

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation and registration under Part XI of the Companies Ordinance

The Company was incorporated as an exempted company in the Cayman Islands under the Companies Law on 8 May 2008. The Company has established its principal place of business in Hong Kong at Units 612–3, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The Company has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 2 July 2008 and [Mr. Chu Ming Chuan] of House 41, The Riviera, Silverstrand, 10 Pik Sha Road, Sai Kung, New Territories, Hong Kong and Mr. Chan Yuk Tong of Flat A, 1st Floor, Block 2, King's Park Villa, 1 King's Park Rise, Kowloon, Hong Kong have been appointed as the authorised representatives of the Company for the acceptance of service of process in Hong Kong.

The Company was incorporated in the Cayman Islands and is subject to the Cayman Islands laws. Its constitution comprises a memorandum of association and articles of association. A summary of certain parts of its constitution and relevant aspects of the Cayman Islands company law is set out in Appendix IV to this document.

2. Changes in share capital of the Company

As at the date of incorporation of the Company, its authorised share capital was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each. Following its incorporation, one subscriber's Share had been allotted and issued as nil paid to Codan Trust Company (Cayman) Limited, and was transferred to AR Management at nil consideration on 8 May 2008.

Pursuant to the written resolutions of the sole Shareholder passed on [●] 2009, the authorised share capital of the Company was increased from HK\$380,000 to HK\$200,000,000 by the creation of an additional 1,996,200,000 Shares.

On [●] 2009, in consideration of the transfer of the entire issued share capital of Alternative View from AR Management to the Company, the Company allotted and issued 99,999,999 Shares to AR Management and credited the one nil paid Share which was transferred to AR Management by Codan Trust Company (Cayman) Limited on 8 May 2008 as fully paid at par.

Immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and upon the exercise of the Over-allotment Option), the authorised share capital of the Company will be HK\$200,000,000 divided into 2,000,000,000 Shares and the issued share capital of the Company will be HK\$30,000,000 divided into 300,000,000 Shares fully paid or credited as fully paid. Other than pursuant to the exercise of the

Over-allotment Option and the options which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

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

3. Written resolutions of the sole Shareholder

On [●] 2009, among other matters, resolutions in writing were passed by the sole Shareholder:

- (a) approving an increase of the authorised share capital of the Company from HK\$380,000 divided into 3,800,000 Shares to HK\$200,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,996,200,000 Shares;
- (b) approving the acquisition of the entire issued share capital of Alternative View from AR Management by allotment and issue of 99,999,999 new Shares as consideration shares and by crediting one nil paid Share which was transferred to AR Management by Codan Trust Company (Cayman) Limited on 8 May 2008 as fully paid at par;
- (c) that conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, and (ii) the obligations of the Underwriter(s) 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 issue of this document:
 - (i) the Share Offer and the Over-allotment Option were approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Summary of the terms of the Share Option Scheme" in the section headed "Share Option Scheme" of this Appendix, were approved and adopted and the Directors were authorised, among others, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;

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- (d) that conditional on the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to capitalise an amount of HK\$12,500,000 standing to the credit of the share premium account of the Company and to appropriate such amount in paying up in full at par 125,000,000 Shares for allotment and issue to the holders of issued Shares whose names appear on the register of members of the Company at close of business on [●] 2009 (or as it may direct), and the Directors were authorised to give effect to such capitalisation and distribution;
- (e) that a general unconditional mandate was given to the Directors to allot, issue and deal with unissued Shares in the capital of the Company (otherwise than pursuant to (i) a rights issue; or (ii) the exercise of any of the subscription rights attaching to any options granted under the Share Option Scheme; or (iii) any scrip dividend scheme or similar arrangement providing for allotment and issue of shares in lieu of the whole or in part of any dividend in accordance with the Articles; or (iv) the Share Offer; or (v) the Capitalisation Issue; or (vi) the exercise of the Over-allotment Option) 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 and to be issued under the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and (bb) the aggregate nominal amount of the share capital of the Company purchased by the Company pursuant to the authority granted to the Directors as referred in paragraph (f) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
- (f) that a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued under the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

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- (g) that the general unconditional mandate as mentioned in sub-paragraph (e) above was extended by the addition to the aggregate nominal amount of the Shares which may be allotted, issued or dealt with by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the Shares in the capital of the Company repurchased by the Company pursuant to the mandate to repurchase shares referred to in sub-paragraph (f) above; and
- (h) approving and adopting the Articles, the terms of which are summarised in Appendix IV to this document.

