
APPENDIX V

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 March 2007, with an authorised share capital of US\$50,000 initially divided into 50,000 Shares of US\$1 each.

The Company is subject to the relevant laws and regulations of the Cayman Islands. Its constitution comprises a memorandum of association and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of the Companies Law is set out in Appendix IV to this document.

2. Changes in share capital of the Company

(a) *Changes in authorised share capital and issued share capital*

As at the date of incorporation of the Company, the Company had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same date, the one subscriber's share in the Company then held by the subscriber, namely Offshore Incorporations (Cayman) Limited was transferred to Mr. Shao at the consideration of US\$1. Subsequently on 8 May 2007, a resolution was passed by Mr. Shao (as the sole shareholder of the Company) pursuant to which the said one issued share (then having a par value of US\$1) was sub-divided into 1,000 shares of US\$0.001 each, and the number of authorised shares of the Company became 50,000,000 shares having a par value of US\$0.001 each. On the same date (i.e. 8 May 2007), Mr. Shao applied for 7,999,000 additional ordinary shares of US\$0.001 each which were allotted and issued by the Company. Immediately following such issue of new shares, Mr. Shao remained as the sole shareholder of the Company holding 8,000,000 shares of US\$0.001 each.

On 10 August 2009, the authorised share capital of the Company was increased by HK\$387,500 by the creation of 387,500,000 new shares of HK\$0.001 each, of which 62,000,000 new shares of HK\$0.001 each were allotted and issued fully paid to Mr. Shao. Immediately thereafter, the Company then repurchased all of the 8,000,000 issued shares of US\$0.001 each at a price of US\$8,000 and cancelled 50,000,000 shares of US\$0.001 each in the capital of the Company.

On 10 August 2009, resolutions were passed by Mr. Shao (as the sole shareholder of the Company), pursuant to which (i) every 10 shares having a par value of HK\$0.001 each in the Company were consolidated into one Share having a par value of HK\$0.01 each and, accordingly, the authorised share capital remained to be HK\$387,500 comprising 38,750,000 Shares having a par value of HK\$0.01 each; and (ii) the number of issued Shares and the number of unissued Shares (both then having a par value of HK\$0.01 each) in the Company were 6,200,000 and 32,550,000 respectively.

Pursuant to a resolution in writing passed by the sole Shareholder (namely, Mr. Shao) on 17 August 2009, the authorised share capital of the Company was increased to HK\$80 million by the creation of a further 7,961,250,000 Shares. On the same date, Mr. Shao applied for 1,800,000 additional Shares which were allotted and issued by the Company. Immediately following such issue of new Shares, the issued share capital of the Company increased to HK\$80,000 divided into 8,000,000 Shares.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Immediately following completion of the [●] and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the [●] or the options which may be granted under the Share Option Scheme, [400 million] Shares will be issued fully paid or credited as fully paid, and [7,600 million] Shares will remain unissued. In the event that the [●] is exercised in full, [415 million] Shares will be issued fully paid or credited as fully paid, and [7,585 million] Shares will remain unissued. Other than pursuant to the exercise of the [●] or the options which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed herein and in paragraphs 2 and 3 of this Appendix, there has been no alteration in the share capital of the Company since its incorporation.

(b) *Founder shares*

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

3. **Resolutions in writing of the sole Shareholder passed on [24] August 2009**

On [24] August 2009, pursuant to resolutions in writing passed by the sole Shareholder:

- (a) the Company approved and adopted its existing Articles of Association;
- (b) conditional on (aa) 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; (bb) the [●] having been determined; (cc) the execution and delivery of the Underwriting Agreement on or before the date as mentioned in this document; and (dd) the obligations of [●] under the [●] becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the day falling 30 days after the date of this document
 - (i) the [●] and the [●] were approved and the Directors were authorised to allot and issue of the [●] pursuant to the [●] and such number of Shares as may be required to be allotted and issued upon the exercise of the [●];
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 15 of this Appendix, were approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder, to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
 - (iii) conditional on the share premium account being credited as a result of the [●], the Directors were authorised to capitalise HK\$[2,920,000] standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par [292,000,000] Shares for allotment and issue to Shareholders whose names

APPENDIX V

STATUTORY AND GENERAL INFORMATION

appear on the register of members of the Company at the close of business on [24] August 2009 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing shareholdings in the Company and so that the Shares to be allotted and issued pursuant to this resolution should rank pari passu in all respects with the then existing issued Shares and the Directors were authorised to give effect to such capitalisation;

- (iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the [●] or the Capitalisation Issue or upon the exercise of the [●], Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the [●] and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the [●] or exercise of options that may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders of the Company revoking or varying the authority given to the Directors, whichever occurs first; and
- (v) a general unconditional mandate (“**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued immediately following completion of [●] and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the [●] or exercise of options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands 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; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

4. Reorganisation

The companies comprising the Group underwent the Reorganisation to rationalise the Group’s structure in preparation for the [●] of the Shares on the Stock Exchange as follows:

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (a) on 8 May 2009, the Company transferred the entire issued share capital in Top Finance Holdings Limited (being one share having a par value of US\$1) to Mr. Shao at the consideration of US\$1;
- (b) by an agreement dated 15 April 2009 entered into between Mr. Zhou Hui (an employee of Guangzhou Modern Books) and Guangzhou Modern Information, Mr. Zhou Hui agreed to transfer his equity interest in Guangzhou Modern Books (then held on trust by Mr. Zhou Hui for Mr. Shao, being 10% of the entire equity interest in Guangzhou Modern Information and which 10% interest had a face value of RMB301,000) to Guangzhou Modern Information at the consideration of RMB301,000. The filings of such change in equity-holder in Guangzhou Modern Books with the relevant administration of industry and commerce were effected on 12 May 2009. Following such transfer and as at 12 May 2009, Guangzhou Modern Books was held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information;
- (c) by an agreement dated 15 April 2009 entered into between Mr. Shao and Guangzhou Modern Books, Mr. Shao agreed to transfer its interest in Beijing Yage (being 20% of the entire equity interest in Beijing Yage and which 20% interest had a face value of RMB100,000) to Guangzhou Modern Books at the consideration of RMB100,000. The filings of such change in equity-holder in Beijing Yage with the relevant administration of industry and commerce were effected on 24 April 2009. Following such transfer and as at 24 April 2009, Beijing Yage was held as to 80% by Guangzhou Modern Information and as to 20% by Guangzhou Modern Books;
- (d) by an agreement dated 13 April 2009 entered into between Guangzhou Modern Information and Ms. Zhong, Ms. Zhong agreed to transfer her interest in Zhuhai Yinhu (then held on trust by Ms. Zhong for Mr. Shao, being 10% of the entire equity interest in Zhuhai Yinhu and which 10% interest had a face value of RMB50,000) to Guangzhou Modern Information at the consideration of RMB50,000. The filings of such change in equity-holder in Zhuhai Yinhu with the relevant administration of industry and commerce were effected on 4 May 2009. Following such transfer and as at 4 May 2009, Zhuhai Yinhu was held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information;
- (e) by an agreement dated 15 April 2009 entered into between Shenzhen Yage Zhimei and Zhuhai Modern Zhimei, Shenzhen Yage Zhimei agreed to transfer its interest in Guangzhou Yage (being the entire equity interest in Guangzhou Yage and which had a face value of RMB500,000) to Zhuhai Modern Zhimei at the consideration of RMB500,000. The filings of such change in equity-holder in Guangzhou Yage with the relevant administration of industry and commerce were effected on 12 May 2009. Following such transfer and as at 12 May 2009, Guangzhou Yage was held as to 100% by Zhuhai Modern Zhimei;

