

**A. FURTHER INFORMATION ABOUT THE COMPANY****1. Incorporation of the Company and registration of the Company under Part XI of the Companies Ordinance**

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 7 October 2009. The Company has established a principal place of business in Hong Kong at Suite 1603, 16th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and has been registered as an overseas company in Hong Kong under Part XI of the Companies Ordinance on 28 December 2009. Mr. Chan Wing Hang has been appointed as the authorized representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. As the Company was incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and to its constitution which comprises the Memorandum and the Articles of Association. A summary of various provisions of the Company's constitution documents and relevant aspects of the Cayman Companies Law is set out in Appendix V to this prospectus.

**2. Changes in the share capital**

As at the date of incorporation, the authorized share capital of the Company was HK\$380,000 divided into 380,000,000 Shares with a nominal value of HK\$0.001 each. On 7 October 2009, one subscriber's Share was transferred to Hopeland International. On the same day, 9,999 Shares were allotted and issued to Hopeland International at par.

Pursuant to a resolution passed on 15 December 2009, the Company allotted and issued 99,990,000 Shares, credited as fully paid, to Hopeland International in consideration of Hopeland International transferring the entire issued share capital of China Grandsoo to the Company as part of the Corporate Reorganization.

Pursuant to the written resolutions of all the Shareholders passed on 15 January 2010, the authorized share capital of the Company was increased from HK\$380,000 to HK\$2,000,000 by the creation of an additional 1,620,000,000 Shares.

Assuming that the Global Offering and the Capitalization Issue become unconditional and the issue of Shares pursuant thereto is made but taking no account of any Shares which may be issued upon exercise of the Over-allotment Option, the issued share capital of the Company immediately following the Global Offering and the Capitalization Issue will be HK\$800,000 divided into 800,000,000 Shares, fully paid or credited as fully paid, with 1,200,000,000 Shares remaining unissued.

Other than pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme below, the Company does not have any present intention to issue any part of the authorized but unissued share capital of the 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 the Company.

Save as aforesaid and as mentioned in the paragraph headed "Written resolutions of all the Shareholders passed on 15 January 2010" below, there has been no alteration in the share capital of the Company since the date of its incorporation.

### 3. Written resolutions of all the Shareholders passed on 15 January 2010

On 15 January 2010, written resolutions of all the Shareholders were passed pursuant to which, among other things:

- (a) the increase of the authorized share capital of the Company from HK\$380,000 to HK\$2,000,000 by the creation of additional 1,620,000,000 Shares to rank *pari passu* in all respects with the then existing issued Shares was approved;
- (b) conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorized to capitalize an amount of HK\$500,000 from the amount standing to the credit of the share premium account of the Company and that the said sum be applied in paying up in full at par 500,000,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to the Shareholders appearing on the register of members of the Company at the close of business on the date of this prospectus (or as such holders may direct) in proportion (as nearly as possible without fractions) to their then respective shareholdings in the Company and so that such Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued shares;
- (c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the Capitalization Issue or pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme) 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 Sole Global Coordinator acting for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
  - (i) the Global Offering was approved and the Directors were authorized to effect the same and to allot and issue the Offer Shares;

- (ii) the Over-allotment Option was granted to the Sole Global Coordinator, on behalf of the International Underwriters and the Directors were authorized to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised; and
  - (iii) the rules of the Share Option Scheme (the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this Appendix VI) were approved and adopted and the Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
- (d) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon the exercise of options which may be granted under the Share Option Scheme or under any option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares or 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 of Association or a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the Over-allotment Option and any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the aggregate

of the total nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the Over-allotment Option and any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the Over-allotment Option and any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme); and
- (g) the Company approved and adopted the Articles of Association.

#### **4. Corporate Reorganization**

The companies comprising the Group underwent the Corporate Reorganization to rationalize the Group's structure in preparation for the Listing. The Corporate Reorganization involved the following:

- (a) On 7 September 2009, China Grandsoo was incorporated in the British Virgin Islands and one share of US\$1.00 each in China Grandsoo was allotted and issued to Mr. Lin.
- (b) On 10 September 2009, Mr. Lin transferred all his interests in China Grandsoo to Hopeland International.

- (c) On 7 October 2009, the Company was incorporated in the Cayman Islands and one subscriber's Share was transferred to Hopeland International. On the same date, further 9,999 Shares were allotted and issued to Hopeland International.
- (d) On 21 October 2009, Mr. Lin transferred the entire issued share capital in, and the shareholder's loan in the principal amount of HK\$40,762,714 due and owing by, Hong Kong Sijia to China Grandsoo in consideration of China Grandsoo allotting and issuing a total of 2 shares of US\$1.00 each in China Grandsoo to Hopeland International.
- (e) On 15 December 2009, Hopeland International transferred the entire issued share capital in China Grandsoo to the Company in consideration of the Company allotting and issuing 99,990,000 Shares to Hopeland International.
- (f) On 15 December 2009, Mr. Lin procured Hopeland International to transfer 15,000,000 Shares, representing 15% of the then issued share capital of the Company to Glory Bright, a company wholly-owned by Mr. Lin Wanpeng as full and final settlement of the loan in the principal amount of HK\$45.7 million due and owing by Mr. Lin to Mr. Lin Wanpeng together with interests accrued thereon.

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

Subsidiaries of the Company are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

(a) *Fujian Sijia*

On 31 January 2008, the registered capital of Fujian Sijia was increased from HK\$40 million to HK\$50 million.

On 4 January 2009, the registered capital of Fujian Sijia was further increased from HK\$50 million to HK\$65 million.

(b) *China Grandsoo*

On 7 September 2009, China Grandsoo was incorporated in the British Virgin Islands with limited liability with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. Upon its incorporation, one share of US\$1.00 was allotted and issued as fully paid to Mr. Lin.

