BVI.

Under the deed of indemnity, the Indemnifiers have also given indemnities to the Group on a joint and several basis in relation to (i) 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 before the Listing Date; and (ii) any loss, liability, damages, claims, fines, penalties, order, expenses and costs or loss of profit, benefits or other commercial advantages suffered by any member of the Group as a result of or in connection with the failure by Fuwang to comply with the export requirement of its easy-opening cans as set out in its business licences issued prior to 23 January 2003.

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed in respect of any taxation:

- (a) to the extent that adequate provision has been made for such taxation in the combined audited accounts of the Company or the audited accounts of the relevant members of the Group up to 31 December 2002;
- (b) to the extent that such taxation or liability falling on any of the members of the Group in respect of any accounting period commencing after 31 December 2002 unless liabilities for such taxation would not have arisen but for any act or omission of, or transaction voluntarily carried out or effected by, any of such members of the Group, with the prior written consent or agreement of the Indemnifiers;
- (c) for which any of the members of the Group is primarily liable as a result of any events occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring or disposing of capital assets after 31 December 2002;
- (d) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice

thereof by the Hong Kong Inland Revenue Department or the tax authorities of the PRC or any other relevant authority coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect;

- (e) to the extent that any provision or reserve made for taxation in the audited accounts of the Company or any member of the Group up to 31 December 2002 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such 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 item (e) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and
- (f) imposed on any of the members 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 of the members of the Group defaulting in any obligation arising after the Listing Date 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.

14. **Litigation**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

15. **Sponsors**

The Sponsors have 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 in this prospectus and any Shares that may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.

16. **Preliminary expenses**

The estimated preliminary expenses of the Company are approximately US\$2,650 and are payable by the Company.

17. **Promoter**

- (a) The promoter of the Company is Mr. Yang.
- (b) Save as disclosed herein, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given, or proposed to be paid or given, to the promoter named in sub-paragraph (a) above in connection with the Share Offer or the related transactions described in this prospectus.

18. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Upbest Securities Company Limited	Deemed licensed corporation for the regulated activities of dealing in securities, advising on securities, corporate finance and asset management under the SF Ordinance
Deloitte & Touche Corporate Finance Ltd	Deemed licensed corporation for the regulated activities of dealing in securities, advising on securities, corporate finance and asset management under the SF Ordinance
CAF Securities Company Limited	Deemed licensed corporation for the regulated activities of dealing in securities, advising on securities, corporate finance, providing automated trading services and asset management under the SF Ordinance
Deloitte Touche Tohmatsu	Certified Public Accountants
BMI Appraisals Limited	Professional property surveyors and valuers
Conyers Dill & Pearman, Cayman	Cayman Islands barristers and attorneys
Chen & Co	Licensed legal advisers on PRC laws

19. Consents of experts

Upbest Securities Company Limited, Deloitte & Touche Corporate Finance Ltd, CAF Securities Company Limited, Deloitte Touche Tohmatsu, BMI Appraisals Limited, Conyers Dill & Pearman, Cayman and Chen & Co have given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, valuation, letters or opinions (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

20. Binding Effect

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

21. **Taxation of holders of Shares**(a) *Hong Kong*

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred.

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

The Shares are Hong Kong property for the purposes of the Estate Duty Ordinance and, accordingly, Hong Kong estate duty may be payable in respect thereof on the death of an owner of Shares.

(b) *Cayman Islands*

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

(c) *Consultation with professional advisers*

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 or exercising any rights attaching to them. It is emphasised that none of the Company, the Vendor, 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 or exercising any rights attaching to them.

22. **Particulars of the Vendor**

Name	Number of Sale Shares	Description	Address
Fu Teng (<i>Note</i>)	17,000,000	Corporation	TrustNet Chambers P.O. Box 3444 Road Town Tortola British Virgin Islands

Note: Fu Teng is a company incorporated in the BVI, the entire issued share capital of which is beneficially owned by Mr. Yang.

23. Register of members and branch register of members

Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Bank of Butterfield International (Cayman) Ltd. and a branch register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, the Company's share register in Hong Kong and may not be lodged in the Cayman Islands.

24. Miscellaneous

Save as disclosed herein:

- (i) within 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 subscription or agreeing to procure subscription of any Shares;
- (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
- (iii) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2002 (being the date to which the latest audited combined financial statements of the Group were made up).