

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

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on April 21, 2009. Our Company was registered as a non-Hong Kong company under Part XI of the Companies Ordinance on August 20, 2009 and our Company's principal place of business in Hong Kong is at Room 1802, 18/F, West Tower, Shun Tak Centre, Sheung Wan, Hong Kong. Mr. Sin Ka Man of Flat A, 9/F, Kingston Heights, Belair Gardens, Shatin, New Territories, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum of association and an articles of association. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles of Association is set out in Appendix VI to this prospectus.

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

As at the date of incorporation of our Company, its authorised share capital was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

- (a) On April 21, 2009, one Share of HK\$0.01 of our Company was allotted and issued credited as fully paid to Codan Trust Company (Cayman) Limited.
- (b) On April 21, 2009, VIL acquired from Codan Trust Company (Cayman) Limited one Share of HK\$0.01 of our Company at its par value.
- (c) On November 30, 2009, as consideration for the acquisition from VIL of one share of US\$1.00 in Top Talent, being its entire issued share capital, 299,999,999 Shares of HK\$0.01 of our Company were allotted and issued credited as fully paid to VIL. After such allotment and issue, VIL held 300,000,000 Shares (which constituted the then entire issued share capital of our Company) in our Company.

Immediately following completion of the Share Offer and assuming that the Over-allotment Option is not exercised, the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 400,000,000 Shares will be issued credited as fully paid, and 9,600,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the section headed “Statutory and General Information — A. Further Information about our Company — 4. Written resolutions of the sole Shareholder of our Company passed on November 30, 2009” in this Appendix, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

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

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

The following alterations in the share capital or registered capital of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

#### ***Top Talent***

- (a) on February 24, 2009, VIL acquired from Long Glory Group Limited one share of US\$1.00 in Top Talent, a direct wholly-owned subsidiary of our Company, for a consideration of HK\$8.00; and
- (b) on November 30, 2009, VIL transferred one share of US\$1.00 in Top Talent to our Company in consideration of our Company issuing 299,999,999 Shares to VIL.

#### ***Bright Regent***

- (a) on May 29, 2009, Top Talent acquired from Fameluxe Investment Limited one share of HK\$1.00 in Bright Regent, an indirect wholly-owned subsidiary of our Company, which was held by Fameluxe Investment Limited in favour of Top Talent pursuant to a declaration of trust dated May 4, 2006, for nil consideration.

***Good Sign***

- (a) Good Sign, an indirect wholly-owned subsidiary of our Company, was incorporated as a limited liability company in Hong Kong on December 19, 2008, one share of HK\$1.00 in Good Sign was allotted and issued credited as fully paid to Ready-Made Incorporations Limited for a consideration of HK\$1.00 upon incorporation;
- (b) on January 29, 2009, Ms. Liang Yun acquired from Ready-Made Incorporations Limited one share of HK\$1.00 in Good Sign for a consideration of HK\$1.00; and
- (c) on February 26, 2009, Top Talent acquired from Ms. Liang Yun one share of HK\$1.00 in Good Sign for a consideration of HK\$1.00.

***Daoyue***

- (a) on May 22, 2008, Daoyue, an indirect 90% non-wholly owned subsidiary of our Company, increased its registered capital from RMB50 million to RMB100 million;
- (b) on January 9, 2009, Daoyue increased its registered capital from RMB100 million to RMB200 million;
- (c) on March 17, 2009, Good Sign acquired from Huayu Investment 90% interest in Daoyue for a consideration of RMB180 million; and
- (d) on July 6, 2009, Daoyue increased its registered capital from RMB200 million to RMB600.95 million.

Save as set out above and in the section headed “Statutory and General Information — B. Corporate Reorganisation” in this Appendix, there has been no alteration in the share capital of any of our subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

**4. Written resolutions of our sole Shareholder passed on November 30, 2009**

Pursuant to the written resolutions of our sole Shareholder entitled to vote at general meetings of our Company, which were passed on November 30, 2009, among other matters:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation 9,962,000,000 Shares of HK\$0.01 each ranking *pari passu* in all respects with the Shares in issue as at the date of passing of the written resolutions;
- (b) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Share Offer, the Over-allotment Option and the Share Option Scheme) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Bookrunner (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:
  - (i) the Share Offer and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Shares pursuant to the Share Offer and Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and the relevant Application Forms;
  - (ii) the rules of the Share Option Scheme were approved and adopted, and the Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue (as defined below), or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Company and/or any of its subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option;

- (e) conditional on the passing of each of the general mandates referred to in paragraphs (c) and (d) above, the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the Share Offer but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option was approved; and
- (f) the Articles were approved and adopted with effect from the conclusion of the meeting of our Directors held on November 30, 2009.

