

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation**

- (a) Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 17 December 2012. Our Company has established its principal place of business in Hong Kong at Flat F–J, 11/F., Block 2, Kwai Tak Industrial Centre, 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong and has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mr. Dominic Chu has been appointed as our agent for acceptance of service of process and notices on our Company in Hong Kong at Flat B, G/ F, Block 2, Wing On Towers, No.7-9, Boyce Road, Jardine’s Lookout, Hong Kong.
- (b) As our Company was incorporated in the Cayman Islands, its corporate structure and its memorandum of association and articles of association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of its memorandum of association and articles of association and certain relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

**2. Changes in share capital of our Company**

The authorised share capital of our Company as at the date of its incorporation was HK\$50,000 divided into 5,000,000 ordinary shares of HK\$0.01 each. One fully paid Share was acquired by CN Fashion on 17 December 2012.

On 25 January 2013, as part of the Reorganisation (please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus), 9,999 Shares were allotted and issued to CN Fashion, credited as fully paid, and thereafter a total of 10,000 Shares held by CN Fashion were distributed to its shareholders whose names appeared in the register of members of CN Fashion as at 31 December 2012 in accordance with the applicable Cayman Islands laws. Particulars of the foregoing distribution are tabulated as follows:

Name	No. of Shares	Shareholding in our Company
Mr. Chu	31	0.31%
Ms. Wong May Heung	178	1.78%
Mr. Wong Kai Cho	52	0.52%
KTS International	6,822	68.22%
Chung Nam Fashion	2,729	27.29%
Pomeroy Group	188	1.88%
Total:	<u>10,000</u>	<u>100%</u>

On 11 June 2013, the authorised share capital of our Company was increased by HK\$4,950,000 by the creation of an additional 495,000,000 Shares.

Assuming that the Global Offering becomes unconditional and the Offer Shares and the Shares under the Capitalisation Issue are allotted and issued, immediately upon completion of the Global Offering and the Capitalisation Issue but not taking into account of any Shares which may be issued under the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$5,000,000 divided into 500,000,000 Shares and the issued share capital of our Company will be HK\$2,000,000 divided into 200,000,000 Shares fully paid or credited as fully paid, and 300,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme, our Company does not have any present intention to issue any Shares out of the authorised but unissued share capital of our Company.

Save as disclosed in this appendix, there has been no alteration in the share capital of our Company since the date of our incorporation.

### **3. Changes in share capital of our subsidiaries**

Save as disclosed in the section headed “History, Reorganisation and Group Structure” in this prospectus, no alteration in share capital of any subsidiaries of our Company has taken place within the Track Record Period.

### **4. Written resolutions of our Shareholders**

Under the written resolutions of our Shareholders passed on 11 June 2013:

- (a) the authorised share capital of our Company was increased from HK\$50,000 to HK\$5,000,000 by the creation of 495,000,000 new Shares;
- (b) the Memorandum and Articles of Association were approved and adopted conditional upon and with effect from Listing;
- (c) conditional on the conditions stated in the section headed “Structure and Conditions of the Global Offering” in this prospectus, the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue such number of Offer Shares in connection with the Global Offering and any exercise of the Over-allotment Option as they think fit, on the terms and subject to the conditions stated in this prospectus and the Application Forms;

- (d) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “D. Share Option Scheme” in this appendix, were approved and adopted and the Directors were authorised, among others, to grant options to subscribe for Shares thereunder and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
- (e) conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares under the Global Offering, our Directors were authorised to allot and issue a total of 149,990,000 Shares credited as fully paid at par value to the holders of Shares on the register of members of our Company at the close of business on the date of passing of the written resolutions (or other date as our Directors may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued with fraction of a Share) by way of capitalisation of the sum of HK\$1,499,900 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued under this resolution shall rank pari passu in all respects with the existing issued Shares (the “**Capitalisation Issue**”), the register of members of our Company was to be updated accordingly, and our Directors were further authorised to take all such steps and actions as appropriate or necessary to give effect to the Capitalisation Issue;
- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require the exercise of such powers, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise that under (i) a Rights Issue (as defined below); (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; (iii) an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company; and (iv) any specific authority granted by our Shareholders at general meetings, shall not exceed the sum of (i) 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (but excluding any Shares which may be allotted and issued under the Over-allotment Option); and (ii) the nominal amount of the share capital of our Company repurchased by our Company pursuant to the authority granted to our Directors as referred in paragraph (g) below up to a maximum of 10% of the aggregate nominal amount of share capital of our Company in issue

immediately following completion of the Global offering and the Capitalisation Issue (but excluding any Shares which may be allotted or issued under the Over-allotment Option);

- (g) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law and all other applicable laws in this regard, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (but excluding Shares which may be allotted and issued under the Over-allotment Option); and
- (h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted, issued or otherwise dealt with by our Directors under such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company under the mandate to repurchase Shares referred to in paragraph (g) above.