On 21 October 2009, China Grandsoo allotted and issued 2 shares of US\$1.00 each to Hopeland International as consideration for the acquisition by China Grandsoo from Mr. Lin of the entire issued share capital in, and shareholder's loan in the sum of HK\$40,762,714 due and owing to Mr. Lin by, Hong Kong Sijia.

## 6. Repurchase by the Company of its own securities

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

### *(a) Relevant Legal and Regulatory Requirements*

The Listing Rules permit Shareholders to grant the Directors a general mandate to repurchase the Shares that are listed on the Hong Kong Stock Exchange.

### *(b) Shareholder's Approval*

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

On 15 January 2010, the Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the Over-allotment Option and any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme) on the Hong Kong Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association and applicable laws of the Cayman Islands to be held, or (iii) such mandate being revoked, varied or renewed by resolutions of the Shareholders in a general meeting.

### *(c) Source of Funds*

The repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands and any other laws and regulations applicable to the Company. The Company may not repurchase Shares on the Hong Kong Stock Exchange for consideration other than cash or for the settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

(d) *Trading Restrictions*

The Company may repurchase up to 10% of the issued share capital immediately after completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the Over-allotment Option and any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme). The Company may not issue or announce a proposed issue of the Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Hong Kong Stock Exchange. The Company is also prohibited from repurchasing the Shares on the Hong Kong Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Hong Kong Stock Exchange. The broker appointed by the Company to effect a repurchase of the Shares is required to disclose to the Hong Kong Stock Exchange any information with respect to a Share repurchase as the Hong Kong Stock Exchange may require.

(e) *Status of repurchased securities*

All repurchased securities (whether on the Hong Kong Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed.

(f) *Suspension of Repurchase*

Securities repurchases are prohibited after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In addition, the Hong Kong Stock Exchange reserves the right to prohibit repurchases of securities on the Hong Kong Stock Exchange if a company has breached the Listing Rules.

(g) *Reporting Requirements*

Repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a company's annual report and accounts are required to disclose details regarding repurchases of securities made during the financial year under review, including the number of securities repurchased each month (whether on the Hong Kong Stock Exchange or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(h) *Connected persons*

A company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the Company on the Hong Kong Stock Exchange.

(i) *Reasons for Repurchases*

Repurchase will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share.

(j) *General*

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Articles of Association and any other applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing positions which in the opinion of the Directors are from time to time appropriate for the Company.

If, as a result of any repurchase of the Shares, a Shareholder’s proportionate interest in the Company’s voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates as defined by the Listing Rules, has any present intention to sell any Shares to the Company.



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

## B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

### 1. Summary of material contracts

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

- (a) a machinery and equipment transfer agreement dated 2 May 2008 entered into between Smile in Rain and Fujian Sijia pursuant to which Fujian Sijia agreed to sell its machinery and equipment for raincoat production to Smile in Rain in consideration of RMB2,146,975.95;
- (b) an equity transfer agreement dated 20 November 2008 entered into among Xiamen Kailai Trading, Fuzhou Jutai Trading, Fuzhou Sanfang Trading and YueHui Investment as transferors with Hong Kong Sijia and Xiamen Grandsoo as transferees, pursuant to which Xiamen Kailai Trading, Fuzhou Jutai Trading, Fuzhou Sanfang Trading and YueHui Investment agreed to sell an aggregate of 24% interest in Fujian Sijia to Xiamen Grandsoo in a total consideration of RMB17,650,000;
- (c) a sale and purchase agreement dated 21 October 2009 entered into between Mr. Lin and China Grandsoo, pursuant to which Mr. Lin agreed to sell the entire issued share capital in and the shareholder's loan in the sum of HK\$40,762,714 due and owing by Hong Kong Sijia to him to China Grandsoo in consideration of China Grandsoo's allotting and issuing two shares at par to Hopeland International;
- (d) a deed of reorganization dated 15 December 2009 entered into between the Company, Mr. Lin and Hopeland International, pursuant to which Hopeland International agreed to sell the entire issued share capital in China Grandsoo to the Company in consideration of the Company's allotting and issuing 99,990,000 Shares at par to Hopeland International;
- (e) a deed of tax indemnity dated 15 December 2009 entered into between Mr. Lin, Hopeland International and the Company, pursuant to which Mr. Lin and Hopeland International agreed to give certain tax and estate duty indemnities in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries) subject to and in accordance with the terms and conditions set out therein;
- (f) the Non-competition Deed; and
- (g) the Hong Kong Underwriting Agreement.







## 2. Intellectual property rights of the Group

### (a) Trademarks

As of the Latest Practicable Date, the Group had the following registered trademarks:

Trademark	Class (Notes)	Place of registration	Registration Number	Registration Date	Expiry Date
思嘉 SIJIA	17	PRC	4343587	28 December 2007	27 December 2017
思嘉 SIJIA	17	HK	301297765	5 March 2009	4 March 2019
思嘉 SIJIA	17	Singapore	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	17	United Kingdom	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	17	United States of America	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	17	France	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	17	Germany	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	25	PRC	4343586	21 August 2008	20 August 2018
思嘉 SIJIA	25	HK	301297765	5 March 2009	4 March 2019
思嘉 SIJIA	25	Singapore	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	25	United Kingdom	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	25	United States of America	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	25	France	1007006	16 June 2009	15 June 2019
思嘉 SIJIA	25	Germany	1007006	16 June 2009	15 June 2019

As of the Latest Practicable Date, the Group has applied for the registration of the following trademarks:

Trademark	Class (Notes)	Place of application	Application Number	Application Date
龙仕腾	17	PRC	6771062	10 June 2008
龙仕腾	18	PRC	6771063	10 June 2008
龙仕腾	22	PRC	6771064	10 June 2008
龙仕腾	24	PRC	6771066	10 June 2008
龙仕腾	25	PRC	6770711	10 June 2008
龙仕腾	28	PRC	6771065	10 June 2008
Long Standing	17	PRC	6771336	10 June 2008
Long Standing	18	PRC	6771337	10 June 2008
Long Standing	22	PRC	6771338	10 June 2008
Long Standing	24	PRC	6771339	10 June 2008
Long Standing	25	PRC	6771340	10 June 2008
Long Standing	28	PRC	6771341	10 June 2008
	17	PRC	6771362	10 June 2008
	18	PRC	6771363	10 June 2008
	22	PRC	6771364	10 June 2008
	24	PRC	6771365	10 June 2008
	25	PRC	6771366	10 June 2008
	28	PRC	6771367	10 June 2008
思嘉 SIJIA	18	PRC	6771328	10 June 2008
思嘉 SIJIA	20	PRC	6771330	10 June 2008
思嘉 SIJIA	24	PRC	6771327	10 June 2008

Trademark	Class (Notes)	Place of application	Application Number	Application Date
思嘉 SIJIA	28	PRC	6771329	10 June 2008
思嘉 SIJIA	41	PRC	6771331	10 June 2008
	17	PRC	6771672	10 June 2008
	18	PRC	6771673	10 June 2008
	22	PRC	6771674	10 June 2008
	24	PRC	6771675	10 June 2008
	25	PRC	6771676	10 June 2008
	28	PRC	6771677	10 June 2008
乐乐泉	17	PRC	6796296	23 June 2008
乐乐泉	18	PRC	6796295	23 June 2008
乐乐泉	22	PRC	6796294	23 June 2008
乐乐泉	24	PRC	6796293	23 June 2008
乐乐泉	28	PRC	6796292	23 June 2008
乐乐泉	41	PRC	6796041	23 June 2008
source of joy	17	PRC	6796311	23 June 2008
source of joy	18	PRC	6796310	23 June 2008
source of joy	22	PRC	6796309	23 June 2008
source of joy	24	PRC	6796308	23 June 2008
source of joy	25	PRC	6796307	23 June 2008
source of joy	28	PRC	6796306	23 June 2008
	17	PRC	6796302	23 June 2008
	18	PRC	6796301	23 June 2008
	22	PRC	6796300	23 June 2008

Trademark	Class (Notes)	Place of application	Application Number	Application Date
	24	PRC	6796299	23 June 2008
	25	PRC	6796298	23 June 2008
	28	PRC	6796297	23 June 2008
	17	PRC	6915014	25 August 2008
	18	PRC	6915013	25 August 2008
	22	PRC	6915012	25 August 2008
	24	PRC	6915011	25 August 2008
	25	PRC	6915010	25 August 2008
	28	PRC	6915009	25 August 2008
	41	PRC	6915008	25 August 2008
<b>Grandsoo</b>	9	PRC	7685106	9 September 2009
<b>Grandsoo</b>	22	PRC	7685131	9 September 2009
<b>Grandsoo</b>	25	PRC	7685152	9 September 2009
<b>Grandsoo</b>	28	PRC	7687171	10 September 2009
<b>浩源</b>	9	PRC	7685100	9 September 2009
<b>浩源</b>	22	PRC	7685126	9 September 2009
<b>浩源</b>	25	PRC	7685144	9 September 2009
<b>浩源</b>	28	PRC	7687152	10 September 2009
	9	PRC	7685095	9 September 2009
	22	PRC	7685118	9 September 2009
	25	PRC	7685140	9 September 2009

Trademark	Class (Notes)	Place of application	Application Number	Application Date
	28	PRC	7685158	9 September 2009
	18	HK	301441359	30 September 2009
	20	HK	301441359	30 September 2009
	22	HK	301441359	30 September 2009
	24	HK	301441359	30 September 2009
	28	HK	301441359	30 September 2009
	41	HK	301441359	30 September 2009
	9	HK	301441331	30 September 2009
	22	HK	301441331	30 September 2009
	25	HK	301441331	30 September 2009
	28	HK	301441331	30 September 2009
	9	HK	301441368	30 September 2009
	28	HK	301441368	30 September 2009
	9	HK	301441340	30 September 2009
	28	HK	301441340	30 September 2009
	9	PRC	7748287	10 October 2009
	25	PRC	7748381	10 October 2009
	9	PRC	7748360	10 October 2009
	25	PRC	7748406	10 October 2009
	9	PRC	7748333	10 October 2009
	25	PRC	7748394	10 October 2009

Trademark	Class (Notes)	Place of application	Application Number	Application Date
	9	HK	301486026	27 November 2009
	17	HK	301486026	27 November 2009
	19	HK	301486026	27 November 2009
	20	HK	301486026	27 November 2009
	24	HK	301486026	27 November 2009
	25	HK	301486026	27 November 2009
	27	HK	301486026	27 November 2009
	28	HK	301486026	27 November 2009
	41	HK	301486026	27 November 2009
	9	HK	301517869	8 January 2010
	17	HK	301517869	8 January 2010
	19	HK	301517869	8 January 2010
	20	HK	301517869	8 January 2010
	24	HK	301517869	8 January 2010
	25	HK	301517869	8 January 2010
	27	HK	301517869	8 January 2010
	28	HK	301517869	8 January 2010
	41	HK	301517869	8 January 2010