Each of the general mandates referred to in paragraphs (c), (d) and (e) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law of the Cayman Islands to be held; or
- (3) the passing of an ordinary resolution of our Shareholders in general meeting of our Company varying or revoking the authority given to the Directors.

## **5. Repurchase by our Company of our Securities**

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

### **(1) *Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of Shares) must be approved in advance by an ordinary resolution of the Shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Pursuant to the written resolutions passed on November 30, 2009 by our sole Shareholder, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange such number of Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Share Offer, details of which have been described above in the section headed "Statutory and General Information — A. Further Information about our Company — 4. Written resolutions of our sole Shareholder passed on November 30, 2009" in this Appendix.

(ii) *Source of funds*

Any repurchases of Shares by us must be funded out of funds legally available for such purposes in accordance with our Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands. Our Company may not repurchase our own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully paid up.

(2) *Reasons for repurchases*

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

(3) *Funding of repurchases*

In repurchasing Shares, we may only apply funds legally available for such purposes in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the financial position as disclosed in this prospectus and taking into account the working capital position of our Company, our Directors believe that, if the Repurchase Mandate is exercised in full, there may be a material adverse impact on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company.

(4) *General*

To the best knowledge of our Directors having made all reasonable enquiries, none of our Directors nor their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to us if the Repurchase Mandate is exercised.

Our Directors individually and collectively 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, the applicable laws of the Cayman Islands and the regulations set out in the Articles.

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

No repurchases of Shares have been made by the Company since its incorporation.

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



**B. CORPORATE REORGANISATION**

The reorganisation which was effected in preparation for the listing, whereby our Company became the holding company of our Group, included the following major steps:

- (a) On February 18, 2009, Huayu Investment and Good Sign entered into an equity transfer agreement pursuant to which Huayu Investment agreed to transfer 90% equity interest in Daoyue to Good Sign for a total consideration of RMB 180 million. Upon completion of the said equity transfer agreement, Daoyue was held as to 90% by Good Sign and 10% by Huayu Investment.
- (b) On April 21, 2009, our Company was incorporated as an exempted company in the Cayman Islands to act as the ultimate holding company for the subsidiaries in our Group. At the time of its incorporation, our Company has an issued share capital of HK\$0.01 with one share of HK\$0.01, and was held by Codan Trust Company (Cayman) Limited. On April 21, 2009, the one Share in our Company was transferred to VIL.
- (c) On May 29, 2009, Top Talent acquired from Fameluxe Investment Limited one share of HK\$1.00 in Bright Regent, which was held by Fameluxe Investment Limited in favour of Top Talent pursuant to a declaration of trust dated May 4, 2006, at nil consideration.
- (d) On November 30, 2009, VIL and our Company entered into a share transfer agreement pursuant to which VIL agreed to transfer the entire issued capital of Top Talent to our Company in consideration of our Company agreeing to issue 299,999,999 Shares to VIL. Upon completion of the said share transfer agreement, our Company held 100% of the issued share capital of Top Talent.
- (e) On December 7, 2009, Mr. Chan, our Company, Top Talent, Good Sign and Bright Regent entered into a deed of assignment, pursuant to which Mr. Chan assigned the balances due from each of Top Talent, Good Sign and Bright Regent in the amounts of HK\$452,460,907.16, HK\$60,002,849 and HK\$924,236.70 respectively to our Company.