For the purposes of paragraph (f) above, “Rights Issue” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares open for a period fixed by our Directors to holders of Shares whose names appear on the register of members of our Company (and, where appropriate, to holders of other securities of our Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as our Directors may deem necessary or expedient (but in compliance with the relevant provisions of the Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to our Company or the expense or delay that may be incurred in the determination of any such restrictions or obligations).

Each of the general mandates referred to in paragraphs (f), (g) and (h) above will remain in effect until whichever is the earliest of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law of the Cayman Islands or the Articles of Association; or (3) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders at a general meeting.

## 5. Corporate reorganisation

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the business and the structure of our Group. For further information about our Reorganisation, please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus. The share capital of our Company upon completion of the Reorganisation and the Global Offering, assuming the Over-allotment Option and any option which may be granted under the Share Option Scheme are not exercised, is set out in the section headed “Share Capital” in this prospectus.

## 6. Repurchase of our own securities

This section includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

### *(a) Relevant legal and regulatory requirements*

The Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Stock Exchange. The mandate is required to be given by way of an ordinary resolution passed by our Shareholders in a general meeting.

### *(b) Shareholders' approval*

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our Shareholders at a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 11 June 2013, our Directors were granted a general unconditional mandate (the “**Repurchase Mandate**”) to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued under the Over-allotment Option) on the Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of our next annual general meeting, (ii) the date by which our next general meeting is required by the Articles of Association or any applicable laws of the Cayman Islands to be held, or (iii) when the authority given to our Directors is revoked or varied by ordinary resolutions of our Shareholders at a general meeting (the “**Relevant Period**”).

*(c) Source of funds*

Our repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with our Memorandum and Articles, the Listing Rules and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, we may make repurchases out of our profit or out of the proceeds of a fresh issue of Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of our Shares to be repurchased must be out of profits of our Company or out of our Company's share premium account. If authorised by our Articles and subject to the Companies Law, repurchase may also be made out of capital.

*(d) Reasons for repurchases*

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. The 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 where our Directors believe that the repurchases will benefit us and our Shareholders.

*(e) Funding of repurchases*

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

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our 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 our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

*(f) Share capital*

The exercise in full of the Repurchase Mandate, on the basis of 200,000,000 Shares in issue immediately after the Global Offering and the Capitalisation Issue (without taking into account the exercise of the Over-



allotment Option and any option which may be granted under the Share Option Scheme), would result in up to 20,000,000 Shares being repurchased by us during the Relevant Period.

*(g) General*

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

Our 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, our Memorandum and Articles, the Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholder's proportionate interest in our voting rights is increased, the increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

No connected person has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) a share purchase agreement dated 25 January 2013 entered into among our Company, CN Fashion and KTS International, under which CN Fashion agreed to transfer its entire shareholding in S. Culture BVI to our Company pursuant to the Reorganisation and KTS International agreed to guarantee the performance of the obligations of CN Fashion thereunder;
- (b) a cornerstone investor placing agreement dated 21 June 2013 entered into among our Company, Prosper Wise Holdings Limited ("Prosper Wise") and the Sole Bookrunner, pursuant to which Prosper Wise agreed to subscribe for such number of Shares as may be subscribed for with an amount of HK\$40 million at the Offer Price (exclusive of brokerage of 1%, SFC

transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) (rounded down to the nearest board lot of 2,000 Shares) in the International Placing (the “**Original Cornerstone Placing Agreement**”);

- (c) an amended and restated cornerstone investor placing agreement dated 25 June 2013 entered into among our Company, Prosper Wise and the Sole Bookrunner, which amended and restated the Original Cornerstone Placing Agreement in its entirety, in relation to the International Placing;
- (d) the Deed of Indemnity;
- (e) the Public Offer Underwriting Agreement; and
- (f) the Deed of Non-competition.

## 2. Intellectual property rights

As at the Latest Practicable Date, our Group has registered/has applied for the registration of the following intellectual property rights.