4. Corporate reorganisation

The companies comprising the Group underwent a corporate reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange. In addition to the change in share capital of the Company as referred to in paragraph 2 above and the alterations in share capital of each of the Company's subsidiaries as referred to in paragraph 5 below, the Group also underwent the following corporate restructuring:

- (a) on 20 March 2008, Art Rich acquired the entire issued share capital of Alush Thailand from Mr. Chu, Ms. Liu, Mr. MK Chu, Mr. Jirasak Chuenchujitjaratkun ("**Mr. Jirasak**"), Ms. Tatsana Iamkul ("**Ms. Tatsana**"), Ms. Vatcharin Kiatruangchai ("**Ms. Vatcharin**"), Ms. Kwanmuang Iadsoi ("**Ms. Kwanmuang**") and Ms. Punyanuch Maturos ("**Ms. Punyanuch**"), through (i) tri-party deeds of assignment and set off of the original loan agreements and share pledge agreements entered into between Mr. Chu and each of Ms. Liu, Mr. MK Chu, Mr. Jirasak respectively, under the Alush Arrangements, while the consideration for such assignment and set off was equivalent to the paid up value of the shareholdings for each of Ms. Liu, Mr. MK Chu, Mr. Jirasak; and (ii) payment of cash consideration of THB100 (equivalent to approximately HK\$20) per share by Alternative View, Artwell Tapioca, Artwell Enterprises, Art Ocean, Artsun Macao and All High to each of Ms. Tatsana, Ms. Punyanuch, Ms. Kwanmuang and Mrs. Viraporn, Ms. Vatcharin respectively;
- (b) on 26 March 2008, Art Rich, Alternative View, Artwell Tapioca, Artwell Enterprises, Art Ocean and All High acquired the entire issued share capital of Global Property from Mr. Aja, Ms. Tatsana, Ms. Punyanuch, Mrs. Viraporn Onplee ("**Mrs. Viraporn**"), Ms. Vatcharin and Mr. Su through (i) a tri-party deed of assignment and set off of the original loan agreement and share pledge agreement entered into between Mr. Chu, Mr. Su and Art Rich pursuant to the GP Arrangements, while the consideration for such assignment and set off was equivalent to the paid up value of the Shareholdings for Mr. Su; (ii) Aja-Art Rich

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Arrangements between Mr. Chu, Mr. Aja and Art Rich; and (iii) payment of cash consideration of THB25 (equivalent to approximately HK\$5.6) per shares by Alternative View, Artwell Tapioca, Artwell Enterprises, Art Ocean and All High to each of Ms. Tatsana, Ms. Punyanuch, Ms. Kwanmuang, Mrs. Viraporn and Ms. Vatcharin respectively;

- (c) on 31 March 2008, Alternative View had assigned a property located at Workshop No. 9, 7th Floor, Block A Veristrong Industrial Centre, No. 34–36 Au Pui Wan Street, Shatin, New Territories to Alpha Concord Investments Limited, a company owned by Mr. Chu and Mrs. Chu, at a consideration of HK\$965,000;
- (d) on 31 March 2008, Artwell Enterprises acquired a factory complex located at No. 22 Dongshen Road, E-gong Ling, Pinghu Town, Longgang District, Shenzhen, the PRC from Mr. Chu at a consideration of RMB9,200,000 (equivalent to approximately HK\$10,452,100);
- (e) on 31 March 2008, Artwell Enterprises acquired from Exquisite Gold 50% issued share capital of Artwell Tapioca at a consideration of HK\$11,787,920;
- (f) on 31 March 2008, Alternative View acquired the entire issued share capital of Artwell Properties from Mr. Chu and Mrs. Chu at an aggregate consideration of HK\$1,128,897;
- (g) on 31 March 2008, Alternative View acquired the entire issued share capital of Fine Success from Mr. Chu and Mrs. Chu at an aggregate consideration of HK\$2,872,599;
- (h) on 31 March 2008, Alternative View acquired the entire issued share capital of Wide Triumph from Mr. Chu and Alther Limited at an aggregate consideration of HK\$5,694,267;
- (i) on 2 July 2008, Alternative View acquired the entire issued share capital of Artwell Enterprises from Mr. Chu and Mrs. Chu at an aggregate consideration of HK\$45,212,404;
- (j) on 2 July 2008, AR Management acquired the entire issued share capital of Alternative View from Mr. Chu, and the consideration for such acquisition has been satisfied by allotment and issue of 100 shares in AR Management, credited as fully paid, to Mr. Chu;
- (k) on 2 July 2008, AR Management allotted and issued 869 shares to Mr. Chu and 30 shares to Mrs. Chu, as such, the entire issued share capital of AR Management is beneficially owned as to 97% and 3% by Mr. Chu and Mrs. Chu respectively;

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- (l) on [●] 2009, the Company increased its authorised share capital from HK\$380,000 to HK\$200,000,000 by creation of an additional 1,996,200,000 Shares; and
- (m) on [●] 2009, the Company acquired the entire issued share capital of Alternative View from AR Management, and the consideration for such acquisition has been satisfied by the allotment and issue of 99,999,999 Shares, accredited as fully paid, to AR Management and by crediting one nil paid Share which was transferred to AR Management by Codan Trust Company (Cayman) Limited on 8 May 2008 as fully paid at par.