**C. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of the Material Contracts**

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

- (a) An equity transfer agreement dated February 18, 2009 entered into between Huayu Investment and Good Sign for the transfer of 90% equity interest in Daoyue to Good Sign for a consideration of RMB180 million;

- (b) An instrument of transfer dated February 26, 2009 entered into between Ms. Liang Yun and Top Talent for the transfer of one share of HK\$1.00 in Good Sign from Ms. Liang Yun to Top Talent for a consideration of HK\$1.00;
- (c) A joint venture agreement dated February 28, 2009 entered into between Huayu Investment and Good Sign in respect of the joint investment by them in Daoyue;
- (d) An instrument of transfer dated May 29, 2009 entered into between Top Talent and Fameluxe Investment Limited for the transfer of one share of HK\$1.00 in Bright Regent from Fameluxe Investment Limited to Top Talent for nil consideration;
- (e) A supplemental agreement dated June 28, 2009 entered into between Huayu Investment and Good Sign in respect of the amendments to the joint venture agreement dated February 28, 2009 to reflect the increase in the total investment amount and registered capital of Daoyue;
- (f) A share transfer agreement dated November 30, 2009 entered into between Mr. Chan, VIL and our Company for transfer of the entire issued share capital of Top Talent to our Company in consideration of our Company issuing 299,999,999 Shares to VIL;
- (g) An instrument of transfer dated November 30, 2009 entered into between VIL and our Company for the transfer of one share of US\$1.00 in Top Talent from VIL to our Company in consideration of our Company issuing 299,999,999 Shares to VIL;
- (h) The Deed of Non-competition;
- (i) A deed of assignment dated December 7, 2009 entered into between Mr. Chan, our Company, Top Talent and Good Sign and Bright Regent, pursuant to which Mr. Chan assigned the balances due from each of Top Talent, Good Sign and Bright Regent in the amounts of HK\$452,460,907.16, HK\$60,002,849 and HK\$924,236.70 respectively to our Company;
- (j) The Deed of Indemnity; and
- (k) The Public Offer Underwriting Agreement.

## 2. Intellectual Property Rights of our Group

### *Domain Names*

As at the Latest Practicable Date, we have registered the following domain names:

<b>Registrant</b>	<b>Domain Name</b>	<b>Validity period</b>
Huayu Expressway Group Limited	huayu.com.hk	May 15, 2009 to May 22, 2010

## D. FURTHER INFORMATION ABOUT THE DIRECTORS

### 1. Directors' service contracts

Each of our Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other.

Each of our Directors is entitled to the respective initial basic salary set out below. Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all our executive Directors in respect of any financial year of our Company may not exceed 10% of the audited consolidated or combined net profit in respect of that financial year. An executive Director may not vote on any resolution of the Directors regarding the amount of the discretionary bonus payable to him.

The current basic annual salaries of the Directors are as follows:

<b>Name</b>	<b>Annual Amount</b>
Mr. Chan	RMB960,000
Mr. Mai Qing Quan	RMB720,000
Mr. Chen Kai Shu	RMB480,000
Mr. Fu Jie Pin	RMB480,000
Mr. Chen Min Yong	RMB360,000
Mr. Zhang Bo Qing	RMB360,000
Mr. Yue Feng	RMB360,000
Ms. Mao Hui	RMB360,000
Mr. Sun Xiao Nian	RMB50,000
Mr. Chu Kin Wang, Peleus	RMB120,000
Mr. Hu Lie Ge	RMB50,000

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries which does not expire or which is not terminable by us within one year without the payment of compensation (other than statutory compensation).

## 2. Directors' remuneration during the Track Record Period

For the three years ended December 31, 2006, December 31, 2007, December 31, 2008 and the six months ended June 30, 2009, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was Nil, Nil, HK\$18,000 and HK\$425,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended December 31, 2006, December 31, 2007, December 31, 2008 and the six months ended June 30, 2009 by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, Directors (excluding discretionary bonus) for the year ended December 31, 2009 will be approximately HK\$106,000.

## E. DISCLOSURE OF INTERESTS

### 1. Disclosure of Interests

#### (a) *Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and its associates corporation*

Immediately following completion of the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, the interests and, or short positions of the Directors and the chief executive in the Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register of interest referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Interests and short positions in the Shares, underlying shares and debentures of our Company and its associated corporations:

(i) *Our Company*

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest in our Company</b>
Mr. Chan	Interest in a controlled corporation <sup>(1)</sup>	300,000,000	75%

*Note:*

<sup>(1)</sup> Mr. Chan holds the entire issued share capital of VIL and will be deemed to be interested in the 300,000,000 Shares held by VIL for the purpose of the SFO.