### A. Trademarks

#### (a) Registered trade or service marks owned by our Group

As at the Latest Practicable Date, our Group was the registered owner of the following trademarks which are material in relation to our business:



Trade/service marks	Name of registered owner	Territory of Registration	Class(es)	Registration Number	Registration Date	Expiry Date
	Grand Asian	Hong Kong	18, 24, 25	300033100	16 June 2003	15 June 2023
S.CULTURE	Grand Asian	Hong Kong	18, 24, 25	300033137	16 June 2003	15 June 2023
	Grand Asian	Hong Kong	35	300102022	29 October 2003	28 October 2013
S.CULTURE	Grand Asian	Hong Kong	35	300102031	29 October 2003	28 October 2013
S.CULTURE	Grand Asian	Hong Kong	3, 21	300110249	12 November 2003	11 November 2013
	Grand Asian	Hong Kong	3, 21	300110258	12 November 2003	11 November 2013
S.CULTURE	Grand Asian	Hong Kong	35	300212426	11 May 2004	10 May 2014
鞋.文化	Grand Asian	Hong Kong	35	300212435	11 May 2004	10 May 2014




Trade/service marks	Name of registered owner	Territory of Registration	Class(es)	Registration Number	Registration Date	Expiry Date
	Grand Asian	Hong Kong	35	300212453	11 May 2004	10 May 2014
	Grand Asian	Hong Kong	18, 25, 35	300579736	13 February 2006	12 February 2016
 	Grand Asian	Hong Kong	18, 24, 25, 35	300657748	13 June 2006	12 June 2016
shoe mart	Shoe Mart Company	Hong Kong	18, 24, 25, 35	300460089	19 July 2005	18 July 2015
	Shoe Mart Company	Hong Kong	18, 24, 25, 35	300597411	11 March 2006	10 March 2016
	Shoe Mart Company	Hong Kong	25, 35	300633870	8 May 2006	7 May 2016
	Grand Asian	Macau	35	N/44431	8 January 2010	8 January 2017
	Grand Asian	Macau	35	N/44432	8 January 2010	8 January 2017
	Kong Tai Sundry Goods	Taiwan	25	01118078	1 September 2004	31 August 2014
	Kong Tai Sundry Goods	Taiwan	25	01118077	1 September 2004	31 August 2014
	Kong Tai Sundry Goods	Taiwan	35	00182641	16 July 2003	15 May 2023
	Kong Tai Sundry Goods	Taiwan	35	00181179	16 June 2003	15 May 2023

*(b) Application for registration of trademark*

As at the Latest Practicable Date, our Group has applied for registration of the following trademark which are material to our business:

Trademark	Name of Applicant	Territory of Application	Class(es)	Application Number	Application Date
	Company	Hong Kong	35, 39	302542833	8 March 2013
	Kong Tai Sundry Goods	Taiwan	18	102001766	11 January 2013

Trademark	Name of Applicant	Territory of Application	Class(es)	Application Number	Application Date
 S.CULTURE	Kong Tai Sundry Goods	Taiwan	20	102001768	11 January 2013

***B. Licensed trademarks, intellectual property, etc.***

Our Group has been granted licenses to use the following trademarks, logos, brands or other intellectual property which our Directors consider are material to our Group's business:

- (a) pursuant to an international franchise agreement dated 10 August 2012 entered into between Kong Tai Sundry Goods and C&J Clark, Kong Tai Sundry Goods has been granted the right to use the trade name and trademark CLARKS to sell and promote footwear, handbags and ancillary products of Clarks at all Clarks retail stores operated by Kong Tai Sundry Goods in Hong Kong, Macau and Taiwan from 1 July 2012 to 31 December 2017;
- (b) pursuant to a distribution agreement dated 31 March 2004, as amended and supplemented by the addendum thereto dated 3 January 2007 and the supplementary agreement dated 10 May 2012, all entered into between Cobblers and Josef Seibel GmbH, Cobblers has been granted the right to use the trademarks "Josef Seibel", "The European Comfort Shoes", "Airmassage" and "Airped" to advertise, market and sell footwear products of Josef Seibel in Hong Kong, Macau, Taiwan, the PRC, Thailand and Malaysia until 31 December 2022;

- (c) pursuant to a distributorship agreement dated 13 October 2008 entered into between Cobblers and Streetcars, Inc. Cobblers has been granted the right to use the trademarks “STREETCARS”, “STREETCARS & DESIGN”, “SC DESIGN”, “ACS ARCH SUPPORT COMFORT & DESIGN” and “STREETCARS COMFORT FOOTWEAR with Designs” to advertise the footwear products of Streetcars (except golf shoe products) in Hong Kong, Macau, Taiwan, China, Malaysia, Singapore and Indonesia from 13 October 2008 to 12 October 2013;
- (d) pursuant to a distribution agreement dated 28 December 2012 entered into between Cobblers and Yukon S.L., Cobblers has been granted the right to use the trademarks “Yokono/Yokono k” for advertising, marketing and sales of footwear products of Yukon and operate “Yokono/Yokono k” shop-in-shop in Hong Kong, Macau, Taiwan and the PRC until 31 December 2015; and
- (e) pursuant to an agent and distribution agreement dated 22 January 2013 entered into between Cobblers and Ka & Ka, Cobblers has been granted the right to use the trademark “The Flexx” to market and sell footwear products of “The Flexx” and operate “The Flexx” shop-in-shop in Hong Kong, Macau, Taiwan and the PRC until 31 December 2015.