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (f) by an agreement dated 10 April 2009 entered into between Guangzhou Modern Books and Guangzhou Modern Information, Guangzhou Modern Information agreed to transfer part of its interest in Shanghai Yage (being 10% of the entire equity interest in Shanghai Yage and which had a face value of RMB50,000) to Guangzhou Modern Books at the consideration of RMB50,000. The filings of such change in equity-holder in Shanghai Yage with the relevant administration of industry and commerce were effected on 4 May 2009. Following such transfer and as at 4 May 2009, Shanghai Yage was held as to 90% by Guangzhou Modern Information and as to 10% by Guangzhou Modern Books;
- (g) by an agreement dated 23 April 2009 entered into between Zhuhai Modern Zhimei and an Independent Third Party, Zhuhai Modern Zhimei agreed to transfer its interest in Sichuan Shangdu (being 50% of the entire equity interest in Sichuan Shangdu and which 50% interest had a face value of RMB1,000,000) to the Independent Third Party at the consideration of RMB298,000. The filings of such change in equity-holder in Zhuhai Modern Zhimei with the relevant administration of industry and commerce were effected on 15 May 2009. Following such transfer and since 15 May 2009, Sichuan Shangdu was excluded from the Group;
- (h) by an agreement dated 6 May 2009 entered into between Shanghai Yage and Mr. Shao, Shanghai Yage agreed to transfer its interest in Shanghai Senyin (then held an trust by Shanghai Yage for Mr. Shao, being 95% of the entire equity interest in Shanghai Senyin and which 95% interest had a face value of RMB950,000) to Mr. Shao at the consideration of RMB100,000. The filings of such change in equity-holder in Shanghai Senyin with the relevant administration of industry and commerce were effected on 13 May 2009. Following such transfer and since 13 May 2009, Shanghai Senyin was excluded from the Group;
- (i) by an agreement dated 11 May 2009 entered into between Zhuhai Modern Zhimei and an Independent Third Party (as supplemented by an agreement dated 12 May 2009 between the same parties), Zhuhai Modern Zhimei agreed to transfer its interest in Tianjin Holiday (being 20% of the entire equity interest in Tianjin Holiday and which 20% interest had a face value of RMB4,000,000) to the Independent Third Party at the consideration of RMB8,101,200. The filings of such change in equity-holder in Tianjin Holiday with the relevant administration of industry and commerce were effected on 18 May 2009. Following such transfer and since 18 May 2009, Tianjin Holiday was excluded from the Group;
- (j) by an agreement dated 8 August 2009 entered into between Guangzhou Modern Information and Shanghai Senyin, Guangzhou Modern Information agreed to transfer its interest in Guangzhou Xiandai (being 20% of the entire equity interest in Guangzhou Xiandai and which 20% interest had a face value of RMB100,000) to Shanghai Senyin at the consideration of RMB100,000. The filings of such change in equity-holder in Guangzhou Xiandai with the relevant administration of industry and commerce were effected on [●] 2009. Following such transfer and since [●] 2009, Guangzhou Modern Information no longer held any equity interest in Guangzhou Xiandai;

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (k) on [24] August 2009, Mr. Shao entered into a deed of covenants with the Company pursuant to which Mr. Shao has, as a controlling shareholder of the Company, given certain non-competition undertakings in favour of the Group (details of which are set out in the paragraph headed “Non-Competition Undertakings” in the section headed “Relationship with the Controlling Shareholder” of this document), in consideration of the Company agreeing to apply for the [●] at the request of Mr. Shao and to procure Zhuhai Technology and Modern Media (HK) (where applicable) to enter into the Contractual Arrangements; and
- (l) on [24] August 2009, all the agreements constituting the Contractual Arrangements (being the material contracts (1) to (23) referred to in paragraph 8 of this Appendix) [were entered into] between Zhuhai Technology, Modern Media (HK), the PRC Operational Entities and Mr. Shao (where applicable).

5. Changes in share capital of subsidiaries

The changes in the share capital of the subsidiaries of the Company are listed in the accountants’ report set out in Appendix I to this document.

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

- (a) in November 2007, the total investment amount of Zhuhai Technology (which was then equivalent to its registered capital) was resolved to be increased from HK\$3,250,000 to HK\$10,000,000, the same of which was approved and registered in December 2007. In June 2009, the total investment amount of Zhuhai Technology was further resolved and approved to be increased to HK\$60,000,000, while its registered capital was resolved and approved to be increased to HK\$35,000,000. Up to the Latest Practicable Date, the said approved increase in the registered capital of Zhuhai Technology has not been registered or paid up, while the paid up capital of Zhuhai Technology amounted to HK\$[4,600,000]]; and
- (b) in January 2008, the total investment amount of Zhuhai Modern Zhimei (which was equivalent to its registered capital) was resolved and approved to be increased from HK\$6,000,000 to HK\$10,000,000, the same of which was registered in February 2008. In June 2008, in view of the fact that the economic status of Zhuhai Modern Zhimei was approved to be changed from a wholly foreign-owned enterprise to a domestic company (whose sole equity holder then changed from Modern Media (HK) to Mr. Shao), the total investment amount of Zhuhai Modern Zhimei (which was equivalent to its registered capital) was approved to be changed to RMB8,950,000 (the then RMB equivalent of HK\$10,000,000).