(ii) *Associated corporation – Daoyue<sup>(1)</sup>*

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Approximate percentage of equity interest in Daoyue</b>
Mr. Chan	Interest in a controlled corporation <sup>(2)</sup>	10%

*Notes:*

<sup>(1)</sup> Daoyue is a domestic company incorporated in the PRC and its registered capital is not divided into shares with a nominal value each.

<sup>(2)</sup> Mr. Chan is indirectly holding 90.67% of the equity interest in Huayu Investment thus is deemed to be interested in the 10% interest in Daoyue held by Huayu Investment.

(b) *Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO*

So far as we are aware, each of the following persons, other than a Director or chief executive of our Company will, immediately following completion of the Share Offer (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, 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 any other member of our Group:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding immediately after the Shares Offer</b>
VIL	Beneficial owner	300,000,000	75%
Mr. Chan	Interest in a controlled corporation <sup>(1)</sup>	300,000,000	75%

*Note:*

<sup>(1)</sup> Mr. Chan holds the entire issued share capital of VIL and will be deemed to be interested in the 300,000,000 Shares held by VIL for the purpose of the SFO.

## 2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (other than a Director or chief executive of our Company) who will, immediately following completion of the Share Offer (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying shares of our Company which would be required to be disclosed to our Company and the Stock Exchange 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 any member of our Group;
- (b) none of the Directors nor the chief executive of our Company has any interest or short position in any of the Shares, underlying shares or debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register of interest referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- (c) none of the Directors nor any of the parties listed in the section headed “Statutory and General Information — F. Other Information — 9. Consents of experts” in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of the Directors nor any of the parties listed in the section headed “Statutory and General Information — F. Other Information — 9. Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Statutory and General Information — F. Other Information — 9. Consents of experts” in this Appendix:
  - (i) has any shareholding in any member of our Group; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

## **E. SHARE OPTION SCHEME**

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the Shareholders passed on November 30, 2009 and adopted by a resolution of the Board on November 30, 2009 (“Adoption Date”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

### **1. Purpose**

The purpose of the Share Option Scheme is to motivate Eligible Persons (as mentioned in the section headed “Statutory and General Information — E. Share Option Scheme — 3. Who may join” below) to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined in the section headed “Statutory and General Information — E. Share Option Scheme — 3. Who may join”), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

### **2. Conditions of the Share Option Scheme**

The Share Option Scheme shall come into effect on the date (the “Approval Date”) on which the following conditions are fulfilled:

- (a) the approval by the sole Shareholder of our Company for the adoption of the Share Option Scheme;
- (b) the approval of the Stock Exchange for the listing of and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Options in accordance with the terms and conditions of the Share Option Scheme; and
- (c) the commencement of dealing of the Shares on the Main Board of the Stock Exchange.

**3. Who may join**

The Board may, at its absolute discretion, offer options (“Options”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:—

- (a) any proposed executive director, manager, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“Employee”), any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“Executive”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the foregoing persons.

(the persons referred to above are the “Eligible Persons”)

**4. Maximum number of Shares**

- (a) 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 schemes of our Company shall not in aggregate exceed 10 per cent. of the Shares in issue (without taking into account Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) as at the Listing Date (the “Scheme Mandate Limit”), provided that our Company may at any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save 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 schemes of our Company under the Scheme Mandate Limit as refreshed shall not exceed 10 per cent. of the Shares in issue as at the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Our Company shall send to the Shareholders a circular containing the details and information required under the Listing Rules.

- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to the Shareholders containing the details and information required under the Listing Rules.
- (c) Notwithstanding the above, 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 options granted and yet to be exercised under any other schemes of our Company shall not exceed 30% of our Company's issued share capital from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such limit being exceeded.