### **C. Domain Names**

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

<b>Registrant</b>	<b>Domain Name</b>	<b>Date of Registration</b>	<b>Expiry Date</b>
Kong Tai Sundry Goods	www.s-culture.com	23 January 2000	23 January 2014

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

### 1. Disclosure of interests

Immediately following completion of the Global Offering and the Capitalisation Issue and on the assumption that the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised, the interests or short position of our Directors or chief executive of our Company in the equity or debt securities of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed will be as follows:

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares in the relevant company <sup>(1)</sup>	Approximate percentage of interest in the relevant company immediately after the Global Offering and the Capitalisation Issue and assuming the Over-allotment Option and any options under the Share Option Scheme are not exercised
Mr. Chu	Beneficial interest	The Company	465,000 (L)	0.23%
	Interest of spouse <sup>(2)</sup>	The Company	2,670,000 (L)	1.34%
Mr. Dominic Chu	Beneficial interest	KTS International	3,675,178 (L)	23.25%
	Beneficial interest	KTS International	264,577 (L)	1.67%
Mr. Haeta Chu	Beneficial interest	KTS International	97,499 (L)	0.62%
Mr. H. H. Chong	Interest in a controlled corporation <sup>(3), (4)</sup>	The Company	43,755,000 (L)	21.87%
	Beneficial interest	KTS International	266,158 (L)	1.68%
Mr. Charles Chong	Interest in a controlled corporation <sup>(3), (4)</sup>	The Company	43,755,000 (L)	21.87%
	Beneficial interest	KTS International	260,272 (L)	1.65%

*Notes:*

- The letter "L" denotes the person's long position in such Shares; and "S" the person's short position.
- Ms. Wong May Heung is the wife of Mr. Chu. Hence, Mr. Chu is deemed to be interested in the number of Shares held by Ms. Wong May Heung by virtue of the SFO.

3. Each of Mr. H. H. Chong and Mr. Charles Chong, respectively, owns one-third of the issued share capital of Chung Nam Fashion and therefore, is deemed to be interested in the number of Shares held by Chung Nam Fashion by virtue of the SFO.
4. Each of Mr. H. H. Chong and Mr. Charles Chong, respectively, owns one-third of the issued share capital of Pomeroy Group and therefore, is deemed to be interested in the number of Shares held by Pomeroy Group.

## 2. Substantial shareholders

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering and on the assumption that the Over-allotment Option and any option which may be granted under the Share Option Scheme are not exercised, the following persons (other than a Director or a chief executive of our Company) will have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

Name of shareholder	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of interest in our Company immediately after the Global Offering and the Capitalisation Issue and assuming the Over-allotment Option and any options under the Share Option Scheme are not exercised
Mr. H. S. Chong	Interest in a controlled corporation <sup>(2), (3)</sup>	146,085,000 (L)	73.04%
KTS International	Beneficial interest	102,330,000 (L)	51.17%
Chung Nam Fashion	Beneficial interest	40,935,000 (L)	20.47%

*Notes:*

1. The Letter "L" denotes the person's long position in such Shares; and "S" the person's short position.
2. Mr. H. S. Chong owns one-third of the issued share capital of each of Chung Nam Fashion and Pomeroy Group, respectively, and therefore, is deemed to be interested in the number of Shares held by Chung Nam Fashion and Pomeroy Group by virtue of the SFO.
3. Mr. H. S. Chong owns approximately 37.53% of the issued share capital of KTS International and therefore, is deemed to be interested in the number of Shares held by KTS International by virtue of the SFO.

### 3. Particulars of service contracts

#### (a) *Executive Directors*

Each of our executive Directors, respectively, has entered into a master service contract with our Company under which he agreed to act as executive Director for an initial term of three years with effect from 1 May 2013. Either party thereto has the right to give not less than six months' written notice to terminate the contract.

In addition to the master service contract entered into with our Company, each of the executive Directors, respectively, has separately entered into a service contract with one or more of our operating subsidiaries in the following manner:

Mr. Chu	Kong Tai Sundry Goods
Mr. Dominic Chu	Kong Tai Sundry Goods
Mr. Haeta Chu	Kong Tai Sundry Goods and Grand Asian

Under the subsidiary service contracts, either party thereto has the right to give not less than six months' written notice to terminate the contract.