*Notes: Specification of Goods/Services*

Class 9: floats for bathing and swimming; swimming belts; swimming jackets; waterproof coats; life nets; swimming buoys; acid resistant coats; dress; acid resistant gloves; clothing for protection against fire; boots for protection against fire; divers' apparatus; material for electricity mains (wires, cables); diving suits; suits especially made for laboratories; breathing apparatus for underwater swimming; eyeglasses; calculating machines; protective masks; eye-protective glasses; gloves for divers;

waterproof protective clothing, for the use of farming, fishing, chemical, medical, construction, fire fighting, leisure and recreation, mining, tunneling and underground projects (for application no. 301486026 and 301517869);

Class 17: rubber, raw or partly processed; synthetic rubber; acrylic resins (semi-finished products); rubber sleeves for protecting parts of machines; artificial resins (semi-finished products); synthetic resins (semi-finished products); plastic substances, semi-processed; plastic fibres, not for use in textiles; filtering materials (semi-processed foams or films of plastic); packing (cushioning, stuffing) materials of rubber or plastics;

industrial packaging plastics; plastics, for the production of sled and snowboard (for application no. 301486026 and no. 301517869);

Class 18: leather and imitation of leather; leather, unworked or semi-worked; shopping bags; handbags; pouches, of leather, for packaging; haversacks; net bags for shopping; an artificial leather suitcase; canvas suitcase; travelling bags; boxes of leather or leather board; vanity cases (not fitted); tool bags of leather (empty); beach bags; leather shoulder belts; umbrella; sticks; saddle for horses; clothing for pets;

Class 19: new construction materials for large-scale construction projects such as building sports halls, shopping malls, stadium and transportation facilities etc;

Class 20: hydrostatic (water) beds, not for medical purposes; containers, not of metal (storage, transport); sealing containers, not of metal; bins of wood or plastic; closures, not of metal, for containers; plastics transfer bins; drain traps (valves) of plastic; air cushions, not for medical purposes; bolsters; pillows; air pillows, not for medical purposes; air mattresses, not for medical purposes; inflatable publicity objects; boarding stairs, not of metal, mobile, for passengers; playpens for babies; cushions; display boards; resin art work; sleeping bags for camping;

air bed for domestic, office, hotel and camping use (for application no. 301486026 and 301517869);

Class 22: packing string; network; bags for washing hosiery; vehicle covers (not fitted); tarpaulins; fabric-coating; ignite-resistant coat; hammocks; awnings of textile; awnings of synthetic materials; yurt; bags (sacks) for the transport and storage of materials in bulk; plastic fibers (fibres) for textile use; stuffing; stuffing, not of rubber or plastic; raw fibrous textile; textile fibers;

Class 24: fabric for boots and shoes; bed clothes of plastic; adhesive fabric for application by heat; resin cloths; plastic materials (substitute for fabrics); table cloths (not of paper); curtains of textile or plastic; fabric, impervious to gases, for aeronautical balloons; furniture coverings of plastic; bath coverings; washing mitts; oilcloth (for use as tablecloths); bed coverings; bath towers; ground towers; silk art work;



tent and closures for train, van, military or leisure use; curtain materials for setting up office, hotel, house, storehouse and automatic gateway; coat materials for the production of inflatable products, boats or pool; coat materials for the production of waterproof protective clothing; coat materials for the production of, for medical purpose, cushion, bed, facilities and others (for application no. 301486026 and 301517869);

Class 25: clothing; stuff jackets (clothing); parkas; dust coats; bathing suits; raincoats; rain cloaks; football shoes; hoods (clothing); shower caps;

professional mountain-climbing ski-boots (for application no. 301486026 and 301517869);

clothing; smocks; clothing of imitations of leather; vests; beach clothes; bath robes; dust coats; bibs, not of paper; wet suits for water-skiing; bathing suits; waterproof clothing; raincoats; rain cloaks; rain shoes; aprons (clothing); hoods (clothing); gloves (clothing); shower caps; girdles; overcoats (for application no. 301441331);

Class 27: sport halls flooring for sports halls, sports stadiums, schools and other large-scale athletic games;

Class 28: swimming pools (play articles); plastic runway; slide; surfing boat; waving boat; building blocks (toys); mobiles (toys); toys; doll's room; play balloon; fairground ride; toy car; model plane materials; cricket bags; bags especially designed for balls and bats; gym ball; snow ball; protective paddings (parts of sports suits); fishing tackle;

large-scale inflatable toys used in outdoor entertainment parks, shopping malls, schools, sports stadiums, parks, sports centres, celebration ceremony, advertisement or media; inflatable aquatic leisure products used in aquatic parks, recreational sports, leisure and recreation; pool for domestic, camping or outdoor use (for application no. 301486026 and 301517869);

Class 41: amusements; amusement parks; providing recreational activities; recreational information; providing sports facilities; photography; sports camp service; rental of sports equipments (except for vehicles); rental of stadium facilities; publication of books; design for printed pages (except for advertisement); production of programs; providing on-line electronic publications (not downloadable); teaching; organization of competitions (education or entertainment); arranging and conducting of symposiums; organization of sports competitions; organization of shows (impresario services);

setting up special zone for different kinds of inflatable products in various shopping malls, parks or sights as requested by the customer, providing small-scale playground facilities (for application no. 301486026 and 301517869);

## (b) Patents

As of the Latest Practicable Date, the Group had the following registered patents:

Title of patents	Place of registration	Patent No.	Application Date	Expiry Date
(1) <i>Utility Model</i>				
Plastic fabric (塑料布)	PRC	ZL 2004 2 0150766.X	15 November 2004	14 November 2014
Inflatable toy (充氣玩具)	PRC	ZL 2007 2 0009003.7	7 December 2007	6 December 2017
Inflatable toy arena (充氣玩具競技台)	PRC	ZL 2008 2 0102331.6	19 May 2008	18 May 2018
Inflatable toy trampoline (充氣玩具蹦床)	PRC	ZL 2008 2 0102323.1	19 May 2008	18 May 2018
Multi-sided sectional pool (正多邊型組合式游泳池)	PRC	ZL 2008 2 0102329.9	19 May 2008	18 May 2018
Inflatable tent (充氣式帳篷)	PRC	ZL 2008 2 0102328.4	19 May 2008	18 May 2018
Inflatable pool (充氣水池)	PRC	ZL 2008 2 0102326.5	19 May 2008	18 May 2018
Inflatable rock-climbing equipment (充氣攀岩 健身器具)	PRC	ZL 2008 2 0102325.0	19 May 2008	18 May 2018
Air bed (充氣床)	PRC	ZL 2008 2 0102324.6	19 May 2008	18 May 2018
Inflatable spiral toy slide (旋轉滑梯充氣玩具)	PRC	ZL 2008 2 0102332.0	19 May 2008	18 May 2018
Inflatable double-runway toy (雙跑道充氣玩具)	PRC	ZL 2008 2 0102330.1	19 May 2008	18 May 2018
Inflatable toy train (充氣玩具火車)	PRC	ZL 2008 2 0102327.X	19 May 2008	18 May 2018
Large inflatable play pan (大型充氣玩具台)	PRC	ZL 2008 2 0102982.5	11 July 2008	10 July 2018
Inflatable double slide - toy (雙梯式充氣滑梯玩具)	PRC	ZL 2008 2 0102975.5	11 July 2008	10 July 2018
Inflatable animal slide (動物狀充氣滑梯)	PRC	ZL 2008 2 0102991.4	11 July 2008	10 July 2018
Inflatable play pan (充氣玩具台)	PRC	ZL 2008 2 0102990.X	11 July 2008	10 July 2018
Inflatable toy slide (充氣滑梯玩具)	PRC	ZL 2008 2 0102989.7	11 July 2008	10 July 2018
Inflatable toy base ball (充氣投球玩具)	PRC	ZL 2008 2 0102988.2	11 July 2008	10 July 2018
Inflatable mattress (充氣墊)	PRC	ZL 2008 2 0102986.3	11 July 2008	10 July 2018

Title of patents	Place of registration	Patent No.	Application Date	Expiry Date
Inflatable play slide (娛樂充氣滑梯)	PRC	ZL 2008 2 0102985.9	11 July 2008	10 July 2018
Symmetrical inflatable slide (對稱式充氣滑梯玩具)	PRC	ZL 2008 2 0102981.0	11 July 2008	10 July 2018
Swimming pool for home use (家用游泳池裝置)	PRC	ZL 2008 2 0102987.8	11 July 2008	10 July 2018
Complete calender production line (壓延生產線成套裝置)	PRC	ZL 2008 2 0103192.9	29 July 2008	28 July 2018
Inflatable multi-purpose playground (充氣綜合娛樂球場)	PRC	ZL 2008 2 0103233.4	1 August 2008	31 July 2018
Production facilities for fabric coating (布料塗層生產設備)	PRC	ZL 2008 2 0103300.2	7 August 2008	6 August 2018
Inflatable fun slide (趣味充氣滑梯)	PRC	ZL 2008 2 0103364.2	12 August 2008	11 August 2018
Facilities for lining machine production (貼合機生產設備)	PRC	ZL 2008 2 0103396.2	15 August 2008	14 August 2018
New type inflatable slide (新型充氣滑梯)	PRC	ZL 2008 2 0145325.9	26 August 2008	25 August 2018
(2) <i>Design</i>				
High strength industrial polyester tarpaulin (1) (高強工業聚酯夾網布(1))	PRC	ZL 2007 3 0141409.6	7 December 2007	6 December 2017
High strength industrial polyester tarpaulin (2) (高強工業聚酯夾網布(2))	PRC	ZL 2007 3 0141408.1	7 December 2007	6 December 2017
High strength industrial polyester tarpaulin (3) (高強工業聚酯夾網布(3))	PRC	ZL 2007 3 0141417.0	7 December 2007	6 December 2017
High strength industrial polyester tarpaulin (4) (高強工業聚酯夾網布(4))	PRC	ZL 2007 3 0141416.6	7 December 2007	6 December 2017
Industrial polyester mesh cloth (High strength 1) (工業聚酯網格布(高強1))	PRC	ZL 2007 3 0141415.1	7 December 2007	6 December 2017
Industrial polyester mesh cloth (2) (工業聚酯網格布(2))	PRC	ZL 2007 3 0141414.7	7 December 2007	6 December 2017

Title of patents	Place of registration	Patent No.	Application Date	Expiry Date
Mesh cloth (high strength industrial polyester 4) (網格布(高強工業聚酯4))	PRC	ZL 2007 3 0141421.7	7 December 2007	6 December 2017
Polyester tarpaulin (marble pattern 1) (聚酯夾網布(大理石紋1))	PRC	ZL 2007 3 0141412.8	7 December 2007	6 December 2017
Tarpaulin (marble pattern polyester 2) (夾網布(大理石紋聚酯2))	PRC	ZL 2007 3 0141411.3	7 December 2007	6 December 2017
Thermoplastic elastic tarpaulin (3) (熱可塑彈性體夾網布(3))	PRC	ZL 2007 3 0141418.5	7 December 2007	6 December 2017
Thermoplastic elastic tarpaulin (2) (熱可塑彈性體夾網布(2))	PRC	ZL 2007 3 0141419.X	7 December 2007	6 December 2017
High strength industrial polyester mesh cloth (3) (高強工業聚酯網格布(3))	PRC	ZL 2007 3 0141413.2	7 December 2007	6 December 2017
Polyester net cloth (military camouflage) (聚酯網布(軍用迷彩))	PRC	ZL 2007 3 0141410.9	7 December 2007	6 December 2017
Tarpaulin (thermoplastic elastomer 1) (夾網布(熱可塑彈性體1))	PRC	ZL 2007 3 0141420.2	7 December 2007	6 December 2017
Inflatable toy (labyrinth) (充氣玩具(迷宮))	PRC	ZL 2008 3 0157819.4	13 November 2008	12 November 2018
Inflatable toy (tiger slide) (充氣玩具(老虎滑梯))	PRC	ZL 2008 3 0157821.1	13 November 2008	12 November 2018
Inflatable toy (shark slide) (充氣玩具(鯊魚滑梯))	PRC	ZL 2008 3 0157822.6	13 November 2008	12 November 2018