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

APPENDIX V

STATUTORY AND GENERAL INFORMATION

6. Repurchase by the Company of its own securities

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

(a) *Shareholders' approval*

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

Note: Pursuant to a resolution in writing passed by the sole Shareholder of the Company on [24] August 2009, the Repurchase Mandate was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of the Company immediately following completion of [●] and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the [[●] or] exercise of options that may be granted under the Share Option Scheme), such mandate will expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the same, whichever occurs first.

(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under 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 its Articles of Association 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 its Articles of Association and subject to the Companies Law, out of capital.

(c) *Reasons for repurchases*

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

(d) *Funding of repurchases*

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

On the basis of the current financial position of the Group as disclosed in this 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

APPENDIX V

STATUTORY AND GENERAL INFORMATION

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.

Assuming that the [●] is not exercised, the exercise in full of the Repurchase Mandate, on the basis of [●] Shares in issue immediately after the listing of the Shares on the Main Board, would result in up to [●] Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

Assuming that the [●] is exercised in full and on the basis of [●] Shares in issue immediately after the exercise of the [●], the exercise in full of the Repurchase Mandate, would result in up to [●] Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(e) *General*

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

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

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

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

7. **Registration under Part XI of the Companies Ordinance**

The Company has been registered in Hong Kong under Part XI of the Companies Ordinance as a non-Hong Kong company and our principal place of business in Hong Kong is at 9th Floor, Zung Fu Industrial Building, 1067 King’s Road, Quarry Bay, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mok Chun Ho, Neil of 9th Floor, Zung Fu Industrial Building, No. 1067 King’s Road, Quarry Bay, Hong Kong has been appointed as our agent for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

8. Summary of material contracts

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

- (1) the Management and Consultation Services Agreement dated [24] August 2009 entered into between Zhuhai Technology with Guangzhou Modern Information, Guangzhou Modern Books, Zhuhai Yinhu and Zhuhai Modern Zhimei (collectively the “**Publishing and Investment Holding Entities**”), pursuant to which the Publishing and Investment Holding Entities will engage Zhuhai Technology on an exclusive basis to provide consultation services in, among others, the management, sales and marketing, enterprise management and other supporting services in connection with their business and in return, Zhuhai Technology will charge for such services rendered.
- (2) the Management and Consultation Services Agreement dated [24] August 2009 entered into between Zhuhai Technology with Shanghai Gezhi, Beijing Yage Zhimei, Shenzhen Yage Zhimei and Guangzhou Yage (collectively the “**Sales Entities**”), pursuant to which the Sales Entities will engage Zhuhai Technology on an exclusive basis to provide consultation services in, among others, the management, sales and marketing, enterprise management and other supporting services in connection with their business and in return, Zhuhai Technology will charge for such services rendered.
- (3) the Management and Consultation Services Agreement dated [24] August 2009 entered into between Zhuhai Technology with Beijing Yage and Shanghai Yage (collectively the “**Production Entities**”), pursuant to which the Production Entities will engage Zhuhai Technology on an exclusive basis to provide consultation services in, among others, the management, sales and marketing, enterprise management and other supporting services in connection with their business and in return, Zhuhai Technology will charge for such services rendered.

The fees to be charged by Zhuhai Technology pursuant to the Management and Consultation Services Agreements under items (1) to (3) above are based on the total revenue of the respective PRC Operational Entities, after deducting all the related costs of sales, expenses and taxes as audited by such certified public accountants of the PRC.

- (4) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Mr. Shao whereby Mr. Shao granted a continuing first priority security interests over all his direct equity interests in Guangzhou Modern Information to Zhuhai Technology.
- (5) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology, Mr. Shao and Guangzhou Modern Information whereby Mr. Shao and Guangzhou Modern Information granted a continuing first priority security interests over their respective direct equity interests in Guangzhou Modern Books to Zhuhai Technology.

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (6) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology, Mr. Shao and Guangzhou Modern Information whereby Mr. Shao and Guangzhou Modern Information granted a continuing first priority security interests over their respective direct equity interests in Zhuhai Yinhu to Zhuhai Technology.
- (7) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Zhuhai Yinhu whereby Zhuhai Yinhu granted a continuing first priority security interests over its direct equity interests in Zhuhai Modern Zhimei to Zhuhai Technology.
- (8) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Zhuhai Modern Zhimei whereby Zhuhai Modern Zhimei granted a continuing first priority security interests over its direct equity interests in Shanghai Gezhi to Zhuhai Technology.
- (9) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Zhuhai Modern Zhimei whereby Zhuhai Modern Zhimei granted a continuing first priority security interests over its direct equity interests in Beijing Yage Zhimei to Zhuhai Technology.
- (10) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Zhuhai Modern Zhimei whereby Zhuhai Modern Zhimei granted a continuing first priority security interests over its direct equity interests in Shenzhen Yage Zhimei to Zhuhai Technology.
- (11) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology and Zhuhai Modern Zhimei whereby Zhuhai Modern Zhimei granted a continuing first priority security interests over its direct equity interests in Guangzhou Yage to Zhuhai Technology.
- (12) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology, Guangzhou Modern Information and Guangzhou Modern Books whereby Guangzhou Modern Information and Guangzhou Modern Books granted a continuing first priority security interests over their respective equity interests in Shanghai Yage to Zhuhai Technology.
- (13) The Equity Pledge Agreement dated [24] August 2009 entered into between Zhuhai Technology, Guangzhou Modern Information and Guangzhou Modern Books whereby Guangzhou Modern Information and Guangzhou Modern Books granted a continuing first priority security interests over their respective equity interests in Beijing Yage to Zhuhai Technology.

Pursuant to the Equity Pledge Agreements under items (4) to (13) above, Zhuhai Technology is entitled to all dividends derived from the pledged equity interests. Zhuhai Technology is entitled to exercise its rights to sell the pledged equity interests on occurrence of any non-payment of services fees to Zhuhai Technology under the Management and Consultation Services Agreements.