5. Changes in the share capital of subsidiaries of the Company

The subsidiaries of the Company are listed in the accountants' report set out in Appendix I to this document. In addition to the alterations described in paragraph 4 above, the following alterations in the share capital of each of the Company's subsidiaries took place during the two years immediately preceding the date of this document:

- (a) Artsun Macao was incorporated in Macau on 20 April 2006 and its registered capital is MOP100,000 (equivalent to approximately HK\$98,800). The entire registered capital of Artsun Macao is legally and beneficially owned by Alternative View;
- (b) Global Property was incorporated in Thailand on 16 January 2007. Its authorised capital is THB1,000,000 (equivalent to approximately HK\$224,000) divided into 10,000 shares at a par value of THB100 (equivalent to approximately HK\$20) each, of which 25% has been paid up. Upon incorporation, an aggregate of 10,000 shares of THB100 (equivalent to approximately HK\$20) each in its share capital were allotted and issued at par and partly paid up at 25% to Mr. Aja as to 4,900 shares and six Independent Third Parties as to 1,000 shares, 30 shares, 30 shares, 1,000 shares, 1,000 shares and 2,040 shares respectively;
- (c) Rizhao Yushun was approved to increase its registered capital from US\$600,000 (equivalent to approximately HK\$4,680,000) to US\$1,260,000 (equivalent to approximately HK\$9,828,000) in 2006 and became fully paid-up in January 2007. Its entire equity interests is legally and beneficially owned by Artwell Enterprises;
- (d) Alush Thailand increased its authorised capital from THB3,000,000 (equivalent to approximately HK\$672,000) to THB12,000,000 (equivalent to approximately HK\$2,688,000) on 5 April 2007, upon which an aggregate of 90,000 shares of THB100 (equivalent to approximately HK\$20) each in the share capital of Alush Thailand were allotted and issued at par and fully paid up to Mr. Chu as to 26,100 shares, Ms. Liu as to 9,000 shares, Mr. MK Chu as to 9,000 shares and four Independent Third Parties as to 45,897 shares, one share, one share and one share respectively;

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Alush Thailand further increased its authorised share capital from THB12,000,000 (equivalent to approximately HK\$2,688,000) to THB15,000,000 (equivalent to approximately HK\$3,360,000) on 22 January 2008, upon which an aggregate of 30,000 shares of THB100 (equivalent to approximately HK\$20) each in the share capital of Alush Thailand were allotted and issued at par and fully paid up to Mr. Chu as to 8,700 shares, Ms. Liu as to 3,000 shares, Mr. MK Chu as to 3,000 shares and four Independent Third Parties as to 15,270 shares, 10 shares, 10 shares and 10 shares respectively;

- (e) Art Rich was incorporated in the BVI on 11 January 2008 and its authorised share capital is US\$[50,000] (equivalent to approximately HK\$390,000) divided into [50,000] shares of US\$1.00 (equivalent to approximately HK\$7.8) each, of which one share has been allotted and issued to Alternative View on 27 February 2008, credited as fully paid. Its entire issued share capital is beneficially owned by Alternative View;
- (f) Art Ocean was incorporated in the BVI on 5 February 2008 and its authorised share capital is US\$50,000 (equivalent to approximately HK\$390,000) divided into 50,000 shares of US\$1.00 (equivalent to approximately HK\$7.8) each, of which one share has been allotted and issued to Alternative View on 25 March 2008, credited as fully paid. Its entire issued share capital is beneficially owned by Alternative View;
- (g) All High was incorporated in the BVI on 6 February 2008 and its authorised share capital is US\$50,000 (equivalent to approximately HK\$390,000) divided into 50,000 shares of US\$1.00 (equivalent to approximately HK\$7.8) each, of which one share has been allotted and issued to Alternative View on 12 March 2008, credited as fully paid. Its entire issued share capital is beneficially owned by Alternative View; and
- (h) Artwell Cambodia was incorporated in Cambodia on 28 March 2008 and its authorised share capital is 20,000,000 Riels (equivalent to approximately HK\$38,000) divided into 1,000 shares of 20,000 Riels (equivalent to approximately HK\$38) each. Upon incorporation, 1,000 shares have been allotted and issued to and fully paid up by Art Rich, each of par value 20,000 Riels (equivalent to approximately HK\$38). Its entire issued share capital is beneficially owned by Art Rich.

Save as disclosed above, 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 document.

6. Repurchase by the Company of its own securities

This section contains information required by the Stock Exchange to be included in this document concerning the repurchase by the Company of its own securities.

(A) Provisions of the Listing Rules

The Listing Rules permit a company listed on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) 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 the sole Shareholder on [●] 2009, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued under the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, such mandate to expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(ii) Source of funds

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

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(B) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the 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 of the Company and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

(C) Funding of repurchases

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

On the basis of the current financial position of the Group as disclosed in this document 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 document. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, on the basis of [300,000,000] Shares in issue immediately after the listing of the Shares, would result in up to [30,000,000] Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(D) General

None of the Directors nor, to the best of their knowledge and belief 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.

No purchase of Shares has been made by the Company within six months immediately prior to the date of this document.

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 (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

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

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. 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 three years immediately preceding the date of this document and are or may be material:

- (a) the tri-party deed of assignment and set off dated 20 March 2008 entered into among Mr. Chu, Ms. Liu and Art Rich, of which in consideration of an amount of THB1,500,000 (equivalent to approximately HK\$336,000) received from Art Rich, Mr. Chu agrees to assign all his rights, titles and benefits of the debt of a principal amount of THB1,500,000 (equivalent to approximately HK\$336,000) owed by Ms. Liu to Mr. Chu to Art Rich, whereas Ms. Liu agrees to sell 15,000 shares of THB100 (equivalent to approximately HK\$20) each in the capital of Alush Thailand (each an "Alush Share") to Art Rich at a consideration of THB1,500,000 (equivalent to approximately HK\$336,000), which shall be set off against the debt originally owed by Ms. Liu to Mr. Chu which is now assigned to Art Rich;
- (b) the tri-party deed of assignment and set off dated 20 March 2008 entered into among Mr. Chu, Mr. MK Chu and Art Rich, of which in consideration of an amount of THB1,500,000 (equivalent to approximately HK\$336,000) received from Art Rich, Mr. Chu agrees to assign all his rights, titles and benefits of the debt of a principal amount of THB1,500,000 (equivalent to approximately HK\$336,000) owed by Mr. MK Chu to Mr. Chu to Art Rich, whereas Mr. MK Chu agrees to sell 15,000 Alush Shares to Art Rich at a consideration of THB1,500,000 (equivalent to approximately HK\$336,000), which shall be set off against the debt originally owed by Mr. MK Chu to Mr. Chu which is now assigned to Art Rich;