The subsidiary service contract(s) entered into by each of the executive Directors shall terminate automatically on the termination or expiration of his related master service contract or his other subsidiary service contract (if any), and vice versa.

#### (b) *Non-executive Directors and independent non-executive Directors*

Each of our non-executive Directors and independent non-executive Directors, respectively, has entered into an appointment letter with our Company for an initial term of three years commencing from 1 May 2013. Either party thereto has the right to give not less than three months' written notice to terminate the appointment.

#### (c) *Remuneration of Directors*

- (1) The remunerations (including fees, salaries, contribution to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors in aggregate for the three years ended 31 December 2012 were approximately HK\$7.7 million, HK\$15.4 million and HK\$5.9 million, respectively.
- (2) Under the arrangements currently in force, our Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors in respect of the year ending 31 December 2013 to be approximately HK\$8.1 million.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation). And 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 2012.

#### **4. Fees or commissions received**

Save as disclosed in this prospectus, none of our Directors nor any of the persons whose names are listed in the section headed “E. Other Information — 6. Qualification of Experts” in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of our Company or any of our subsidiaries from our Company within the two years preceding the date of this prospectus.

#### **5. Related party transactions**

During the two years preceding that date of this prospectus, we were engaged in related party transactions as described under the section headed “Connected Transactions” and note 33 of the Accountants’ Report set out in Appendix I to this prospectus.

#### **6. Interest in our largest suppliers or customers**

Save as disclosed in this prospectus, none of our Directors nor their associates, nor any Shareholder (which to the knowledge of our Director owns more than 5% of our Company’s share capital) has any interest in our five largest suppliers or our five largest customers.

#### **7. Personal guarantees**

Mr. Chu and Mr. H.S. Chong have provided personal guarantees in favour of certain banks for banking facilities granted to certain members of our Group. Our Directors confirm that the banks have given their respective in-principle consents to release all such guarantees and replace such guarantees by corporate guarantees and/or other collaterals to be provided by our Company and/or other members of our Group upon Listing.

### **D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme approved by a resolution of our shareholders on 11 June 2013. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.



## 1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to our Group and companies in which our Company holds, directly or indirectly, an equity interest and/or to enable our Group and such companies to recruit and retain high-calibre employees and attract human resources that are valuable to them.

## 2. Eligibility of the participants

The eligible participants of the Share Option Scheme (the “**Eligible Participants**”) are any of the following classes of persons:

- (1) any employee, executive, executive director, or non-executive director of any member of our Group or of any company in which our Company holds, directly or indirectly, an equity interest (the “**Invested Entity**”) (including any full-time or part-time employee, executive, executive director, non-executive director, independent non-executive director and company secretary);
- (2) any supplier of goods or services to any member of our Group or any Invested Entity;
- (3) any customer of our Group or any Invested Entity;
- (4) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity.

## 3. Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Board may, at its absolute discretion, invite any Eligible Participant to take up options to subscribe for Shares at a price calculated in accordance with paragraph 5 below. To the extent that the offer of the grant of an option is not accepted within 28 days from the date upon which it is made (provided that no such offer of grant shall be open for acceptance after the tenth anniversary of the date on which the Share Option Scheme is adopted by the Shareholders (the “**Adoption Date**”) or after the Share Option Scheme has been terminated), it will be deemed to have been irrevocably declined and lapsed.

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option duly signed by the grantee is received by our Company. No consideration is payable by the grantee in respect of the offer of the grant, the acceptance of the offer of grant or the grant of the option.

#### 4. Restrictions on the grant of option

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

- (1) representing in aggregate over 0.1% of the Shares in issue; and
- (2) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to our Shareholders. All connected persons of our 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 of our Company to approve the grant of such options must be taken on a poll. Any change in the terms of the options granted to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their associates, shall also be approved by Shareholders as stated above in general meeting.

No offer for grant of options shall be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such information has been announced in accordance with the requirements of the SFO and the Listing Rules. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of:

- (1) the date of the meeting of our Board (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (2) the last date on which our Company must publish 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 results announcement.

Our Board shall not grant any option to an Eligible Participant who is a Director during the periods or times in which the 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 our Company.

## 5. Price for Shares

Subject to any adjustments made in consequence of any alterations in the capital structure of our Company as mentioned in paragraph 15 below, the subscription price for the Shares under the Share Option Scheme shall be a price determined by our Board at its absolute discretion and notified to the grantee of the option and shall be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (3) the par value of the Shares. For the purpose of the Share Option Scheme, "**business day**" means any day on which the Stock Exchange is open for business of dealing in securities.