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (14) The Business Operation Agreement dated [24] August 2009 entered into between Zhuhai Technology with Guangzhou Modern Information, Guangzhou Modern Books, Zhuhai Yinhu, Zhuhai Modern Zhimei and Mr. Shao, whereby the Publishing and Investment Holding Entities have undertaken, among others, not to enter into any material business transaction without the prior written consent of Zhuhai Technology and to appoint individuals as nominated by Zhuhai Technology to be the directors and key management of the Publishing and Investment Holding Entities.
- (15) The Business Operation Agreement dated [24] August 2009 entered into between Zhuhai Technology with Shanghai Gezhi, Beijing Yage Zhimei, Shenzhen Yage Zhimei, Guangzhou Yage and Zhuhai Modern Zhimei, whereby the Sales Entities have undertaken, among others, not to enter into any material business transaction without the prior written consent of Zhuhai Technology and to appoint individuals as nominated by Zhuhai Technology to be the directors and key management of the Sales Entities.
- (16) The Business Operation Agreement dated [24] August 2009 entered into between Zhuhai Technology with Shanghai Yage, Beijing Yage, Guangzhou Modern Information and Guangzhou Modern Books, whereby the Production Entities have undertaken, among others, not to enter into any material business transaction without the prior written consent of Zhuhai Technology and to appoint individuals as nominated by Zhuhai Technology to be the directors and key management of the Production Entities.

Pursuant to the Business Operation Agreements under items (14) to (16) above, nominees of Zhuhai Technology are authorised to exercise the rights of shareholders of the PRC Operational Entities so as to ensure that any dividend and/or capital gain derived from the equity interests in the PRC Operational Entities, distributable reserve and proceeds from the realisation of any assets by the PRC Operational Entities which are distributable in accordance with applicable laws and the constitutional documents of each of the PRC Operational Entities received thereof shall be paid to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment or distribution.

- (17) The Option Agreement dated [24] August 2009 entered into between Modern Media (HK), Mr. Shao, Guangzhou Modern Information, Guangzhou Modern Books, Zhuhai Yinhu and Zhuhai Modern Zhimei, whereby Modern Media (HK) has been granted options to acquire, directly or through one or more nominees, the entire equity interest in the Publishing and Investment Holding Entities at nil consideration or the minimum amount as permitted by the applicable PRC laws, while Modern Media (HK) may exercise such options at any time and in any manner at its sole discretion subject to compliance with the PRC laws.
- (18) The Option Agreement dated [24] August 2009 entered into between Modern Media (HK), Zhuhai Modern Zhimei, Shanghai Gezhi, Beijing Yage Zhimei, Shenzhen Yage Zhimei and Guangzhou Yage, whereby Modern Media (HK) has been granted options to acquire, directly or through one or more nominees, the entire equity interest in the Sales Entities at nil consideration or the minimum amount as permitted by the applicable PRC laws, while Modern Media (HK) may exercise such options at any time and in any manner at its sole discretion subject to compliance with the PRC laws.

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (19) The Option Agreement dated [24] August 2009 entered into between Modern Media (HK), Guangzhou Modern Information, Guangzhou Modern Books, Shanghai Yage and Beijing Yage, whereby Modern Media (HK) has been granted options to acquire, directly or through one or more nominees, the entire equity interest in the Production Entities at nil consideration or the minimum amount as permitted by the applicable PRC laws, while Modern Media (HK) may exercise such options at any time and in any manner at its sole discretion subject to compliance with the PRC laws.
- (20) The Proxy Agreement dated [24] August 2009 entered into by Zhuhai Technology, Mr. Shao and Guangzhou Modern Information pursuant to which (i) Guangzhou Modern Information has undertaken, among others, that it shall authorise Mr. Shao to exercise its shareholders’ rights in each of Zhuhai Yinhu and Guangzhou Modern Books in the interests of and/or based on the instruction from Zhuhai Technology and, in case any dividend and/or capital gain is derived from the equity interests in Zhuhai Yinhu and Guangzhou Modern Books, the same shall be paid by Guangzhou Modern Information to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment; and (ii) Mr. Shao has undertaken, among others, that he shall exercise the shareholders’ rights in each of the Publishing and Investment Holding Entities in the interests of and/or based on the instruction from Zhuhai Technology and, in case any dividend and/or capital gain is derived from the equity interests in the Publishing and Investment Holding Entities, the same shall be paid by Mr. Shao to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment.
- (21) The Proxy Agreement dated [24] August 2009 entered into by Zhuhai Technology, Mr. Shao and Zhuhai Modern Zhimei pursuant to which (i) Zhuhai Modern Zhimei has undertaken, among others, to authorise Mr. Shao to exercise the shareholders’ rights in each of the Sales Entities in the interests of and/or based on the instruction from Zhuhai Technology and, in case any dividend and/or capital gain is derived from the equity interests in the Sales Entities, the same shall be paid to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment; and (ii) Mr. Shao has undertaken, among others, that in the course of the aforesaid authorisation from Zhuhai Modern Zhimei, in case any dividend and/or capital gain is derived from the equity interests in the Sales Entities, the same shall be paid to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment.
- (22) The Proxy Agreement dated [24] August 2009 entered into by Zhuhai Technology, Mr. Shao, Guangzhou Modern Information and Guangzhou Modern Books, pursuant to which (i) Guangzhou Modern Information and Guangzhou Modern Books have undertaken, among others, to authorise Mr. Shao to exercise the shareholders’ rights in each of the Production Entities in the interests of and/or based on the instruction from Zhuhai Technology and, in case any dividend and/or capital gain is derived from the equity interests in the Production Entities, the same shall be paid to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment; and (ii) Mr. Shao has undertaken, among others, that in the course of the aforesaid authorisation from Guangzhou Modern Information and Guangzhou Modern Books, in case any dividend and/or capital gain is derived from the equity interests in the Production Entities, the same shall be paid to Zhuhai Technology as soon as practicable but in any event no later than three days from the receipt of the payment.

APPENDIX V






STATUTORY AND GENERAL INFORMATION

- (23) The Trademark Transfer Agreement dated [24] August 2009 entered into between Guangzhou Modern Information and Zhuhai Technology, pursuant to which (i) Guangzhou Modern Information has granted an option to Zhuhai Technology to acquire certain trademarks (upon their application for registration in the PRC having been completed) regarding the PRC Magazines and its business at a nominal consideration of RMB1 or such other minimum amount as required by the applicable PRC laws; (ii) prior to Zhuhai Technology’s exercise of such option, Zhuhai Technology and its nominees may use the trademarks free from payment of royalty; and (iii) Guangzhou Modern Information has been restrained from licensing the trademarks to any third party without Zhuhai Technology’s prior written consent.
- (24) A deed of covenants dated [24] August 2009 and made between Mr. Shao and the Company pursuant to which Mr. Shao has given, among others, certain non-compete undertakings in favour of the Group.
- (25) A deed of indemnity dated [24] August 2009 executed by Mr. Shao in favour of the Company for itself and as trustee for its subsidiaries stated therein containing the indemnities in respect of estate duty, taxation and other liabilities more particularly referred to in paragraph 16 of this Appendix.
- (26) [●].