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- (c) the tri-party deed of assignment and set off dated 20 March 2008 entered into among Mr. Chu, Mr. Jirasak Chuenchujitjaratkun and Art Rich, of which in consideration of an amount of THB7,646,400 (equivalent to approximately HK\$1,712,800) received from Art Rich, Mr. Chu agrees to assign all his rights, titles and benefits of the debt of a principal amount of THB7,646,400 (equivalent to approximately HK\$1,712,800) owed by Mr. Jirasak Chuenchujitjaratkun to Mr. Chu to Art Rich, whereas Mr. Jirasak Chuenchujitjaratkun agrees to sell 76,464 Alush Shares to Art Rich at a consideration of THB7,646,400 (equivalent to approximately HK\$1,712,800), which shall be set off against the debt originally owed by Mr. Jirasak Chuenchujitjaratkun to Mr. Chu which is now assigned to Art Rich;
- (d) the tri-party deed of assignment and set off dated 26 March 2008 entered into among Mr. Chu, Mr. Su Nao Re ("**Mr. Su**") and Art Rich, of which in consideration of an amount of THB122,375 (equivalent to approximately HK\$27,400) received from Art Rich, Mr. Chu agrees to assign all his rights, titles and benefits of the debt of a principal amount of THB122,375 (equivalent to approximately HK\$27,400) owed by Mr. Su to Mr. Chu to Art Rich, whereas Mr. Su agrees to sell all his shares in Global Property, representing 48.95% equity interests in Global Property, to Art Rich at a consideration of THB122,375 (equivalent to approximately HK\$27,400), which shall be set off against the debt originally owed by Mr. Su to Mr. Chu which is now assigned to Art Rich;
- (e) the tri-party deed of assignment dated 26 March 2008 entered into among Mr. Chu, Mr. Aja and Art Rich, of which in consideration of an amount of THB127,500 (equivalent to approximately HK\$28,600) received from Art Rich, Mr. Chu agrees to assign all his rights, titles and benefits of the debt of a principal amount of THB127,500 (equivalent to approximately HK\$28,600) owed by Mr. Aja to Mr. Chu to Art Rich;
- (f) the loan agreement dated 26 March 2008 entered into between Art Rich as lender and Mr. Aja as borrower, pursuant to which Art Rich agrees to make available to Mr. Aja a loan in the sum of THB127,500 (equivalent to approximately HK\$28,600), which shall be used for capital injection by Mr. Aja to Global Property, and, as security to the said loan agreement:
 - (i) the share pledge agreement dated 26 March 2008 entered into between Art Rich and Mr. Aja, pursuant to which Mr. Aja agrees to pledge all his shares in Global Property, representing 51% equity interests in Global Property, in favour of Art Rich;

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- (ii) the letter of undertaking dated 26 March 2008 executed by Mr. Aja in favour of Art Rich, whereby Mr. Aja has undertaken, among other things, to assign and direct all dividends and special distribution paid and payable by Global Property in relation to all his shares in Global Property, and all distribution of assets made or to be made by Global Property in relation to all his shares in Global Property solely to Art Rich; and
- (iii) the form of proxy signed by Mr. Aja to appoint Art Rich as its proxy to receive notices of shareholders' meetings of Global Property and to vote in all shareholders' meeting of Global Property for any proposed resolution;
- (h) [the deed of indemnity dated [●] executed by AR Management and its beneficial owner, namely Mr. Chu, in favour of the Company and its subsidiaries in respect of tax liabilities and other liabilities referred to in paragraph F-1 of this appendix;
- (i) [the deed of non-competition dated [●] made among the Company, AR Management and Mr. Chu, details of which are set out in the paragraph headed "Non-Competition Undertaking" under the section headed "Business"; and

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2. Intellectual property rights

(i) Trademark

Pursuant to a transfer agreement dated 26 March 2008, Mr. Chu assigned the ownership and interests of certain trademarks in the PRC to Art Ocean. Application for approval of such assignment has been submitted to the Trademark Office under the State Administration for Industry and Commerce of the PRC on 21 July 2008 and particulars of the trademarks assigned are as follows:

Trademark	Place of registration	Class	Registration Number	Date of submission of application for approval of assignment
雅  禾 Artwell	PRC	30	3488176	21 July 2008
 Artwell	PRC	29	3488192	21 July 2008
雅  禾 Artwell	PRC	31	3488193	21 July 2008

As at the Latest Practicable Date, the Group was the registered owner of the following trademarks:

Trademark	Place of registration	Class(es)	Registration number	Registration date	Expiry date
雅  禾 Artwell	Hong Kong	29, 30	301087452	8 April 2008	8 April 2018
 Artwell	Hong Kong	29, 30	301090124	10 April 2008	10 April 2018
雅  禾 Artwell	Hong Kong	31	301142748	18 June 2008	18 June 2018
 Artwell	Hong Kong	31	301142739	18 June 2008	18 June 2018
雅  禾 Artwell	Macau	29	N/36125	30 October 2008	30 October 2015
 Artwell	Macau	29	N/36121	30 October 2008	30 October 2015

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Trademark	Place of registration	Class(es)	Registration number	Registration date	Expiry date
 Artwell	Macau	30	N/36126	30 October 2008	30 October 2015
 Artwell	Macau	30	N/36122	30 October 2008	30 October 2015
 Artwell	Macau	31	N/36818	24 November 2008	24 November 2015
 Artwell	Macau	31	N/36817	24 November 2008	24 November 2015

As at the Latest Practicable Date, the Group had applied for registration of the following trademarks, but registration of which had not yet been granted:

Trademark	Applicant	Place of application	Date of application	Class(es)	Application number
	Art Ocean	Hong Kong	18 September 2008	29, 30, 31	301204154
	Art Ocean	Hong Kong	31 December 2008	29, 30, 31	301266471
 Artwell	Art Ocean	Thailand	28 May 2008	29	696609
 Artwell	Art Ocean	Thailand	28 May 2008	30	696611
 Artwell	Art Ocean	Thailand	25 June 2008	31	699935

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(ii) *Domain name*

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

Domain name	Registered owner	Date of registration
asiacassava.cn	Art Ocean	17 October 2008
asiacassava.com	Art Ocean	17 October 2008
asia-new-energy.com	Art Ocean	16 June 2008
asia-new-energy.cn	Art Ocean	17 June 2008
artwellgroup.com.hk	Artwell Enterprises	30 January 2001

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

3. Further information about the Group's PRC establishments

The Group has interests in the registered capital of [one] wholly foreign-owned enterprise established under the laws of PRC, namely Rizhao Yushun. A summary of the corporate information of Rizhao Yushun is set out as follows:

(a) *Rizhao Yushun*

Date of establishment:	19 July 2001
Nature:	wholly foreign-owned enterprise
Total investment amount:	USD1,800,000 (equivalent to approximately HK\$14,040,000)
Registered capital:	USD1,260,000 (equivalent to approximately HK\$9,828,000)
Equity holder:	Artwell Enterprises
Attributable interest to the Group:	100%
Term:	50 years from 19 July 2001 to 18 July 2051
Scope of business:	wholesale, export and import of dry cassava, cassava starch, raw material for textile, woods, daily products, washing and cleaning products, cosmetics, hardware tools, sports products, textile products, machineries and electronic products; coal (excluding export); other export/import trading services (excluding distribution) (all excluding those activities which require specific licenses)

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C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Disclosure of interests

- (a) Save as disclosed herein and in the paragraph headed "Summary of material contracts" in this Appendix, none of the Directors or the experts named in the paragraph headed "Consents and qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of the Company or in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group within the two years immediately preceding the date of this document; and
- (b) Save as disclosed in the paragraph headed "Summary of material contracts" in this Appendix, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

2. Particulars of service contracts

Each of the executive Directors has entered into a service contract with the Company for a term of 3 years commencing on [●] 2009. Under the service contracts, after each completed year of service, the remuneration payable to each of them may be adjusted at the discretion of the Board and they will each be entitled to a discretionary bonus provided that the total amount of bonuses payable to all the Directors for such year shall not exceed [5%] of the audited combined/consolidated profit after tax and minority interest (if any). Under the service contracts, the initial basic remuneration payable to each of the executive Directors per annum is as follows:

Mr. Chu	HK\$494,000
Mr. MK Chu	HK\$781,300
Ms. Liu	HK\$390,000
Mr. Chan Yuk Tong	HK\$1,000,000
Ms. Lam Ching Fun	HK\$370,500

Each of the independent non-executive Directors is appointed for an initial term of 3 years commencing from [●]. The annual fee payable to each of the independent non-executive Directors is as follows:

Mr. Lee Kwan Hung	HK\$180,000
Mr. Yue Man Yiu Matthew	HK\$144,000
Professor Fung Kwok Pui	HK\$144,000

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3. Directors' remuneration

Remuneration and benefits in kind granted to the Directors, of approximately HK\$1.5 million in aggregate were paid and granted by the Group to the Directors in respect of the financial year ended 31 March 2008.

Under the current arrangements, the Directors will be entitled to receive remuneration which, for the year ending 31 March 2009, is expected to be approximately HK\$[3.0 million], excluding the discretionary bonuses payable to the Directors.

4. Interests and short position of Directors in the share capital of the Company after the Share Offer and the Capitalisation Issue

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of Shares which may be taken up under the Share Offer and the exercise of the Over-allotment Option), the Directors will have the following interests and short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed:

(i) *The Company*

(a) Interests in Shares

Name of Directors	Number of Shares held	Nature of interests	Approximate percentage of shareholding
Mr. Chu (<i>Note 1</i>)	[225,000,000](L)	Interest in controlled corporation	[75]%

(L) *denotes long position*

Note:

- The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Mrs. Chu as to 3%. By virtue of the SFO, Mr. Chu is deemed to be interested in the 225,000,000 Shares held by AR Management.

