

## **APPENDIX VIII**

## **STATUTORY AND GENERAL INFORMATION**

### **A. FURTHER INFORMATION ABOUT OUR COMPANY**

#### **1. Establishment of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on July 18, 2007. Our Company has established a place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queen's Road East, Wanchai, Hong Kong and was registered on June 12, 2008 as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance, with Au-Yeung Po Fung, appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was established in the Cayman Islands, it operates subject to the relevant laws and regulations of the Cayman Islands and to its constitution which comprises the Articles of Association. Certain relevant aspects of the relevant laws and regulations of the Cayman Islands and a summary of certain relevant parts of the Articles of Association are set out in Appendix VII to this document.

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

The authorized share capital of our Company as at the date of its incorporation was US\$50,000 divided into 50,000 shares of US\$1.00 each.

On August 6, 2007, one subscriber share with par value of US\$1.00 of our Company was transferred to Skylong. On August 6, 2007, our Company allotted and issued 59 Shares, 20 Shares, 10 Shares and 10 Shares of US\$1.00 each to Skylong, Sky Infinity, Walong and Wason, respectively.

On December 14, 2007, we increased and revised our authorized share capital to HK\$300,000,000, divided into 30,000,000,000 Shares, with a par value of HK\$0.01 each. We allotted and issued an aggregate of 3,000,000,000 nil-paid Shares to our then existing shareholders and, immediately following such allotment and issuance, we canceled the then existing 100 shares, with a par value of US\$1.00 each, in our issued capital and also canceled the then existing authorized but unissued 49,900 shares, with a par value of US\$1.00 each. The then outstanding share capital of US\$100 was transferred to our share premium account. On June 4, 2008, a cash payment of HK\$30,000,000 was made to us by our then existing shareholders for the purpose of paying up the unpaid 3,000,000,000 Shares allotted and issued to our then existing shareholders.

On September 16, 2009, we allotted and issued an aggregate of 150,000,000 Shares to Skylong as directed by Mr. Hoi Kin Hong, credited as fully paid, to settle the advances made by Mr. Hoi Kin Hong to us in the total amount of RMB1,000,000,000.

Save for aforesaid and as mentioned in the paragraph entitled "— 3. Written resolutions of all our Shareholders" below, there has been no alteration in the share capital of our Company since its incorporation.

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### **3. Written resolutions of all our Shareholders**

- (i) Pursuant to the written resolutions passed by our Shareholders on December 14, 2007:
  - (a) we increased and revised our authorized share capital to HK\$300,000,000 divided into 30,000,000,000 Shares with a par value of HK\$0.01 each;
  - (b) we allotted and issued an aggregate of 3,000,000,000 Shares to our then existing Shareholders; and
  - (c) we cancelled the 100 issued Shares with a par value of US\$1.00 each and the authorized and un-issued 49,900 Shares with a par value of US\$1.00 each;
- (ii) Pursuant to the written resolutions passed by our Shareholders on June 2, 2008:
  - (a) our Company approved and adopted the Articles of Association on September 16, 2009;

### **4. Corporate reorganization**

The companies comprising the Group underwent a Reorganization. For information relating to the Reorganization, please refer to the section "History, Reorganization and Corporate Structure."

### **5. Changes in share capital of subsidiaries**

Our principal subsidiaries are referred to in the Accountants' Report for our Company, the text of which is set out in Appendix I to this document.

The following alterations in the registered share capital of our subsidiaries have taken place within the two years preceding the date of this document:

1. On December 24, 2007, Hualong Commercial increased its registered capital to Rmb 5,000,000.
2. On January 29, 2008, Zhengzhou Powerlong increased its registered capital to Rmb 700,000,000.
3. On March 3, 2008, Wuxi Yuqi increased its registered capital to US\$15,000,000.
4. On March 19, 2008 Qingdao Powerlong increased its registered capital to Rmb 660,000,000.
5. On April 11, 2008, Qingdao Powerlong Commercial increased its registered capital to Rmb 4,000,000.
6. On September 18, 2008, Tai'an Powerlong Commercial increased its registered capital to Rmb 3,000,000.
7. On December 24, 2008, Fuzhou Powerlong Commercial increased its registered capital to Rmb 10,000,000.

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8. On March 2, 2008, Bengbu Powerlong Commercial increased its registered capital to Rmb 3,000,000.
9. On May 14, 2009, Suqian Powerlong increased its registered capital to Rmb 100,000,000.
10. On May 13, 2009, Lianshang Logistic increased its registered capital to US\$16,000,000.

Save for the subsidiaries mentioned in the Accountants' Report in Appendix I to this document, our Company has no other subsidiaries.