9. Intellectual Property Rights of the Group

Trademarks

As at the Latest Practicable Date, the following trademarks were subjects of the Group’s applications for trademark registration in the PRC, which registration has not yet been granted:

Trademark	Class	Application number	Date of application
	35	5968620	29 March 2007
	41	6159041	11 July 2007
	35	6159042	11 July 2007
	16	6167094	16 July 2007
	16	6167095	16 July 2007

APPENDIX V

STATUTORY AND GENERAL INFORMATION


Trademark	Class	Application number	Date of application
	16	6167096	16 July 2007
	16	6167097	16 July 2007
	16	6171449	18 July 2007
优家 You Family	16	6347959	29 October 2007
大声展	41	6517104	18 January 2008
Get It Louder 大声展	42	6517128	18 January 2008
Get It Louder			
优家画报U+	16	7476142	17 June 2009
	16	7497791	25 June 2009
LIFEMAGAZINE	[●]	[●]	[●] July 2009
Lifestyle Of Health And Sustainability	[●]	[●]	[●] July 2009
Lifestyle Of Health And Sustainability 	[●]	[●]	[●] July 2009

Note: The products and/or services being applied for trademark registration under classes 16, 41 and 42 above include books, printed publications, newspapers, journals, magazines (periodicals) and news publications; while the products and/or services being applied for trademark registration under class 35 above include advertising and communication, direct mail advertising, publication of advertising and promotional brochures, advertising and promotions, and advertising agency respectively.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

As at the Latest Practicable Date, the following trademarks in series were subjects of the Group’s application for trademark registration in Hong Kong, which registration has not yet been granted:

Trademark (in series)	Class (Note)	Application number	Date of filing
	16, 35, 41 and 42	301326753	17 April 2009

Note: The products and/or services covered under class 16 include printed matter, magazines, newsletters, pamphlets, brochures, books. The products and/or services covered under class 35 include sale of advertising spaces in printed media, production and design of advertisements, advertising, business management consultancy, marketing and promotional services and sales (retail) of computer software. The products and/or services covered under class 41 include provision of training, organising cultural exchange activities, event and exhibition management (organising), publishing and distribution of printed media. The products and/or services covered under class 42 include research and development of computer software, after-sale services of computer software, namely making tailor-made modifications (custom design) to standard model of the computer software in order to suit clients’ specific requirements.

As at the Latest Practicable Date, the Group was the registered proprietor and beneficial owner of the following registered trademarks in Hong Kong:

Trademark	Class (Note)	Trade Mark number	Expiry date
CITY MAGAZINE	16, 41	200310474AA	11 April 2017
號外	16, 41	200310476AA	11 April 2017

Note: The products covered under Class 16 are magazines. The services covered under Class 41 are the publishing of magazines.

Computer software copyright

As at the Latest Practicable Date, the Group obtained certificate of computer software copyright form 中華人民共和國國家版權局 (National Copyright Administration of the PRC*). The name of the product registered is 現代傳播媒體管理系統 V2.00 (Modern Media Management System V2.00*), with registration number 粵 DGY-2008-0552.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Domain Name

To protect the names of the PRC magazines and City Magazine and the names of some of the Group companies from possible infringement by persons registering such names or similar as domain names, the Group has registered over 100 domain names. As at the Latest Practicable Date, the following domain names were registered and principally used by the Group’s in its business operations:

Domain name	Name of Registrant	Registration Date	Expiry Date
modernmedia.com.cn	Guangzhou Modern Information	20 November 2002	20 November 2010
modernweekly.com	Guangzhou Modern Information	31 December 2002	30 December 2011
theoutlookmagazine.com	Guangzhou Modern Information	15 August 2002	15 August 2011
chinalifemagazine.com	Guangzhou Modern Information	7 July 2009	7 July 2011
cityhowwhy.com.hk	City Howwhy	9 March 2006	15 March 2012
caranddream.com.cn	Guangzhou Modern Information	24 September 2007	24 September 2011
uplusweekly.com	Guangzhou Modern Information	29 October 2008	29 October 2011
lohasliving.com.cn	Guangzhou Modern Information	2 July 2007	2 July 2011

10. Further information about the Group’s PRC establishments

The Company has indirect equity interest in the registered capital of two companies established in the PRC. Further, ten companies established in the PRC (i.e. the PRC Operational Entities) are regarded as subsidiaries of the Company by way of the Contractual Arrangements. A summary of the corporate information of these enterprises as at the Latest Practicable Date is set out as follows:

- (1) (i) Name of the enterprise: 現代傳播(珠海)科技有限公司 (Modern Media (Zhuhai) Technology Co., Ltd.*)
- (ii) Economic nature: Wholly foreign-owned enterprise
- (iii) Registered owner: Modern Media (HK)
- (iv) Total investment amount: HK\$10,000,000 (approved to be increased to HK\$60,000,000 in June 2009)

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (v) Registered capital: HK\$10,000,000 (approved to be increased to HK\$35,000,000 in June 2009, [HK\$4,600,000] of which has been paid up, HK\$5,000,000 of which is required to be paid up by 30 September 2009 while the remaining unpaid registered capital thereafter is required to be paid within 24 months from when the renewed business licence of Zhuhai Technology is issued)
- (vi) Attributable interest to the Company: 100%
- (vii) Term of operation: 20 years, from 13 April 2006 to 13 April 2026
- (viii) Scope of business: research and development, production and sale of software and of after-sale service of software and consultancy service of enterprise management
- (ix) Locations of branches: Shenzhen, Shanghai, Guangzhou and Beijing
- (2) (i) Name of the enterprise: 雅致美信息諮詢(深圳)有限公司 (Yazhimei Information Consultation (Shenzhen) Co., Ltd.*)
- (ii) Economic nature: Wholly foreign-owned enterprise
- (iii) Registered Owner: City Howwhy
- (iv) Total investment amount: HK\$2,000,000
- (v) Registered capital: HK\$2,000,000 (fully paid-up)
- (vii) Attributable interest to the Company: 100%
- (viii) Term of operation: 15 years, from 16 August 2007 to 16 August 2022
- (ix) Scope of business: provision of consultancy services in economic information, project investment planning and enterprise management
- (3) (i) Name of the enterprise: 廣州現代資訊傳播有限公司 (Guangzhou Modern Information Media Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Mr. Shao
- (iv) Registered capital: RMB1,100,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: Indefinite