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(ii) *Associated corporations*

Name of associated corporation	Name of Director	Capacity	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
AR Management <i>(Note)</i>	Mr. Chu	Beneficial interests	970	97%

Notes: AR Management is a holding company of the Company and is owned as to 97% by Mr. Chu and 3% by Mrs. Chu.

5. Interests and short position of Substantial Shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Share Offer and the Capitalisation Issue, as far as known to the Directors (taking no 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 (not being a Director or chief executive of the Company), will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholders	<i>Notes</i>	Nature of interests	Total	Approximate percentage or attributable percentage of shareholdings
Mr. Chu	1	Interests in controlled corporation	[225,000,000](L)	[75]%
Mrs. Chu	1	Deemed interests	[225,000,000](L)	[75]%
AR Management	1	Beneficial owner	[225,000,000](L)	[75]%

(L) *denotes long position*

Notes:

- The entire issued share capital of AR Management is legally and beneficially owned by Mr. Chu as to 97% and Mrs. Chu as to 3%. As spouse, Mrs. Chu is deemed to be interested in the shares held by Mr. Chu.

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6. Personal guarantees

[Certain Directors have provided guarantees in favour of certain banks for debts and liabilities due by certain members of the Group. The Group has received written consents in principle from its bankers to the effect that such guarantees are expected to be released and replaced by corporate guarantees and/or other security to be provided by the Company and/or other members of the Group after listing of the Shares on the Stock Exchange.]

7. Agency fees or commission

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

8. Disclaimers

Save as disclosed in this document:

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

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- (d) none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (e) [●] ; and
- (f) none of the experts named in the paragraph headed "Consents and qualifications of experts" in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or is an officer or servant or in employment of an officer or servant of the Group.

D. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

[(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the board of Directors ("the Eligible Participants"), has contributed or may contribute to the Group as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, the Directors may, in its absolute discretion make offer to the Eligible Participants.

An offer shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) *Price of Shares*

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) *Maximum number of Shares*

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10 per cent. of the issued share capital of the Company at the date of approval of the Share Option Scheme. On the basis of a total of 300,000,000 Shares in issue as at the Listing Date, the relevant limit will be 30,000,000 Shares which represent 10% of the issued Shares at the Listing Date. The Company may seek approval by its shareholders in general meeting to refresh the 10 per cent. limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10 per cent. of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

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- (ii) The Company may seek separate approval by its shareholders in general meeting for granting options beyond the 10 per cent. limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by the Company before such approval is sought. The Company will send a circular to the shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the Listing Rules from time to time.
- (iii) The limit on the 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 options granted and yet to be exercised under any other share option schemes of the Group must not exceed 30 per cent. of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Group if this will result in the limit being exceeded.
- (iv) Unless approved by the Company's shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent. of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Eligible Participant and his associates abstaining from voting. The Company must send a circular to its shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before shareholders' approval and the date of meeting of the board of Directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to the shareholders of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, the Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, the Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as the Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by the Directors under the following circumstances:

- (i) after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules; and
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (aa) the date of the meeting of the board of Directors for the approval of the annual results, interim results and quarterly results of the Company; and

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- (bb) the deadline for the Company to publish its annual results or interim results announcement under the Listing Rules, and ending on the date of the results announcements.

(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt 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 any member of the Group into disrepute).

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and [where the grantee is any employee of the Group] none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) 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 death, or such longer period as the Directors may determine.

(j) Cancellation of options

Where the Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the shareholders of the Company as mentioned in paragraph (d) above.

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(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of the Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of the Company), repurchase, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever (excluding any alternation in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) the Company shall instruct the auditors to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(aa) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(bb) the subscription price; and/or

(cc) the maximum number of Shares referred to in paragraph d(i); and/or

(dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

(aa) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

(bb) any such adjustment 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) as it was before such event;

(cc) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

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- (dd) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (ee) to the advantage in any respect of the grantee without specific prior approval of the shareholders of the Company.
- (B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to the Directors in writing that the adjustment so made satisfies the requirements of Rule 17.03(13) of the Listing Rules, the supplement guidance issued by the Stock Exchange on 5 September 2005, an other relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto.

(l) Rights on a general offer

If a general or partial offer 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 its 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, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

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(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement 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 its 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 scheme of arrangement is formally proposed to the shareholders in the Company, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing 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 name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

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(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alternations to the terms of the Share Option Scheme

- (i) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of the Company's shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Company's shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (iii) any change to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Company's shareholders in general meeting; and
- (iv) the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting the listing of, and permission to deal in, any Shares to be issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;

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- (ii) commencement of dealings of Shares on the Stock Exchange; and
 - (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by the shareholders of the Company in general meeting or by way of written resolution and to authorise the Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.
- (t) *Grant of options to connected persons or any of their associates*

Each grant of options to any of the Directors, chief executive of the Company or Substantial Shareholder or an independent non-executive Director, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of his 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. The Company must send a circular to its shareholders. All connected persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (iii) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the shareholders' meeting and the date of the meeting of the board of Directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (iv) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent shareholders as to voting; and

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- (v) the information as may be required under the Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a Substantial Shareholder or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);
- (v) the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;
- (vi) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (vii) the date of the commencement of the winding-up of the Company referred to in paragraph (m);
- (viii) the date on which the grantee commits a breach of paragraph (g);
or
- (ix) the date on which the option is cancelled by the Board as set out in paragraph (j).