#### **5. Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of the Options granted under the Share Option Scheme and any other options granted under any other schemes of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of our Company's Shares in issue from time to time, such further grant shall be separately approved by the Shareholders of our Company in general meeting with such Eligible Person and his associates abstaining from voting. Our Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Company's Shareholders. The date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

**6. Offer and grant of Options**

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Option Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

**7. Granting Options to connected persons**

Subject to the terms in the Share Option Scheme, but only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a Director, chief executive or a substantial shareholder of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of our Company, or any of their respective associates, would result in the securities 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:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders of our Company (voting by way of a poll). Our Company shall send a circular to the Shareholders containing the information required under the Listing Rules. All Connected Persons of our Company (as defined in the Listing Rules) must abstain from voting in favour at such general meeting.

Approval from the Shareholders of our Company is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates.

#### **8. Offer period and number accepted**

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted on or before 30 days after the offer date it will be deemed to have been irrevocably declined.

**9. Restriction on the time of grant of Options**

The Board shall not offer the grant of an Option to any Eligible Person under the Share Option Scheme 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 pursuant to the requirements of the Listing Rules. In particular, the Board shall not offer the grant of an Option to any Eligible Person during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcements.

**10. Exercise price**

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

**11. Exercise of Options**

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the option period, which shall not be longer than 10 years from the date on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme in any event, in the manner as set out in the Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying 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 aggregate subscription price for the Shares in respect of which the notice is given.

- (ii) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.
- (iii) Subject as hereinafter provided and subject to the terms and conditions upon which the option was granted, an Option may be exercised by the grantee at any time during the option period, provided that:
  - (a) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), and none of the events for termination of employment or engagement under the section headed “Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(e)” exists with respect to each grantee, he (or his legal representative(s)) may exercise the Option up to the grantee’s entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;
  - (b) in the event that the grantee ceases to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to our Group at the relevant time and none of the events for termination of employment or engagement under the section headed “Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(e)” exists with respect to such grantee, his Option (to the extent not already exercised) shall be exercisable up to the grantee’s entitlement immediately prior to his retirement until the expiry of the relevant option period;
  - (c) in the event that the grantee ceases to be an Executive by reason of his transfer of employment to an affiliate company, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
  - (d) in the event that the grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground of misconduct, the Option (to the extent not

already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

- (e) in the event that the grantee ceases to be an Executive by reason of the termination of his employment by resignation or termination on the ground of misconduct, the Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the grantee is notified of the termination of his employment (in the case of termination on the ground of misconduct) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's Option has lapsed pursuant to the provision of the Share Option Scheme as described in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(e)" shall be final and conclusive;
- (f) if a grantee being:
  - (i) an executive Director of our Company ceases to be an Executive but remains a non-executive Director, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or
  - (ii) a non-executive Director of our Company ceases to be a director:
    - (1) by reason of non-executive director retirement pursuant to the Articles of Association of our Company, his Option (to the extent not already exercised) shall be exercisable up to the grantee's entitlement immediately prior to his retirement until the expiry of the relevant option period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or

(2) for reasons other than non-executive director retirement pursuant to the Articles of Association, his Option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

(g) if:

- (i) the Board in its absolute discretion at any time determines that a grantee has ceased to be an Eligible Person; or
- (ii) a grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Option or which were the basis on which the Option was granted,

the Option (to the extent not already exercised) shall lapse on the date on which the grantee is notified thereof (in the case of (i)) or on the date on which the grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (ii)) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable up to the grantee's entitlement immediately prior to the determination of the Board (in the case of (i)) or the failure of the grantee to satisfy or comply with the criteria or terms and conditions attached to the grant of the Option or which were the basis on which the Option was granted (in the case of (ii)) within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure, non-satisfaction or non-compliance. In the case of (i), a resolution of the Board resolving that the grantee's Option has lapsed pursuant to the provision of the Share Option Scheme as described in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(g)" shall be final and conclusive;

(h) if a grantee (being a corporation):

- (i) has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee;

- (ii) has suspended, ceased or threatened to suspend or cease business;
- (iii) is unable to pay its debts;
- (iv) otherwise becomes insolvent;
- (v) suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
- (vi) commits a breach of any contract entered into between the grantee or his associate and any member of our Group,

the Option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or on the date of suspension or cessation of business or threatened suspension or cessation of business or on the date when the grantee is deemed to be unable to pay its debts as aforesaid or otherwise becomes insolvent or on the date of notification by our Company that the said change in constitution, management, directors or shareholding is material or on the date of notification by our Company of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable up to the grantee's entitlement immediately prior to the occurrence of any of the event(s) mentioned in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(h)(i) to (vi)" within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the grantee's Option has lapsed pursuant to the provision of the Share Option Scheme as described in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(h)" by reason of breach of contract or material change in the constitution, management, directors or shareholding as aforesaid shall be final and conclusive;