APPENDIX V

STATUTORY AND GENERAL INFORMATION

- (vii) Scope of business: advertisement design, production and agency; retail of local books, newspapers and periodicals (with valid operating permit held with an expiry date of 31 March 2013); planning and coordination of cultural activities and exhibitions
- (4) (i) Name of the enterprise: 廣州現代圖書有限公司 (Guangzhou Modern Books Co., Ltd.)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Mr. Shao (90%), Guangzhou Modern Information (10%)
- (iv) Registered capital: RMB3,010,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: Indefinite
- (vii) Scope of business: provision of consultancy services for books information; book presentation design, wholesale and retail of local books, newspapers and periodicals (valid up to 31 March 2013)
- (5) (i) Name of the enterprise: 珠海市銀弧廣告有限公司 (Zhuhai Yinhu Advertising Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owners: Mr. Shao (90%), Guangzhou Modern Information (10%)
- (iv) Registered capital: RMB500,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: 10 years, from 30 March 2001 to 30 March 2011
- (vii) Scope of business: design, production, publication and agency services for various international and PRC advertisement
- (6) (i) Name of the enterprise: 珠海現代致美文化傳播有限公司 (Zhuhai Modern Zhimei Culture Media Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Zhuhai Yinhu
- (iv) Registered capital: RMB8,950,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (vi) Term of operation: 20 years, from 23 October 2006 to 23 October 2026
- (vii) Scope of business: design, production and publication of advertisements, advertising agency, provision of consultancy services
- (7) (i) Name of the enterprise: 北京現代雅格廣告有限公司 (Beijing Modern Yage Advertising Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Guangzhou Modern Information (80%), Guangzhou Modern Books (20%)
- (iv) Total investment amount: RMB500,000
- (v) Registered capital: RMB500,000 (fully paid-up)
- (vi) Attributable interest to the Company: 100%
- (vii) Term of operation: Not applicable
- (viii) Scope of business: design, production, publication and agency for advertisements in the PRC; organising cultural exchange activities and exhibitions
- (8) (i) Name of the enterprise: 上海雅格廣告有限公司 (Shanghai Yage Advertising Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Guangzhou Modern Information (90%), Guangzhou Modern Books (10%)
- (iv) Registered capital: RMB500,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: 10 years, from 17 June 2002 to 16 June 2012
- (vii) Scope of business: design and production of various advertisements and agency services for and advertising business in the PRC
- (9) (i) Name of the enterprise: 上海格致廣告有限公司 (Shanghai Gezhi Advertising Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Zhuhai Modern Zhimei
- (iv) Registered capital: RMB500,000 (fully paid-up)

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: 20 years, from 16 January 2006 to 15 January 2026.
- (vii) Scope of business: design, production and distribution of advertisements, consultancy service
- (10) (i) Name of the enterprise: 北京雅格致美廣告傳播有限公司 (Beijing Yage Zhimei Advertising Media Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Zhuhai Modern Zhimei
- (iv) Registered capital: RMB500,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: 20 years, from 29 March 2006 to 28 March 2026.
- (vii) Scope of business: design, production publication and agency services for advertisement in the PRC; organising cultural exchange activities and exhibitions
- (11) (i) Name of the enterprise: 深圳市雅格致美資訊傳播有限公司 (Shenzhen Yage Zhimei Information Media Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Zhuhai Modern Zhimei
- (iv) Registered capital: RMB2,000,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%
- (vi) Term of operation: 10 years, from 8 June 2005 to 8 June 2015.
- (vii) Scope of business: advertising business
- (12) (i) Name of the enterprise: 廣州雅格廣告有限公司 (Guangzhou Yage Advertising Co., Ltd.*)
- (ii) Economic nature: a domestic limited liability company
- (iii) Registered owner: Zhuhai Modern Zhimei
- (iv) Registered capital: RMB500,000 (fully paid-up)
- (v) Attributable interest to the Company: 100%

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- | | |
|--------------------------|--|
| (vi) Term of operation: | Not applicable |
| (vii) Scope of business: | publication and agency services for advertisement, organising enterprise ceremony, enterprise image building |

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF AND EXPERTS**11. Directors****(a) Disclosure of interests**

- (i) Mr. Shao is interested in the Reorganisation referred to in paragraph 4 of this Appendix.
- (ii) Mr. Wang Shi is the chairman of 萬科企業股份有限公司 (China Vanke Co., Ltd.*), a company which had transactions with the Group during the Track Record Period. Such transactions are expected to continue after [●] with an annual transaction amount of not exceeding RMB3 million. Mr. Wang Shi and his associates taken together do not exercise (or control the exercise of) in aggregate 30% or more of the voting power at general meetings of 萬科企業股份有限公司 (China Vanke Co., Ltd.*), and do not control the composition of a majority of the board of directors of 萬科企業股份有限公司 (China Vanke Co., Ltd.*).
- (iii) Mr. Jiang Nanchun is the chairman and the chief executive of 分眾傳媒控股有限公司 (Focus Media Holding Limited), a company which had transactions with the Group during the Track Record Period. Such transactions are expected to continue after [●] with an annual transaction amount of not exceeding RMB3 million. Mr. Jiang Nanchun and his associates taken together do not exercise (or control the exercise of) in aggregate 30% or more of the voting power at general meetings of 分眾傳媒控股有限公司 (Focus Media Holding Limited) and do not control the composition of a majority of the board of directors of 分眾傳媒控股有限公司 (Focus Media Holding Limited).
- (iv) Save as disclosed in this document, none of the Directors or their associates was engaged in any dealings with the Group during the two years preceding the date of this document.

(b) Particulars of service contracts

Each of the executive Directors [has entered] into a service contract with the Company pursuant to which each of them agreed to act as an executive Director for an initial term of three years commencing from 1 September 2009.

Each of these executive Directors is entitled to a basic salary subject to an annual increment after 1 January 2010 at the discretion of the Directors of not more than 20% of the annual salary immediately prior to such increase. In addition, each of the executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 10% of the audited combined or consolidated audited net profit of the Group (after taxation and minority interests and

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of the executive Directors are as follows:

Name	Annual salary <i>RMB'000</i>
Mr. Shao	[1,068]
Mr. Cui Jianfeng	[413]
Mr. Li Jian	[1,083]
Mr. Mok Chun Ho, Neil	[814]
Mr. Wong Shing Fat	<u>[1,733]</u>
Total:	<u>[5,111]</u>

Each of the [independent non-executive Directors] has been appointed for an initial term of two years commencing from 1 September 2009. [The Company intends to pay a director's fee of RMB120,000 (or its HK\$ equivalent) per annum to each of the [independent non-executive Directors.] Save for directors' fees, none of the [independent non-executive Directors] is expected to receive any other remuneration for holding their office as [an independent non-executive Director.]