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(v) Termination

The Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will 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 granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the Share Offer.

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

(y) 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 the options. The Directors believe that any calculation of the value of the 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 and tax and other indemnities

[Each of Mr. Chu and AR Management (each an "Indemnifier"), pursuant to a deed of indemnity referred to in the paragraph headed "Summary of material contracts" of this Appendix, has given joint and several indemnities in respect of, among other things, (a) any liability for Hong Kong estate duty which might be incurred by any member of the Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to any member of the Group prior to the date on which The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect, being 11 February 2006, and (b) any tax liabilities which might be payable by any member of the Group resulting from or by reference to any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional (the "Effective Date"), save to the extent:

- (a) that provision has been made for such taxation in the audited accounts of the Company or any of its subsidiaries up to 31 August 2008; or
- (b) that such taxation falling on any member of the Group in respect of their current accounting periods or any accounting period commencing on or after 1 September 2008 unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
 - (1) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 August 2008; or
 - (2) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 August 2008 or pursuant to any statement of intention made in this document; or
- (c) of any provision or reserve made for such taxation in the audited accounts of any member of the Group up to 31 August 2008 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 the deed of indemnity to reduce the Indemnifiers' liability in respect of such taxation shall not be available in respect of any such liability arising thereafter; or

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- (d) 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 practice coming into force after the Effective Date or to the extent that such claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect.

In addition, pursuant to the deed of indemnity, the Indemnifiers have also given indemnity in connection with certain lease agreements (the "**Lease Agreements**") in respect of the properties (the "**Affected Properties**") currently used by the Group as liaison centres located in certain cities in the PRC, namely Lianyungang, Qingdao, Rizhao and Jinan. Each of the Indemnifiers has jointly and severally undertaken to indemnify and to keep each of the member of the Group fully indemnified in respect of any loss, damages, liability, relocation cost and disruption in operation suffered by any member of the Group as a result of or in connection with the forfeiture of the tenancy under any of the Lease Agreements due to any failure of any of the lessors ("**Lessors**") of the Affected Properties under the Lease Agreements to comply with the requisite procedures (including but not limited to registration or filing of the Lease Agreements with the relevant PRC governmental authorities) under the applicable PRC laws and regulations in respect of the Lease Agreements and/or any of the Lessors does not have the building ownership right or land use right in respect of the Affected Properties or has not obtained the required land use right certificate and building ownership certificate in respect thereof, or otherwise does not have the right, authority or capacity to grant the tenancy of the Affected Properties under the Lease Agreements or the actual use of any of the Affected Properties does not comply with the permitted use under the relevant land use right certificate and building ownership certificate.

Furthermore, each of the Indemnifiers has also jointly and severally undertaken to indemnify and keep each of the Group members fully indemnified against all claims (including but not limited to any taxation claim issued or action taken by any statutory or governmental authority whatsoever in Hong Kong, Macau, the PRC, Thailand, Cambodia or any part of the world), actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses, fines and of whatever nature suffered or incurred by any of the Group members directly or indirectly as a result of or in connection with any of the following:

- (a) the non-compliance of operation of the business of RizhaoYushun with its permitted business scope;
- (b) the late payments of the initial registered capital of US\$600,000 (equivalent to approximately HK\$4,680,000) and the increased part of the registered capital of US\$660,000 (equivalent to approximately HK\$5,148,000) of RizhaoYushun by Artwell Enterprises;

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- (c) the signing of, and holding the contractual rights and obligations under, the processing agreement dated 22 November 1991 (as extended/supplemented by five contracts undated and dated 15 October 1998, 17 March 2003, 11 August 2004 and [20 January 2009] respectively) between Artwell Enterprises [寶安縣平湖鎮鵝公嶺經濟發展公司 (now known as 深圳市鵝公嶺股份合作公司) (Shenzhen Egongling Stock Cooperative Company)] and Longgang District Pinghu Egongling Yahe Plastic Hardware Composite Factory (龍崗區平湖鵝公嶺雅和塑膠五金綜合廠) by Artwell Enterprises as nominee for Mr. Chu and an Independent Third Party respectively;
- (d) the non-compliance with section 122 of the Companies Ordinance by Artwell Property in relation to its financial statements for the period from 3 September 2004 to 31 March 2006;
- (e) the Aja-Art Rich Arrangements; and
- (f) any loans and advances made by any group members in the PRC from time to time and during the Track Record Period to other companies controlled by Mr. Chu, including Jinan Yaxin Property Development Company Limited (濟南雅新房地產開發有限公司), a wholly foreign-owned enterprise established in the PRC.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in the Cayman Islands, being the jurisdiction in which the company comprising the Group is incorporated.]

2. Litigation

[No member of the Group is currently 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 any member of the Group.]

3. Sponsor

Taifook Capital has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this document, and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.

4. Preliminary expenses

The estimated preliminary expenses of the Company are approximately HK\$[●] and are payable by the Company.