## 6. Maximum number of Shares

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company (the "**Other Schemes**") shall not exceed 30% of the issued share capital of our Company from time to time. No options may be granted under the Share Option Scheme or any of the Other schemes if that would result in the foregoing limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and options to be granted under all of the Other Schemes shall not in aggregate exceed 20,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date immediately after consummation of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment option is not exercised) (the “**General Scheme Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the General Scheme Limit.

Our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and options to be granted under all of the Other Schemes under the General Scheme Limit as refreshed will not exceed 10% of the issued share capital of our Company as at the date of approval of the refreshing of the limit by Shareholders in general meeting. For the avoidance of doubt, options previously granted under the Share Option Scheme and options previously granted under any of the Other Schemes (including those outstanding, cancelled or lapsed in accordance with the Share Option Scheme and any of the Other Schemes or options exercised pursuant to the Share Option Scheme and any Other Scheme) shall not be counted for the purpose of calculating the refreshed limit.

The General Scheme Limit will be adjusted, in such manner as the auditors for the time being of our Company (the “**Auditors**”) shall certify to be appropriate, in the event of any alterations in the capital structure of our Company as mentioned in paragraph 15 below or otherwise howsoever.

Our Company may, by the approval of the Shareholders in general meeting, grant options beyond the General Scheme Limit or, if applicable, the refreshed limit, provided that the options in excess are granted only to Eligible Participant specifically identified by our Company before such approval is sought.

The total number of Shares issued and to be issued upon exercise of the options granted in accordance with the Share Option Scheme to each Eligible Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Any further grant of options to an Eligible Participant which would result in the said 1% limit being exceeded (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant, must be approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting.

## **7. Exercise of option**

Unless otherwise provided in the terms of the Share Option Scheme, an option may be exercised at any time during the option period, which is defined as such periods to be determined and notified by our Board to each grantee at the time of the offer of the grant of the option in respect of any particular option under the Share

Option Scheme, each of which period may commence and end on any dates as determined by our Board but shall in any event end not later than 10 years from the date of grant, subject to the provisions for early termination thereof as provided in the Share Option Scheme (the “**Option Period**”). There is no performance target which must be achieved before any of the options can be exercised.

#### **8. Ranking of Shares**

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of our Memorandum and Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly shall entitle the holders thereof to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date of allotment.

#### **9. Right are personal to grantee**

An option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or in any manner dispose of or create any interest in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

#### **10. Rights on death, ill-health, injury or disability**

If the grantee of an option ceases to be an Eligible Participant by reason of ill-health, death, injury or disability before exercising the option in full, subject to the determination of our Board by notice in writing to the grantee (or his legal personal representative(s)) within seven days following the date of such cessation (or such longer period as our Board may reasonably determine), the grantee or his legal personal representative(s) (as the case may be) may exercise the option up to the grantee’s entitlement (to the extent not already exercised) within the period of 12 months following his such cessation or such longer period as determined by our Board provided that if within a period of three years prior to such cessation the grantee had committed any of the acts specified in paragraph 19(5) below, our Board may at any time forthwith terminate the option of the grantee by written notice to him or his legal personal representative(s).

#### **11. Rights on other cessation except for reasons in paragraph 10 above or paragraph 19(5) below**

If the grantee of an option ceases to be an Eligible Participant other than by reason of his ill-health, injury, disability or death or his commitment of any of the acts specified in paragraph 19(5) below, the option (to the extent not already exercised) shall, subject to the determination of our Board by notice in writing to the grantee at any time before the date of such cessation, lapse on the date of such cessation and

not be exercisable provided that the grantee may exercise the option (to the extent not already exercised or to the extent specified in the notice from our Board to exercise such option) within such period as our Board may determine as aforesaid.

#### **12. Rights on a general offer**

If a general offer (whether by way of takeover 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 persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the grantee (or his legal representative) shall be entitled by notice in writing to our Company to exercise the option in full (to the extent not already exercised) or to the extent specified in such notice at any time within one month after the date on which the offer becomes or is declared unconditional and/or sell or dispose of the Shares allotted or to be allotted to him in connection with the Share Option Scheme.

#### **13. Rights on winding up**

In the event a notice is given by our Company to the Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up our Company, our Company shall give notice thereof to the grantee (or his legal personal representative(s)) who shall whereupon be entitled not later than two business days prior to the proposed Shareholders' meeting by notice in writing to our Company to exercise the option either to its full extent or to the extent specified in such notice of the grantee (or his legal personal representative(s)) and our Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot such number of Shares to the grantee which shall fall to be issued pursuant to the exercise of the option.