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

(c) ***Directors' remuneration***

- (i) During the year ended [31 December 2008], the aggregate emoluments paid by the Group to the Directors was approximately RMB7.2 million (equivalent to HK\$[8.18] million).
- (ii) Under the arrangements currently in force, the aggregate emoluments payable by the Group to the Directors for the year ending [31 December 2009] are estimated to be approximately RMB[5,231,000].
- (iii) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the [three] years ended [31 December 2008] and the three months ended 31 March 2009 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the [three] years ended [31 December 2008] and the three months ended 31 March 2009.

(d) ***Interests and short positions of Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations***

So far as the Directors are aware, immediately following the completion of the [●] and the Capitalisation Issue (and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the [●]), the interests and short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed, will be as follows:

Long positions in the Company:

Name of Director	The Company	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Shao (Note 2)	The Company	Beneficial owner	[●] (L)	[●]%

Long positions in the associated corporations of the Company:

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Mr. Shao	Beijing Yage	Interest of controlled corporations (Note 3)	100%
Mr. Shao	Beijing Yage Zhimei	Interest of a controlled corporation (Note 4)	100%
Mr. Shao	Guangzhou Modern Information	Beneficial owner	100%
Mr. Shao	Guangzhou Modern Books	Beneficial owner	90%
		Interest of a controlled corporation (Note 5)	10%
Mr. Shao	Guangzhou Yage	Interest of a controlled corporation (Note 6)	100%

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest
Mr. Shao	Shanghai Gezhi	Interest of a controlled corporation (<i>Note 7</i>)	100%
Mr. Shao	Shanghai Yage	Interest of controlled corporations (<i>Note 8</i>)	100%
Mr. Shao	Shenzhen Yage Zhimei	Interest of a controlled corporation (<i>Note 9</i>)	100%
Mr. Shao	Zhuhai Modern Zhimei	Interest of a controlled corporation (<i>Note 10</i>)	100%
Mr. Shao	Zhuhai Yinhu	Beneficial owner	90%
		Interest of a controlled corporation (<i>Note 11</i>)	10%

Notes:

1. The letter “L” denotes the Director’s long position in the Shares.
2. Subject to any borrowing arrangement which may be effected under the Stock Borrowing Agreement, [●] Shares will on the [●] Date be beneficially owned by Mr. Shao.
3. Beijing Yage is held as to 80% by Guangzhou Modern Information and as to 20% by Guangzhou Modern Books. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Beijing Yage held by Guangzhou Modern Information and Guangzhou Modern Books, both of which are Mr. Shao’s controlled corporations.
4. Beijing Yage Zhimei is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Beijing Yage Zhimei held by Zhuhai Modern Zhimei which is Mr. Shao’s indirect controlled corporation.
5. Guangzhou Modern Books is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the 10% equity interest in Guangzhou Modern Books held by Guangzhou Modern Information, which is Mr. Shao’s controlled corporation.
6. Guangzhou Yage is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Guangzhou Yage held by Zhuhai Modern Zhimei which is Mr. Shao’s indirect controlled corporation.
7. Shanghai Gezhi is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Gezhi held by Zhuhai Modern Zhimei which is Mr. Shao’s indirect controlled corporation.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

8. Shanghai Yage is held as to 90% by Guangzhou Modern Information and as to 10% by Guangzhou Modern Books. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shanghai Yage held by Guangzhou Modern Information and Guangzhou Modern Books, both of which are Mr. Shao’s controlled corporations.
9. Shenzhen Yage Zhimei is held as to 100% by Zhuhai Modern Zhimei, the equity interest of which is wholly held by Zhuhai Yinhu, which in turn is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Shenzhen Yage Zhimei held by Zhuhai Modern Zhimei which is Mr. Shao’s indirect controlled corporation.
10. Zhuhai Modern Zhimei is held as to 100% by Zhuhai Yinhu, the equity interest of which is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the equity interest in Zhuhai Modern Zhimei held by Zhuhai Yinhu, 90% of which equity interest is beneficially held by Mr. Shao while the remaining 10% equity interest is held Mr. Shao is deemed interest in 10% of which as his (indirect) controlled corporation).
11. Zhuhai Yinhu is held as to 90% by Mr. Shao and as to 10% by Guangzhou Modern Information. Mr. Shao is accordingly deemed by the SFO to be interested in the 10% equity interest in Zhuhai Yinhu held by Guangzhou Modern Information which is Mr. Shao’s controlled corporation.

12. Interest discloseable under the SFO and substantial Shareholders

So far as the Directors are aware, immediately following the completion of the [●] and the Capitalisation Issue (but without taking account of any Shares which may be taken up under the [●] and any Shares which may be allotted and issued upon the exercise of the [●]), the following persons (other than the Directors or chief executive officer of the Company) will have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of the Shares:

Name	Capacity	Number of Shares	Approximate percentage of shareholding
ZHOU Shao-min (周少敏)	Interest of spouse	[●]	[●]%

13. Connected transactions and related party transactions

Save as disclosed in this document and note 27 of the accountants’ report of the Company set out in Appendix I to this document, during the two years immediately preceding the date of this document, the Group has not engaged in any other material connected transactions or related party transactions.

14. Disclaimers

Save as disclosed in this document:

- (i) and taking no account of any Shares which may be taken up or acquired under the [●] or upon the exercise of the [●] or the options granted or which may be granted under the Share Option Scheme, the Directors are not aware of any person

APPENDIX V

STATUTORY AND GENERAL INFORMATION

who will, immediately following the completion of the [●] and the Capitalisation Issue, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group;

- (ii) none of the Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under such provisions of the SFO, any interests or short position in the Shares or underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed on the Main Board;
- (iii) none of the Directors nor the experts named in paragraph 21 of this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of the Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or disposed of by or leased to any member of the Group nor will any Director apply for Shares either in his own name or in the name of a nominee;
- (iv) none of the Directors nor the experts named in paragraph 21 of this Appendix 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 taken as a whole; and
- (v) none of the experts named in paragraph 21 of this Appendix has any shareholding in any member in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group.