- (i) if a grantee (being an individual):
  - (i) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent;
  - (ii) has made any arrangement or composition with his creditors generally;



- (iii) has been convicted of any criminal offence involving his integrity or honesty;
- (iv) commits a breach of any contract entered into between the grantee or his associate and any member of our Group,

the Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable up to the grantee's entitlement immediately prior to the occurrence of any of the event(s) mentioned in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(i)(i) to (iv)" within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the grantee's Option has lapsed pursuant to the provision of the Share Option Scheme as described in this section headed "Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(i)" for breach of contract as aforesaid shall be final and conclusive;

- (j) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of Shareholders of our Company (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (k) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider

such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of:

- (i) the option period (in respect of any particular Option, the period commencing immediately after the business day on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and expiring on a date to be determined by the Board in its absolute discretion provided that such period shall not exceed the period of 10 years from the business day on which the Option is deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme);
- (ii) the period of two months from the date of such notice; or
- (iii) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his Option; or

- (l) 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 on the same date as or soon after it despatches such notice to each member of our Company 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 at any time not later than two business days prior to the proposed general meeting of our Company 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 referred to above, allot the relevant Shares to the grantee credited as fully paid.

## 12. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members, and

accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

### **13. Life of Share Option Scheme**

Subject to the terms and conditions of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options shall be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

### **14. Lapse of Share Option Scheme**

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

- (a) the expiry of the option period, which starts immediately after the date the Option is deemed to be granted and accepted and ends on a date determined by the Board in its absolute discretion and which shall not exceed 10 years from the date on which the Option is deemed to be granted and accepted;
- (b) the expiry of any of the period referred to in the section headed “Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option” in this Appendix;
- (c) subject to the period referred to in the section headed “Statutory and General Information — E. Share Option Scheme — 11. Exercise of Option (iii)(l)” in this Appendix, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgement, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts;

- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the following type:
  - (i) as mentioned in the section headed “Statutory and General Information — E. Share Option Scheme — 14. Lapse of Share Option Scheme (d)” above; or
  - (ii) if a grantee, being a corporation,
    - (1) has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee;
    - (2) has suspended, ceased or threatened to suspend or cease business;
    - (3) is unable to pay its debt;
    - (4) otherwise becomes insolvent;
    - (5) suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
    - (6) commits a breach of any contract entered into between the grantee or his associate and any member of our Group; or
- (f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

## 15. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or

- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalization issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- (b) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustments shall be made in accordance with Chapter 17 of the Listing Rules and supplemental guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

#### **16. Cancellation of Options not exercised**

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “Cancellation Date”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of the restriction on transferability of the Option or any terms or conditions attached to the grant of the Option;
- (b) the grantee makes a written request to the Board for the Option to be cancelled; or
- (c) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

**17. Termination**

Our Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

**18. Transferability**

The Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour 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 our Company to cancel any outstanding Option or part thereof granted to such grantee.

**19. Amendment**

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the Shareholders of our Company in general meeting, provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Hong Kong Listing Rules: (i) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Share Option Scheme); (ii) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Hong Kong Listing Rules to the advantage of grantee; and (iii) any alteration to this section headed “Statutory and General Information — E. Share Option Scheme — 19. Amendment”.

**Present status of the Share Option Scheme**

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 Scheme Mandate Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme. As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**F. OTHER INFORMATION****1. Tax and Other Indemnity**

Each of VIL and Mr. Chan (together, the “Indemnifiers”) has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries (together with our Company, our “Group Companies” and each, our “Group Company”) (being the material contract item (i) referred to in the section headed “Statutory and General Information — C. Further Information about our Business — 1. Summary of the Material Contracts” in this Appendix) to provide indemnities on a joint and several basis in connection with, among other things, any liability which might be payable by any of our Group Companies by reason of any transfer of property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the dealings in the Offer Shares first commence on the Stock Exchange (the “Effective Date”).