As of the Latest Practicable Date, the Group has applied for the registration of the following patents:

Title of patents	Place of application	Patent No.	Application Date
(1) <i>Invention</i>			
Knitted camouflage water-proof fabric (針織迷彩防水布料)	PRC	2008 1 0070554.3	29 January 2008
Polyester camouflage water-proof fabric (滌綸迷彩防水布料)	PRC	2008 1 0070553.9	29 January 2008
TPU tarpaulin (TPU夾網)	PRC	2008 1 0070552.4	29 January 2008

Title of patents	Place of application	Patent No.	Application Date
EVA tarpaulin (EVA夾網布)	PRC	2008 1 0070551.X	29 January 2008
Mesh cloth (網格布)	PRC	2008 1 0070556.2	29 January 2008
Inflatable fabric (充氣布)	PRC	2008 1 0070555.8	29 January 2008
Production facilities for fabric-coating (布料塗層生產設備)	PRC	2008 1 0071585.0	15 August 2008
Complete calender production line (壓延生產線成套裝置)	PRC	2008 1 0071586.5	15 August 2008
Lamination production facilities (貼合機生產設備)	PRC	2008 1 0071587.X	15 August 2008
Production technique of composite materials for water leisure and entertainment equipment (水上休閒娛樂器材複合材料生產工藝)	PRC	2008 1 0072510.4	30 December 2008
Production technique of calender membrane with high elasticity and wear-resistant (高彈耐磨壓延薄膜生產工藝)	PRC	2008 1 0072503.4	30 December 2008
Lamination and finishing techniques of tarpaulin (一種夾網布貼合及表面處理工藝)	PRC	2008 1 0072511.9	30 December 2008
Production technique of coated net cloth (塗層網布生產工藝)	PRC	2008 1 0072509.1	30 December 2008
Production technique of PVC water enclosure coating materials (PVC水上圍隔塗層材料製備工藝)	PRC	2008 1 0072504.9	30 December 2008
Production technique of curtain materials (門簾材料生產工藝)	PRC	2008 1 0072506.8	30 December 2008
Production technique of high strength polyester fibre dimensional lamination materials (高強聚酯纖維層壓膜結構材料生產工藝)	PRC	2008 1 0072507.2	30 December 2008

Title of patents	Place of application	Patent No.	Application Date
Production technique of composite materials for swimming pool (泳池複合材料生產工藝)	PRC	2008 1 0072512.3	30 December 2008
Production technique of running machine belt (跑步機用輸送帶生產工藝)	PRC	2008 1 0072508.7	30 December 2008
Production technique of base materials of high visibility clothing (高可視警示服基底材料生產工藝)	PRC	2008 1 0072505.3	30 December 2008
Red mud composite coiled material for biogas project and its preparation method (沼氣工程用紅泥複合卷材及其製備方法)	PRC	2009 1 0111483.1	16 April 2009
High elasticity and wear-resistant sports floor material and its preparation method (高彈耐磨運動地板面材及其製備方法)	PRC	2009 1 0111538.9	23 April 2009
(2) <i>Utility Model</i>			
Red mud composite coiled materials for biogas project (沼氣工程用紅泥複合卷材)	PRC	2009 2 0137662.8	16 April 2009
Sports floor materials with high elasticity and wear-resistant (高彈耐磨運動地板面材)	PRC	2009 2 0137780.9	23 April 2009
(3) <i>Design</i>			
Inflatable toy (Titanic) (充氣玩具(特坦克尼號))	PRC	2008 3 0157820.7	13 November 2008

(c) *Domain names*

As at the Latest Practicable Date, the Group had registered the following domain name(s):

Domain name	Registrant	Expiry Date
www.sijia.cn	Fujian Sijia	22 December 2015
www.sijiagroup.com	the Company	24 November 2011
www.sijia.hk	the Company	27 November 2014

## C. DISCLOSURE OF INTERESTS

## 1. Directors

- (a) *Interest 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*

Immediately following completion of the Global Offering and the Capitalization Issue (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong 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 taken under such provisions of the SFO) once the Shares are listed, or which will be required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which, once the Shares are listed, will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules are as follows:

## (i) Interest in Shares

Name of Director	Capacity/Nature of Interest	Long/Short position	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Lin	Interests in controlled corporation	Long position	510,000,000	63.75%

*Note:* These Shares are held by Hopeland International, which is wholly-owned by Mr. Lin. Therefore, Mr. Lin is deemed to be interested in these Shares under the SFO.