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5. Promoter

The promoter of the Company is Mr. Chu.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of the Company in connection with the Share Offer or the related transactions described in this document.

6. Consents and qualifications of experts

Each of, Taifook Capital, Ernst & Young, Asset Appraisal Limited, Conyers Dill & Pearman, Jingtian & Gongcheng, Wissen & Co. Ltd., Nishizawa Consulting Co., Ltd., Hills & Co., C&C Advogados and B.N.G. Advocates & Solicitors has given and has not withdrawn their respective written consents to the issue of this document with copies of their reports, valuation certificates, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Taifook Capital	Corporation licensed to carry on type 6 (advising on corporate finance) regulated activity as set out in Schedule 5 to the SFO
Ernst & Young	Certified public accountants
Asset Appraisal Limited	Property valuers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	Legal advisers on PRC laws
Hills & Co.	Legal advisers on PRC laws
Wissen & Co. Ltd.	Legal advisers on Thailand laws
Nishizawa Consulting Co., Ltd.	Legal advisers on Thailand laws
C&C Advogados	Legal advisers on Macau laws
B.N.G. Advocates & Solicitors	Legal advisers on Cambodia laws
Beijing Wefore Investment Consulting Co., Ltd.	Industry Researcher

Save as disclosed in the paragraph headed "underwriters' interests in the Company" in the section headed "Underwriting" of this document, none of the Sponsor, Ernst & Young, Jingtian & Gongcheng, Hills & Co., Asset Appraisal, Conyers Dill & Pearman, Wissen & Co. Ltd., Nishizawa Consulting Co., Ltd., C&C Advogados and B.N.G. Advocates & Solicitors:

- (a) is interested beneficially or non-beneficially in any shares in any member of the Group: or

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- (b) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

7. Binding effect

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

8. Share register and transfer office

The Company's register of members will be maintained in Hong Kong by its registrar and transfer office, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong. Unless the Directors otherwise agree, all transfers and other documents of title to shares must be lodged for registration with and registered by the share registrar and transfer office in Hong Kong.

9. Taxation of holders of Shares

(a) *Hong Kong*

The sale, purchase and transfer of Shares registered with the Company's Hong Kong 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. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax of corporation.

(b) *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 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.

10. Miscellaneous

- (a) Save as disclosed in this document:
 - (i) within the two years immediately preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

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- (ii) within the two years immediately preceding the date of this document, no commissions, discount, brokerages or other special terms have been granted in connected with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
- (iii) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of the Company or any of its subsidiaries;
- (iv) within the two years immediately preceding the date of this document, 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
- (v) The Directors confirm that save as disclosed below, there has been no material adverse change in the financial position or prospects of the Group since 31 August 2008 (being the date on which the latest audited combined financial statements of the Group were made up).

The profit of the Group for the period ended 31 August 2007 and 2008 amounted to approximately HK\$[27.7] million and approximately HK\$[4.8] million respectively, representing a drop of approximately [82.7]% or approximately HK\$[22.9] million. The decline was mainly attributable to (i) losses of non-cassava nature for the five months ended 31 August 2008, including in particular the fair value loss on investment properties in Hong Kong of approximately HK\$8.7 million, deficit on revaluation of property, plant and equipment of approximately HK\$[0.5] million for the five months ended 31 August 2008 due to general decline in the property market in Hong Kong; (ii) gain on disposal of available-for-sale investment of approximately HK\$[16.2] million for the five months ended 31 August 2007; and (iii) the tax effect of items (i) and (ii) above.

Revenue of the Group increased by approximately HK\$[60.8] million, or approximately [22.2]%, from approximately HK\$[273.7] million for the five months ended 31 August 2007 to approximately HK\$[334.5] million for the five months ended 31 August 2008. This is a net effect of a decrease in the quantity sold by approximately [18.3]% and an increase in the average selling price by approximately [49.5]% during the period.

The quantity of dried cassava chips sold by the Group for the period ended 31 August 2008 amounted to approximately [198,380] tonnes, which represented a drop of approximately [18.3]% as compared with the quantity sold of [242,764] tonnes for the period ended 31 August 2007.

The average selling price of dried cassava chips for the five months ended 31 August 2008 was approximately HK\$[1,686] per tonne, which represents a rise of approximately [49.5]% as compared with the average selling price of approximately HK\$[1,128] per tonne for the five months ended 31 August 2007. The monthly average selling price of dried cassava chips decreased from approximately HK\$[1,629] per tonne in August 2008 to approximately HK\$[1,079] per tonne in December 2008. The second half of 2008 saw the financial tsunami and a general trend of decline in prices of crude oil and denatured fuel ethanol. It is not unlikely that the selling prices of dried cassava chips will continue to be subject to turbulent fluctuation, which may affect the Group's financial performance. With a deteriorating global economy, general overall business activities may continue to slow down. Therefore, the demand for dried cassava chips in the PRC may have decreased which may have an impact on the Group's business performance. [Furthermore, in light of the riots in Thailand in 2008, the Group's business may be adversely affected if political tension escalates and causes destructive harm in Thailand.] However, the recent political events in Thailand have not caused any direct material obstacle in the daily operation (including sourcing and sales of dried cassava chips) of the Group up to the Latest Practicable Date.

- (b) The Company has no founder shares, management shares or deferred shares in the capital of the Company.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.