OTHER INFORMATION

15. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the sole Shareholder on [24] August 2009:

(i) *Purposes of the scheme*

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

APPENDIX V

STATUTORY AND GENERAL INFORMATION

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

(ii) *Who may join*

The Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

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

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

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

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board (“**General Scheme Limit**”).
- (cc) Subject to (aa) above but without prejudice to (dd) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders’ approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the

APPENDIX V

STATUTORY AND GENERAL INFORMATION

exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).
- (bb) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

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

(vi) *Time of acceptance and exercise of option*

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

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

APPENDIX V

STATUTORY AND GENERAL INFORMATION

(vii) *Performance targets*

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

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

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

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

(ix) *Ranking of Shares*

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

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

(x) *Restrictions on the time of grant of options*

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

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

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

(xi) *Period of the Share Option Scheme*

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

(xii) *Rights on ceasing employment*

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

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

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

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

(xiv) *Rights on dismissal*

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

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

(xv) Rights on breach of contract

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

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

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

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

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

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

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

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) *Adjustments to the subscription price*

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

(xx) *Cancellation of options*

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

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

(xxi) *Termination of the Share Option Scheme*

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) *Rights are personal to the grantee*

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

(xxiii) *Lapse of option*

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

- (aa) the expiry of the period referred to in paragraph (vi);
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvii) and (xviii);
- (cc) the date on which the Directors shall exercise the Company’s right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

(xxiv) *Others*

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of the Company in general meeting.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

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

(i) *Approval of the Listing Committee required*

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

(ii) *Application for approval*

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

(iii) *Grant of option*

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

(iv) *Value of options*

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

16. Estate duty, tax and other indemnities

Mr. Shao (“**Indemnifier**”) [has entered] into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph 8 of this Appendix and all its present subsidiaries to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of the Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the Group on or before the date on which the [●] becomes unconditional.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Under the deed of indemnity, the Indemnifier has also given indemnities to the Group in relation to taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the [●] becomes unconditional. The Indemnifier has given further indemnities in favour of the Group in connection with certain legal irregularities of our leased properties in the PRC. With respect to the [seven] properties used as car parking space, office, staff dormitory and retail shop (details of which are set out in properties numbered [10, 11, 13, 14, 17, 18 and 19] in Appendix III to this document), [in the event that any third party seeks to assert their ownership right against the lessors of the aforesaid properties and/or challenges those leases in future, the Indemnifier has agreed, subject to the provisions of the deed of indemnity, to indemnify us against any damages, losses or liabilities as a result of such claim and/or challenge not otherwise recoverable by us from the lessors. With respect to the non-registration of certain tenancy agreements regarding [sixteen] properties leased by us in the PRC (details of which are set out in properties numbered [3 (in respect of unit 2915 only), 5, 6 (in respect of the car parking spaces only), 7 (in respect of a warehouse on L1 only), 8-19] in Appendix III to this document), the Indemnifier has agreed, subject to the provisions of the deed of indemnity, to indemnify us against any damages, losses or liabilities as a result of such non-registration if the same leads to our eviction from the aforesaid properties and that relocation would be required.]

As at [the Latest Practicable Date], a total amount of RMB[15,152,000] ("**Guangzhou Zhongde Receivables**") was owing from Guangzhou Zhongde to the Group, details of which are set out in the paragraph headed "Amount due from related parties - (ii) amount due from related companies" in the "Financial Information" section of this document and note 21(b) in Appendix I to this document. It has been agreed by the Group with Guangzhou Zhongde that the Guangzhou Zhongde Receivables will be settled by instalments of approximately RMB[600,000] every two-months starting from [January 2010] until full settlement in [2014]. In such connection, the Indemnifier has given indemnities under the deed of indemnity to the effect that where Guangzhou Zhongde fails to repay to the Group any instalment in accordance with the agreed settlement terms for repayment of the Guangzhou Zhongde Receivables, the Indemnifier shall forthwith pay the overdue instalment in full to the Group, and that the Indemnifier will indemnify the Group against any losses, costs and expenses arising therefrom or in connection therewith. While our Company [has been advised by our PRC legal advisers that, among others, no PRC laws has prescribed that penalty will be imposed on the Group by any court of the PRC in respect of such amount advanced to Guangzhou Zhongde, in the event that we shall be subject to any penalty arising from the Guangzhou Zhongde Receivables, the Indemnifier has also agreed to indemnify our Group in full of such penalty (if any).

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, BVI and the PRC.

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

- (a) to the extent that provision has been made for such taxation in the audited accounts of the Company or any of its subsidiaries up to 31 March 2009; or

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

- (b) to the extent that such taxation or liability for such taxation falling on any member of the Group in respect of their accounting period commencing on 1 April 2009 and ending on the [●] Date, where such taxation or liability 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) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 March 2009; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 March 2009 or pursuant to any statement of intention made in the document; or
- (c) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the Group for each of the three years ended 31 December 2008 and the three months ended 31 March 2009 and 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 referred to in this item (d) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

17. Litigation

[Neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial condition of the Group.]

18. [●]

The [●] [has made] an application for and 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.

19. Preliminary expenses

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

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

20. Promoter

[The promoter of the Company is Mr. Shao. Save as disclosed herein, within the two years immediately preceding the date of this document, no cash, securities, amount or other benefit has been paid, allotted or given to any promoter in connection with the [●] of the related transactions described in this document.]

21. Qualifications of experts

The qualifications of the experts who have given opinions or advices in this document are as follows:

Name	Qualification
ICBC International Capital Limited	a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
Conyers Dill & Pearman	Cayman Islands attorneys at law
KPMG	Certified Public Accountants
Jingtian & Gongcheng	Legal advisors to the Company as to PRC law
CB Richard Ellis Limited	Independent property valuer

22. Consents of experts

Each of ICBC International, Conyers Dill & Pearman, KPMG, Jingtian & Gongcheng and CB Richard Ellis Limited has given and has not withdrawn its written consents to the issue of this document with copies of their reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

23. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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.

24. Taxation of holders of Shares

Dealings in Shares registered on the Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of the Company, the Directors or the other parties involved in the [●] 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.

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

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

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

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

25. Miscellaneous

- (a) Save as disclosed herein:
 - (i) within two years immediately preceding the date of this document:
 - (aa) no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in the Company or any of its subsidiaries; and
 - (dd) no amount or benefit has been paid or given or intended to be paid or given to the promoter of the Company;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) there has been no material adverse change in the financial position or prospects of the Group since 31 March 2009 (being the date to which the latest audited combined financial statements of the Group were made up); and
 - (iv) there has not been any interruption in the business of the Group which may have or has had a material adverse effect on the financial position of the Group.
- (b) Subject to the provisions of the Companies Law, the register of members of the Company will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by [Tricor Investor Services Limited]. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

APPENDIX V**STATUTORY AND GENERAL INFORMATION**

26. Bilingual document

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