## (ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of securities held	Approximate percentage of shareholding
Mr. Lin	Hopeland International	Beneficial owner	1 share	100%

*(b) Particulars of service contracts*

Each of the executive Directors has entered into a service contract with the Company for a term of 3 years commencing from 9 February 2010 which may be terminated by either party giving not less than 3 months' prior notice in writing and is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set out in the Articles of Association. Particulars of the service contracts of the executive Directors are in all material respects the same. Each of the executive Directors shall be entitled to the annual fee as follows:

<b>Name of Director</b>	<b>Annual director's remuneration</b>
Mr. Lin	HK\$600,000
Mr. Zhang Hongwang	HK\$360,000
Mr. Huang Wanneng	HK\$240,000

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of 2 years commencing from 9 February 2010 which may be terminated by either party by giving not less than 3 months' prior notice in writing. Pursuant to the letters of appointment between the Company and each of Mr. Chan Tsz Fu Jacky, Mr. Cai Weican and Mr. Choi Tze Kit Sammy (all of whom are independent non-executive Directors), each of them is entitled to receive director's fee of HK\$18,000 per month.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

*(c) Remuneration of Directors*

- (i) About RMB260,000 and RMB199,000 were paid to the Directors by the Group as remuneration for the financial year ended 31 December 2008 and the eight months ended 31 August 2009 respectively.
- (ii) Save as disclosed in the accountant's report in Appendix I to this prospectus, no Directors received any remuneration or benefits in kind from the Group for the financial year ended 31 December 2008 and the eight months ended 31 August 2009 respectively.
- (iii) None of the Company's Directors or any past directors of any member of the Group has been paid any sum of money for each of



the three years ended 31 December 2008 as (i) an inducement to join or upon joining the Company; or (ii) for use of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

- (iv) Under the arrangement currently in force, conditional upon the Listing, the estimated aggregate remuneration (excluding discretionary bonus, if any) payable by the Group to the Directors for the financial year ending 31 December 2010 is expected to be about HK\$1,848,000.

## 2. Substantial Shareholders

### (a) Interests in the Company

So far as the Directors are aware, immediately following completion of the Global Offering and the Capitalization Issue (taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of the Company) are expected to have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Long/ short position	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding
Hopeland International (Note 1)	Long position	Beneficial owner	510,000,000	63.75%
Mrs. Lin (Note 2)	Long position	Interests of spouse	510,000,000	63.75%
Glory Bright (Note 3)	Long position	Beneficial owner	90,000,000	11.25%
Mr. Lin Wanpeng (Note 3)	Long position	Interests in controlled corporation	90,000,000	11.25%
Ms. Wang Huiqing (Note 4)	Long position	Interests of spouse	90,000,000	11.25%

*Notes:*

1. The entire issued share capital of Hopeland International is beneficially owned by Mr. Lin who is deemed to be interested in the Shares held by Hopeland International pursuant to the SFO.
2. Mrs. Lin is the spouse of Mr. Lin. Therefore, Mrs. Lin is deemed to be interested in the Shares in which Mr. Lin is interested for the purposes of the SFO.
3. The entire issued share capital of Glory Bright is beneficially owned by Mr. Lin Wanpeng who is deemed to be interested in the Shares held by Glory Bright pursuant to the SFO.
4. Ms. Wang Huiqing is the spouse of Mr. Lin Wanpeng. Therefore, Ms. Wang Huiqing is deemed to be interested in the Shares in which Mr. Lin Wanpeng is interested for the purposes of the SFO.

*(b) Interest in other members of the Group*

So far as the Directors are aware, immediately following completion of the Global Offering and the Capitalization Issue, there will not be any persons (not being a Director or chief executive of the Company) who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

**3. Related party transactions**

Save as disclosed in this prospectus and in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, the Company had not engaged in any other material connected transactions or related party transactions.

**4. Agency fees and commissions received**

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

**D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 15 January 2010:

**(a) Purpose**

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants (as defined in paragraph (c) below), to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

**(b) Conditions**

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting approval (whether subject to conditions or not) of the Share Option Scheme and any right to subscribe for Shares pursuant to the Share Option Scheme (“Options”) which may be granted thereunder, and the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options; and
- (ii) the obligations of the Underwriters under the Underwriting Agreements referred to in the paragraph headed “Underwriting Arrangements, Commissions and Expenses” in the section titled “Underwriting” of the prospectus becoming unconditional (including, if relevant, as a result of the waiver of any such conditions) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise.

**(c) Scope of Participants and eligibility of Participants**

The Board may, at its discretion, invite:

- (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group;
- (ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;
- (iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;
- (iv) any provider of goods and/or services to the Group; or
- (v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up Options.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

**(d) Acceptance of offer**

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

**(e) Subscription price**

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date on which an Option is granted, (ii) the average closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an Option is granted; and (iii) the nominal value of a Share.

**(f) Maximum number of Shares available for subscription**

- (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Shares in issue immediately upon completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option (if any)), unless the Company obtains an approval from its shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from its shareholders in general meeting for granting Options beyond the 10% limit provided the Options granted in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

- (iv) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No Option may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

**(g) Conditions, restrictions or limitations on offers of Options**

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are neither any performance targets that need to be achieved by the grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

**(h) Maximum entitlement of Shares of each Participant**

- (i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Notwithstanding (i) above, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such Participant and his or her Associates abstaining from voting. The number and the terms of the Options to be granted to such Participant shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.

**(i) Grant of Options to connected persons**

- (i) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Participant).

(ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such Option which if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Options granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. The Participant concerned and all connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

**(j) Exercise of Options**

An Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

**(k) Transferability of Options**

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option.

**(l) If a grantee ceased to be a Participant by reason other than death or misconduct**

If the grantee ceases to be a Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (n) below, the grantee may exercise the Option up to his entitlement at the date of cessation (to the extent which

has become exercisable and not already exercised) within the period of 9 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company, as the case may be, failing which it will lapse.

**(m) On the death of a grantee**

If the grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (n) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Option up to the entitlement of such grantee at the date of death (to the extent which has become exercisable and not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death, failing which it will lapse.