#### **14. Rights on compromise or arrangement**

If an application is made to the court (otherwise than where our Company is being voluntarily wound up) pursuant to the Companies Ordinance or analogous legislation of any other jurisdiction in connection with a proposed compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its Shareholders (or any class of them), the grantee may by notice in writing to our Company within 21 days after the date of such application, exercise the option in full (to the extent not already exercised) or to the extent specified in such notice.

**15. Effect of alterations to capital structure**

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, arising from capitalisation of profits or reserves, rights issues, consolidation, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in:

- (1) the subject matter of the option so far as unexercised; and/or
- (2) the subscription price per Share,

as the Auditors shall certify in writing to our Board (except for any adjustments made on a capitalisation issue) either generally in respect of all options granted or specifically as regards any particular option(s) to be in their opinion fair and reasonable and confirming that the adjustments satisfy the requirements set out in the Listing Rules, provided that:

- (a) any such alterations shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) it was before such event;
- (b) no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;
- (c) no such alterations shall be made the effect of which would be to increase or decrease the proportion of the issued share capital of our Company for which any grantee is entitled to subscribe pursuant to the options held by him if the Shares can be proportionate to an exact figure and, in case the Shares may not be perfectly proportionate to an exact figure, the proportion of the issued share capital of our Company to which a grantee is entitled after such alteration shall be adjusted to remain as nearly as possible the same to which he was entitled before such alteration (and in any event not greater than the same); and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

**16. Duration and administration of the Share Option Scheme**

Subject to the early termination of the Share Option Scheme pursuant to the terms thereof, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options shall be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.



The Share Option Scheme shall be subject to the administration of our Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

#### **17. Alterations to the terms of the Share Option Scheme**

The Share Option Scheme and the terms of any options (including amendments in order to comply with changes in legal or regulatory requirements) may be altered at any time and from time to time in any respect by resolution of our Board except that:

- (1) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of grantees or prospective grantees without the prior 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 the 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;
- (3) the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (4) any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting,

and no such alteration shall operate to affect adversely the terms of issue of any option granted but not exercised or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under our Memorandum and Articles for the time being for a variation of the rights attached to the Shares as a class.

#### **18. Cancellation of options**

Our Board may cancel any option granted provided that our Board offers to grant to the grantee replacement options under the Share Option Scheme (or options under any Other Schemes) (subject to the limits described in paragraph 6).

Any cancellation of options granted and the granting of new options to the same grantee may only be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the General Scheme Limit as refreshed from time to time.

**19. Lapse of option**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (1) subject to the circumstances mentioned in paragraph 10 above, the expiry of the Option Period;
- (2) the determination of our Board or the expiry of the periods referred to in paragraphs 10, 11, 12, 13 and 14 above;
- (3) subject to paragraph 13 above, the date of the commencement of the winding-up of our Company;
- (4) subject to paragraph 14 above, the proposed compromise or arrangement becoming effective;
- (5) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment on grounds that he has been guilty of serious misconduct, or has become bankrupt or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph (5) shall be conclusive;
- (6) the date on which the grantee commits a breach of paragraph 9 above, if our Board shall exercise our Company's right to cancel the same; and
- (7) the date on which our Board shall at its absolute discretion determine that the grantee (other than an employee of any member of our Group) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of our Group on the other part or 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.

**20. Termination**

Our Board may terminate the Share Option Scheme at any time by resolving that no further options shall be granted under the Share Option Scheme. In such circumstances, no new offers to grant options under the Share Option Scheme shall

be made and any option which has been granted under the Share Option Scheme but not yet exercised shall continue to be exercisable subject to the terms of the Share Option Scheme.

## 21. Conditions

The Share Option Scheme is conditional on the conditions stated in the section headed “Structure and Conditions of the Global Offering” in this prospectus. All such conditions shall be deemed to be fulfilled in full on the Listing Date.

## 22. 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.

## E. OTHER INFORMATION

### 1. Estate duty, tax and other indemnities

The Controlling Shareholders (the “**Indemnifier**”) have entered into the Deed of Indemnity in favour of our Company (being a material contract referred to in the section headed “B. Further Information About Our Business — 1. Summary of Material Contracts” in this appendix) to provide the following indemnities in favour of our Company (for itself and as trustee for its subsidiaries).

Under the Deed of Indemnity, amongst others, the Indemnifier will indemnify our Company against taxation falling on any member of our Group resulting from, or relating to or in consequence of, any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date when the Global Offering becomes unconditional. KTS International will also indemnify our Company against any direct damages, losses and liabilities arising from any and all of the non-compliances of any member of our Group with the Companies Ordinance as disclosed in this prospectus.