Save as disclosed in this document, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this document.

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

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

The following contracts, considered material and not being contracts entered into in the ordinary course of business, have been entered into by us and/or our subsidiaries within the two years preceding the date of this document:

- (a) an agreement dated December 10, 2007 entered into between Hong Qun Feng and Fuzhou Powerlong regarding the transfer by Hong Qun Feng of his 29% interest in Hualong Commercial to Fuzhou Powerlong at a consideration of Rmb 290,000.00;
- (b) an agreement dated December 14, 2007 between our Company, Hoi Kin Hong, Hoi Wa Fong, Hoi Wa Fan and Macquarie relating to the issue by our Company of the Convertible Bonds in an aggregate principal amount of Rmb 409,580,860 and the Secured Bonds and Secured Notes in an aggregate principal amount of Rmb 614,371,290;
- (c) an agreement dated July 28, 2008 between 張祁 (Zhang Qi) and Fuzhou Powerlong regarding the transfer by 張祁 (Zhang Qi) of his 5% interest in Powerlong Decoration to Fuzhou Powerlong at a consideration of Rmb 250,000.00;
- (d) an agreement dated July 28, 2008 between 郭文虎 (Guo Wen Hu) and Fuzhou Powerlong regarding the transfer by 郭文虎 (Guo Wen Hu) of his 20% interest in Powerlong Decoration to Fuzhou Powerlong at a consideration of Rmb 1,000,000.00;
- (e) an agreement dated July 28, 2008 between 陳章斌 (Chen Zhang Bin) and Fuzhou Powerlong regarding the transfer by 陳章斌 (Chen Zhang Bin) of his 5% interest in Powerlong Decoration to Fuzhou Powerlong at a consideration of Rmb 250,000.00;
- (f) an amendment agreement dated September 30, 2008 entered into between our Company, Hoi Kin Hong, Hoi Wa Fong, Hoi Wa Fan and the Investors relating to the issue by our Company to the Investors the Secured Bonds and the Secured Notes;

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- (g) an agreement dated January 20, 2009 between HK Powerlong and Powerlong (HK) 1 regarding the transfer of HK Powerlong of its 90% interest in Qingdao Licang Powerlong to Powerlong (HK) 1 at a consideration of HK\$1.00;
- (h) an agreement dated May 31, 2009 between HK Powerlong and Fuzhou Powerlong regarding the transfer by HK Powerlong of its 60% interest in Zhengzhou Powerlong to Fuzhou Powerlong at a consideration of HK\$1.00;
- (i) an agreement dated June 2, 2009 between HK Powerlong and Fuzhou Powerlong regarding the transfer by HK Powerlong of its 60% interest in Qingdao Powerlong to Fuzhou Powerlong at a consideration of HK\$1.00;
- (j) a second amendment agreement dated July 17, 2009 entered into between our Company, Hoi Kin Hong, Hoi Wa Fong, Hoi Wa Fan and the Investors relating to the issue by our Company to the investors the Secured Bonds and the Secured Notes;
- (k) an instrument of transfer dated August 12, 2009 between GNL09 Limited and Lianshang Logistics regarding the transfer by GNL09 Limited of its 100% interest in Kind Sonic to Lianshang Logistics at a consideration of HK\$1.00;
- (l) the Deed of Non-competition dated September 16, 2009 between the Controlling Shareholders and our Company pursuant to which the Controlling Shareholders have unconditionally undertaken to us that he/it will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in, any business which may be in competition with our businesses and those of our subsidiaries;
- (m) the deed of indemnity dated September 16, 2009 given by the indemnifiers named therein in favor of our Company and its subsidiaries in respect of, amongst others, Hong Kong estate duty, taxation and other indemnities referred to in the sub-section entitled “— D. Other Information — 3. Estate duty, tax and other indemnities” in this Appendix;


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### 2. Intellectual property

#### (a) Trademarks




- (i) As at the Latest Practicable Date, we had the right to use each of the following trademarks pursuant to a trademark license agreement dated September 4, 2009:

Trademark	Name of Registrant	Place of Registration	Class	Registration Number	Expiry Date
<b>POWERLONG</b> . . .	Xiamen Powerlong Group	PRC	36	1491633	December 13, 2010
<b>POWERLONG</b> . . .	Xiamen Powerlong Group	PRC	37	1495381	December 20, 2010
 . . . . .	Xiamen Powerlong Group	PRC	43	3657326	November 20, 2015
<b>POWERLONG</b> . . .	Xiamen Powerlong Group	PRC	43	3657327	November 13, 2015