**(n) Termination of employment of a grantee by reason of misconduct**

An Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be a Participant by reason of the termination of his employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

**(o) Voluntary winding-up of the Company**

In the event a notice is given by the Company to its shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 4 business days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of shares to the grantee which falls to be issued on such exercise. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

**(p) General offer by way of take-over**

If a general offer by way of take-over is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer

having been approved by the holders of not less than nine-tenths in value of the Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Shares, the grantee (or where appropriate, his or her legal personal representatives) shall be entitled to exercise the Options in full (to the extent not already exercised) even though the option period has not come into effect during the occurrence of the general offer within 21 days after the date of such notice by the offeror. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

**(q) Rights on a compromise or arrangement**

If a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court provided that the relevant Options are not subject to a term or condition precedent to them exercisable which has not been fulfilled, exercise any of his or her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme.

**(r) Rank pari passu**

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

**(s) Alteration in capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of share capital of the Company in accordance with legal requirements and requirements of the Hong Kong Stock Exchange, excluding any alteration in the capital structure of the Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company



or any employee, consultant or adviser to the Group or in the event of any distribution of the Company's legal assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (ii) the subscription price

or any combination thereof, as an independent financial adviser or the auditors of the Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or supplementary guidance as may be issued by the Hong Kong Stock Exchange from time to time, but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

**(t) Duration of the Share Option Scheme**

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

**(u) Cancellation of Options granted**

The Board may at any time at its absolute discretion cancel any Option previously granted to, but not exercised by the grantee. Where the Company cancels Options and offers Options to the same grantee, the offer of the grant of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph (f) above. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by the Board as provided above.

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

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

**(w) Alteration of provisions of the Share Option Scheme**

The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that provisions relating to the class of persons eligible

for the grant of Options, the option period and all such other matters set out in Rule 17.03 or the Listing Rules cannot be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Hong Kong Stock Exchange and the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

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

No offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules in particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish announcement for its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Option may be granted.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme. On the assumption that 800,000,000 Shares are in issue on the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange (without taking into consideration of the Shares that may be issued upon exercise of the Over-allotment Option), the application to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in the Shares on the Hong Kong Stock Exchange includes the 80,000,000 Shares which may be issued upon the exercise of the Options which may be granted under the Share Option Scheme.

**E. OTHER INFORMATION**

**1. Estate duty and tax indemnity**

Mr. Lin and Hopeland International (the "Indemnifiers") have pursuant to a deed of tax indemnity referred to in the paragraph headed "Summary of material contracts" under the section headed "Further Information about the Business of the Group" in this Appendix VI, given indemnities in favour of the Group in connection with, among other things, any taxation which might be payable by any member of the Group in respect of any incomes, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the date on which the Global Offering becomes unconditional (the "Effective Date").

The Indemnifiers have also pursuant to the deed of tax indemnity referred to above, given indemnities in favour of the Group in connection with, among other things, any estate duty which is or becomes payable by any member of the Group by virtue of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) by reason of the death of any person and by reason of the assets of the Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Group or any member of the Group at any time prior to 11 February 2006 (i.e. being the date on which The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect).

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation where:

- (a) to the extent that provision or allowance has been made for such taxation in the audited combined accounts of the Group for the 3 years ended 31 December 2008 and the eight months ended 31 August 2009 (the "Accounts");
- (b) the taxation falling on any member of the Group in respect of the accounting period between 1 September 2009 and 31 December 2009 and any accounting period commencing on or after 1 January 2010 unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, the Indemnifiers, members of the Group or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than (i) in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date or (ii) pursuant to a legally binding commitment created on or before the Effective Date or (iii) pursuant to any statement of intention made in this prospectus;
- (c) to the extent of any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the Effective Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect.

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

## 2. Litigation

As at the Latest Practicable Date, neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of the Group.

## 3. Sponsor

The Sole Sponsor has made an application on behalf of the Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares falling to be issued pursuant to the Capitalization Issue or pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

## 4. Preliminary expenses

The preliminary expenses of the Company are estimated to be about HK\$33,000 and are payable by the Company.

## 5. Promoters

The promoter of the Company is Mr. Lin. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoter in connection with the Global Offering or the related transactions described in this prospectus.

## 6. 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>
Piper Jaffray Asia Limited	a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Guantao Law Firm	Legal advisors to the Company as to PRC laws

<b>Name</b>	<b>Qualification</b>
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ernst & Young	Certified public accountants
DTZ Debenham Tie Leung Limited	Property valuers

#### **7. Consents of experts**

Each of Piper Jaffray Asia Limited, Guantao Law Firm, Conyers Dill & Pearman, Ernst & Young and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

#### **8. Binding effect**

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

#### **9. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of the Directors nor any of the parties whose names are listed in the paragraph headed "Consents of experts" under section E headed "Other Information" in this Appendix VI is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors nor any of the parties whose names are listed in the paragraph headed "Consents of experts" under section E headed "Other Information" in this Appendix VI is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;
- (c) none of the experts named in paragraph 6 of this Appendix has any shareholding in any member in the Group or the right (whether legal

enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group; and

- (d) none of the Directors is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

#### 10. Miscellaneous

- (a) Save as disclosed in this prospectus:
  - (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued; and
  - (iv) the Directors confirm that since 31 August 2009 (being the date to which the latest audited financial statements of the Group were made up), there has been no material adverse change in the financial or trading position or prospects of the Group.

There has not been any interruption in the business of the Group which may have or has had a material adverse effect on the financial position of the Group in the last 12 months.

- (b) None of Piper Jaffray Asia Limited, Guantao Law Firm, Conyers Dill & Pearman, Ernst & Young and DTZ Debenham Tie Leung Limited:
  - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

#### 11. BILINGUAL PROSPECTUS

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