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, BVI and the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

Under the Deed of Indemnity, the Indemnifiers have also given indemnities in favour of our Group Companies on a joint and several basis in connection with, among other things, any taxation falling on any of our Group Companies resulting from or by reference to any income, profits, gains earned, accrued or received (or alleged to have been, or which should have been or deemed to be so earned, accrued or received), or any transactions, events, matters, things or any business carried on or occurring or deemed to occur on or before the Effective Date.

However, the Indemnifiers shall not be liable for any taxation or any claim in relation to any of the indemnities given under the Deed of Indemnity:

- (a) to the extent that provision or allowance (if any) has been made in the audited combined accounts of our Company for each of the three years ended December 31, 2008 and the six months ended June 30, 2009 (“Relevant Accounts”) for such taxation or claim;
- (b) to the extent that such liability for taxation arises in the ordinary course of business of our Group Companies or falling on our Company or its subsidiaries in respect of its accounting period commencing on or after the Share Offer becomes unconditional unless such taxation or liability for such taxation would not have arisen but our relevant Group Company is liable as a result of any event occurring or income, profits earned, accrued or received (or alleged to have been or which should have been or deemed to be so earned, accrued or received) or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after June 30, 2009;

- (c) to the extent that such taxation or liability would not have arisen but for any act or omission or delay by any of our Group Companies voluntarily effected after the Effective Date without the prior written consent or agreement of the Indemnifiers, other than such act or omission carried out or effected in the ordinary course of business of any Group Company after the date of execution of the Deed of Indemnity or carried out, made or entered into pursuant to a legally binding commitment created on or before the date of execution of the Deed of Indemnity;
- (d) to the extent that such taxation or liability is discharged by another person who is not a Group Company and that no Group Company is required to reimburse such person in respect of the discharge of the taxation or liability;
- (e) to the extent that such claim arises, is incurred or is increased as a result of imposition of taxation as a consequence of any retrospective change in the law, rules or regulations by the Inland Revenue Department of Hong Kong or the tax authorities of the PRC, the Cayman Islands, BVI or any other relevant authority in any part of the world coming into force after the Effective Date or to the extent such claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect, provided that the Indemnifiers shall be liable for any taxation or claim in connection with any additional taxation falling on our Group Company or any of our Group Companies incurred on or before the Effective Date which is imposed on, pursuant to, arising or resulting from the change of taxation policy or treatment of basis for calculation of PRC Enterprise Income Tax by the relevant taxation authorities in the PRC; and
- (f) to the extent that any provision, reserve or allowance made for such liability for taxation or taxation claim in the Relevant Accounts which is finally established to be an over-provision or an excessive reserve or allowance provided that the amount of any such over-provision or reserve applied pursuant to any of the above provisions to reduce the Indemnifier's liability in respect of taxation shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess reserve shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity as aforesaid and none of our Group Companies shall in any circumstances be liable to pay the Indemnifiers any such excess.

## **2. Litigation**

As at the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group.



**3. Preliminary Expenses**

The preliminary expenses of our Company was US\$3,971 (equivalent to approximately HK\$30,973.80) which has been paid by our Company.

**4. Sponsor**

The Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned in this prospectus and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, and the Shares that may be issued upon the exercise of any options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

**5. Binding Effect**

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

**6. Miscellaneous**

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group;
- (e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company or any of its subsidiaries;
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) we have no outstanding convertible debt securities.

**7. Qualifications of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Mizuho	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
KPMG	Certified public accountants
Parsons	Traffic consultant
Jones Lang LaSalle Sallmanns Limited	Professional property and business valuers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Global Law Office	PRC legal advisers

**8. Consents of experts**

Each of Mizuho, KPMG, Parsons, Jones Lang LaSalle Sallmanns Limited, Conyers Dill & Pearman and Global Law Office has given and has not withdrawn their respective written consent to the issuance of this prospectus with the inclusion of their report and/or letter and/or valuations and/or legal opinion (as the case may be) and references to their name included in the form and context in which it respectively appears.

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

**9. Bilingual prospectus**

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