- (ii) As at the Latest Practicable Date, we had registered the following trademark:

Trademark	Name of Registrant	Place of Registration	Class	Registration Number	Expiry Date
 . . . . .	Fuzhou Powerlong	Hong Kong	35, 36, 37, 42, 43	300791019	January 3, 2017

- (iii) As at the Latest Practicable Date, we had applied for the registration of the following trademarks with the Trademark Office of State Administration for Industry and Commerce of the PRC:

Trademark	Name of Applicant	Place of Application	Class	Application Number	Date of Application
 . . . . .	Fuzhou Powerlong	PRC	37	4442896	July 2, 2008
 . . . . .	Fuzhou Powerlong	PRC	36	4442890	July 2, 2008
<b>宝龙·城市广场</b> . . . . .	Fuzhou Powerlong	PRC	36	5034898	July 2, 2008
 . . . . .	Fuzhou Powerlong	PRC	36	5640632	July 2, 2008

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### (b) *Domain names*

As of the Latest Practicable Date, we were the registered owner of the following domain names:

Domain name	Name of Proprietor	Date of Registration	Expiry date
Powerlong.com . . . . .	Powerlong Management	July 2, 1998	July 1, 2012
Powerlong.com.cn . . . . .	Powerlong Management	August 10, 1998	August 10, 2012
Powerlongrealestate.com . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongrealestate.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongrealestate.com.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongcityplaza.com . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongcityplaza.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongcityplaza.com.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongmall.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
Powerlongmall.com.cn . . . . .	Powerlong Management	February 1, 2008	February 1, 2010
宝龙地产.中国. . . . .	Powerlong Management	February 1, 2008	February 1, 2010
宝龙房地产.中国 . . . . .	Powerlong Management	February 1, 2008	February 1, 2010

## C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Directors

#### (a) *Disclosure of interest — interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations*

The interest or short position of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such

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provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies are as follows.

(i) *Interest in Shares of our Company*

<u>Name of Director</u>	<u>Company/ Associated Corporation</u>	<u>Nature of Interest</u>	<u>Number of Securities</u>	<u>Approximate Percentage of Shareholding</u>
Hoi Kin Hong (Notes 1 and 2) . . . . .	Company	Interest of a controlled corporation	[●] (L)	[●]%
Hoi Wa Fong (Notes 1 and 3) . . . . .	Company	Interest of a controlled corporation	[●] (L)	[●]%
Hoi Wa Fan (Notes 1 and 3) . . . . .	Company	Interest of a controlled corporation	[●] (L)	[●]%

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. Skylong is beneficially owned by Hoi Kin Hong.
3. Sky Infinity is beneficially owned by Hoi Wa Fong.
4. Walong is beneficially owned by Hoi Wa Fan.

(ii) *Interest in associated corporations of the Company*

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Number of Shares</u>	<u>Percentage of Shareholding</u>
Hoi Kin Hong . . . . .	Skylong	100	100%
Hoi Wa Fong . . . . .	Sky Infinity	100	100%
Hoi Wa Fan . . . . .	Walong	100	100%

**(b) Particulars of service contracts**

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

**(c) Directors' remuneration**

Each of the executive Directors is entitled to a director's fee. Each executive Director shall be paid a remuneration on the basis of twelve months in a year. The current annual director's fees and remuneration of the executive Directors for the year ending 31 December 2009 are as follows.

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<u>Name</u>	<u>Annual Director’s Fee (RMB)</u>
Hoi Kin Hong . . . . .	240,000
Hoi Wa Fong . . . . .	240,000
Xiao Qing Ping. . . . .	240,000
Shih Sze Ni . . . . .	240,000
Liu Xiao Lan . . . . .	240,000

The non-executive Director has been appointed for a term of three years. Our Company intends to pay a director’s fee of RMB180,000 per annum to the non-executive Director.

The independent non-executive Directors have been appointed for a term of three years. Our Company intends to pay a director’s fee of HK\$240,000 per annum to each of our independent non-executive Directors.

Under the arrangement currently in force, the aggregate amount of emoluments payable by the Group to the Directors for the year ending December 31, 2009 will be approximately HK\$572,045.

Further details of the terms of the above service contracts are set out in the paragraph entitled “— (b) Particulars of service contracts” in the sub-section entitled “— 1. Directors” in this Appendix.