The Indemnifier will, however, not be liable under the Deed of Indemnity where, among others, (a) provision has been made for such taxation in the audited accounts of our Group or any member of our Group; (b) the taxation falling on our Group or any member of our Group in respect of any accounting period commencing on or after 31 December 2012 unless liability for such taxation would not have arisen but for one or more events entered into by our Group or any member of our Group otherwise than in

the course of normal day-to-day trading operations on or before the date on which the Global Offering becomes unconditional; (c) the taxation arises or is incurred as a result of a retrospective change in law or regulation or its interpretation or practice by the relevant tax authority coming into force after the date on which the Global Offering becomes unconditional; (d) the taxation arises or is increased by an increase in rates of taxation as a result of a change in law or regulation or its interpretation or practice by the relevant tax authority after the date on which the Global Offering becomes unconditional with retrospective effect; or (e) the taxation shall have been discharged by other person(s) to whom none of the members of our Group is obliged to reimburse such person(s) in respect of such discharge of taxation.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

## **2. Litigation**

As at the date of this prospectus, save as disclosed in the section headed “Business — Legal Proceedings” in this prospectus, we are not involved in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.

## **3. The Sole Sponsor**

The Sole Sponsor has made an application on behalf of our 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, including any Shares that may be issued under the Over-allotment Option and any options which may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

## **4. Preliminary expenses**

The estimated preliminary expenses incurred by our Company were approximately HK\$33,000 and were payable by our Company.

## **5. Promoters**

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding to the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to, any promoter in connection with the Global Offering or the related transactions described in this prospectus.

## 6. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

<b>Name</b>	<b>Qualification</b>
RHB OSK Capital Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants, Hong Kong auditors of our Company
Wilkinson & Grist	Hong Kong legal advisers to our Company
MdME   Lawyers   Private Notary	Macau legal advisers to our Company
Lee, Tsai & Partners Attorneys-at-Law	Taiwan legal advisers to our Company
Appleby	Cayman Islands legal advisers to our Company
Jun He Law Offices	PRC legal advisers to our Company
CBRE Limited	Independent Property Valuer

## 7. Consents

Each of RHB OSK Capital, Deloitte Touche Tohmatsu, Wilkinson & Grist, MdME | Lawyers | Private Notary, Lee, Tsai & Partners Attorneys-at-Law, Appleby, Jun He Law Offices and CBRE Limited, respectively, has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or opinion and/or the references to its name included in this prospectus in the form and context in which they are included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

## 8. Share register

The register of members of our Company will be maintained in the Cayman Island by the Cayman Share Registrar and a branch register of members will be maintained in Hong Kong by the Hong Kong Share Registrar. Unless our Directors

otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Hong Kong Share Registrar in Hong Kong and may not be lodged in the Cayman Islands.

## 9. Miscellaneous

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, under section 352 of the SFO, to be entered into the register referred to in that section, or will be required, under the Model Code for Securities Transactions by Directors of Listed Companies to be notified to us and the Stock Exchange, in each case once our Shares are listed;
- (b) none of our Directors nor any of the parties listed in the section headed “E. Other Information — 6. Qualifications of Experts” in this appendix has any direct or indirect interest in the promotion of our Company or any of our subsidiaries, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (c) none of our Directors nor any of the parties listed in the section headed “E. Other Information — 6. Qualifications of Experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) save for the Underwriting Agreements, none of the parties listed in the section headed “E. Other Information — 6. Qualifications of Experts” in this appendix:
  - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (e) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;

- (f) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (g) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (h) we have no outstanding convertible debt securities;
- (i) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special items have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (j) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in or debentures of our Company;
- (k) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such securities or amount or benefit intended to be paid or allotted or given;
- (l) there is no arrangement under which future dividends are waived or agreed to be waived;
- (m) the Global Offering does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
- (n) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong;
- (o) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this prospectus;
- (p) the English text of this prospectus shall prevail over the Chinese text;
- (q) none of our Company or any of our subsidiaries is presently listed on any stock exchange or traded on any trading system; and
- (r) our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately after completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be taken up under the Global Offering or upon the



exercise of the Over-allotment Option and options granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our 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 our Company or any other member of our Group.

#### **10. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, 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.

#### **11. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

#### **12. Taxation of holders of Shares**

The sale, purchase and transfer of Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of or of the fair value of the Shares being sold or transferred, whichever is the higher. 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 our Company, our Directors or the other parties involved in the Global Offering 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.

No stamp duty is payable on the Cayman Islands on transfer of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

#### **13. No material adverse change**

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up).