### 2. Substantial Shareholders

- (a) So far as our Directors are aware, the following persons (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

<u>Name</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Percentage of Shareholding</u>
Skylong ( <i>Notes 1 and 2</i> ) . .	Beneficial owner	[●] (L)	[●]%
Sky Infinity ( <i>Notes 1 and 3</i> ) . . . . .	Beneficial owner	[●] (L)	[●]%
Walong ( <i>Notes 1 and 4</i> ) . .	Beneficial owner	[●] (L)	[●]%
Wason ( <i>Notes 1 and 5</i> ) . .	Beneficial owner	[●] (L)	[●]%



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### Notes:

1. The letter “L” denotes the person’s long position in such securities.
  2. Skylong is beneficially owned by Hoi Kin Hong.
  3. Sky Infinity is beneficially owned by Hoi Wa Fong.
  4. Walong is beneficially owned by Hoi Wa Fan.
  5. Wason is beneficially owned as to 70% by Che Lok Teng, as to 10% by each of Hoi Wa Lam (許華琳), Hoi Wa Lam (許華嵐) and Hoi Wa Weng.
- (b) As of the Latest Practicable Date, so far as is known to our Directors, the following person was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had option in respect of such capital:

<u>Name of shareholder</u>	<u>Name of company</u>	<u>Approximate percentage shareholding</u>
Macau Jurong . . . . .	Wuxi Powerlong	20%
Chen Yi Wei . . . . .	Powerlong Design	20%
Hong Qun Feng . . . . .	Bairun Consulting	29%
Hong Qun Feng . . . . .	Jinjianguo Consulting	29%
Mei Song Hua . . . . .	Xiamen Original Design	29%

### 3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital of any member of the Group.

### 4. Disclaimers

Save as disclosed herein:

- (a) [●]
- (b) [●]
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

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- (e) taking no account of Shares which may be taken up under [●], none of our Directors knows of any person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;
- (f) [●]; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of the Group.

### D. OTHER INFORMATION

#### 1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on September 16, 2009.

##### (a) *Purpose*

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

##### (b) *Who may join*

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and

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- (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

### **(c) *Acceptance of an offer of Options***

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company.

### **(d) *Maximum number of Shares***

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue being [●] Shares, excluding for this purpose Shares which would have been issuable pursuant to options

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which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (q) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (q) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

### **(e) *Maximum number of options to any one individual***

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 schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of

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calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an Option must be accepted;
- (dd) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the Option is offered;
- (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the Option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the Option; and
- (hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

### **(f) Price of Shares**

Subject to any adjustments made as described in paragraph (q) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

### **(g) Granting options to connected persons**

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing

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Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled 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% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

### **(h) *Restrictions on the times of grant of Options***

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

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and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

### **(i) *Rights are personal to grantee***

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

### **(j) *Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

### **(k) *Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

### **(l) *Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (l) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or



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- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation,

which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

### **(m) *Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

### **(n) *Rights on takeover***

If a general offer is made to all the shareholders (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

### **(o) *Rights on winding-up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

### **(p) *Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the



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aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

### **(q) *Ranking of Shares***

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

### **(r) *Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company on the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

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### **(s) *Expiry of option***

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;
- (iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board) or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are canceled in accordance with paragraph (t) below.

### **(t) *Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by shareholders in general meeting.

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### **(u) *Cancellation of Options***

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (i).

### **(v) *Termination of the Share Option Scheme***

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

### **(w) *Administration of the Board***

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

### **(x) *Condition of the Share Option Scheme***

[•]

### **(y) *Disclosure in annual and interim reports***

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

### **(z) *Present status of the Share Option Scheme***

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

## **2. Estate duty, tax and other indemnities**

Our Controlling Shareholders have entered into a deed of indemnity with and in favor of the Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (rr) of the sub-section entitled “— B. Further Information About Our Business — 1. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which our Company may be subject which might be payable by any member of the Group.

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### **3. Litigation**

Save as disclosed in the section entitled “Business – Legal Proceedings and Material Claims” in this document as of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

### **4. Taxation of holders of Shares**

#### **(a) *Hong Kong***

The sale, purchase and transfer of Shares registered with our Company’s Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

#### **(b) *Cayman Islands***

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

#### **(c) *Consultation with professional advisors***

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, the Directors can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

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### 5. Miscellaneous

- (a) Save as disclosed herein, within the two years immediately preceding the date of this document:
  - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries;
- (b) save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in our Company or any of its subsidiaries;
- (c) none of the persons named in the sub-section entitled "— D. Other Information — 10. Consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group;
- (d) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2009 (being the date to which the latest audited consolidated financial information of the Group were made up);
- (e) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document;
- (f) the principal register of members of our Company will be maintained in the Cayman Islands by Butterfield Fulcrum Group (Cayman) Limited and a register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands;
- (g) no company within the Group is presently listed on any stock exchange or traded on any trading system; and
- (h) the Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.