

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

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company on 21 April 2008 under the name of Flyke International Holdings Limited. We changed our name to Flyke International Holdings Ltd. (飛克國際控股有限公司) on 30 June 2008. The registered office of our Company as of the date of this prospectus is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our Company was registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 6 January 2010. Our principal place of business in Hong Kong is situated at 24th Floor, Central Tower, 28 Queen's Road Central, Hong Kong. Mr. CHIM Kam Pang of 2516 Shek Tai House, Shek Lei Estate, Kwai Chung, New Territories, Hong Kong has been appointed as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitutional documents comprising the Articles and the memorandum of association of our Company. A summary of the relevant aspect of the Companies Law and certain provisions of the Articles are set forth in Appendix V to this prospectus.

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

The following changes in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:—

- (a) as of the date of incorporation of our Company, the authorised share capital of our Company was US\$50,000 divided into 50,000 shares of US\$1.0 each. On the same date, one Share was subscribed by Companies Secretaries Ltd. which was subsequently transferred to Super Creation;
- (b) on 24 February 2010, pursuant to written resolutions passed by our sole Shareholder, (i) our authorised share capital of US\$50,000 was increased by HK\$200,000,000 divided into 2,000,000,000 Shares, of which 1,000,000 Shares were issued and allotted to Super Creation for cash at par, (ii) our Company repurchased the one existing share of US\$1.0 held by Super Creation for a cash consideration of US\$1.0 and the said existing share was cancelled following the repurchase and (iii) the amount of the authorised share capital of the Company was diminished to HK\$200,000,000 by the cancellation of all the 50,000 unissued shares of par value US\$1.0 each in the capital of our Company; and
- (c) on 5 March 2010, Super Creation transferred 200,000 Shares to the Trustee.

Assuming that the Capitalisation Issue is completed, the Global Offering becomes unconditional and our Offer Shares are issued but taking no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, our authorised share capital will be HK\$200,000,000

divided into 2,000,000,000 Shares and the issued share capital of our Company will be HK\$80,000,000 divided into 800,000,000 Shares, fully paid or credited as fully paid, and 1,200,000,000 Shares will remain unissued.

Other than the issue of our Offer Shares and our Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme and pursuant to the Issuing Mandate, our Directors have no present intention to issue any part of our authorised but unissued share capital and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company within twelve months from the Listing Date.

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

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

Further information on our subsidiaries is set forth in the accountants' report, the text of which is set forth in Appendix I to this prospectus and in the paragraphs under "Further Information About the Business of our Group — 3. Further information about members of our Group" in this appendix.

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

(a) *Flyke (China)*

Flyke (China) was established on 6 July 2004 in China with a registered capital of HK\$10.8 million and at the time of establishment, Mr. LIN was the sole investor. Pursuant to the Flyke Acquisition Agreement, Flyke (China) became a wholly-owned subsidiary of Flyke (Hong Kong).

(b) *Flyke (Hong Kong)*

Flyke (Hong Kong) was incorporated on 16 April 2008 in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.0 each. Flyke (Hong Kong) is wholly-owned by Win Eagle.

(c) *Win Eagle*

Win Eagle was incorporated on 14 March 2008 in the BVI with an authorised share capital of 50,000 shares of a single class of par value of US\$1.0 each. One share was issued to Mr. LIN. On 21 April 2008, Mr. LIN transferred the one share to our Company and Win Eagle became a wholly-owned subsidiary of our Company.

(d) *Xinwei (China)*

Xinwei (China) was established on 17 December 1998 in China with a registered capital of HK\$9.88 million and at the time of its establishment. Xinwei (China) was owned by an Independent Third Party. On 6 October 2000, pursuant to a share transfer agreement, the

Independent Third Party agreed to transfer the entire equity interest in Xinwei (China) to Mr. LIN. On 20 May 2002, the registered capital of Xinwei (China) was increased to HK\$12.88 million. Pursuant to the Xinwei Acquisition Agreement, Xinwei (China) became a wholly-owned subsidiary of Xinwei (Hong Kong).

(e) *Xinwei (Hong Kong)*

Xinwei (Hong Kong) was incorporated on 16 April 2008 in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. Xinwei (Hong Kong) is a wholly-owned subsidiary of Win Eagle.

Save as set forth in the above paragraphs and in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

#### **4. Written resolutions of our sole Shareholder**

Pursuant to the written resolutions passed by our sole Shareholder on 24 February 2010:—

- (a) the memorandum of association of our Company was adopted and approved as the new memorandum of our Company;
- (b) the Articles were adopted and approved as the new articles of association of our Company;
- (c) our authorised share capital was increased by HK\$200,000,000 divided into 2,000,000,000 Shares, our Company repurchased the one existing share of US\$1.0 held by Super Creation for a cash consideration of US\$1.0 and the said existing share was cancelled following the repurchase and the amount of the authorised share capital of the Company was diminished to HK\$200,000,000 by the cancellation of all the 50,000 unissued shares of par value US\$1.0 each in the capital of our Company;
- (d) conditional on the share premium account of our Company being credited as a result of the Global Offering on the terms set forth in this prospectus, our Directors were authorised to issue and allot Shares pursuant to the Capitalisation Issue;
- (e) conditional upon all the conditions set forth in the section headed “Structure of the Global Offering” in this prospectus being fulfilled:—
  - (i) the Global Offering at the Offer Price on the terms and subject to conditions set forth in this prospectus and the Application Forms and the Over-allotment Option were approved and our Directors were authorised to effect the same and to allot and issue new Shares pursuant thereto; and
  - (ii) the Share Option Scheme was approved and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any option that may be granted thereunder and to take all such actions as they consider necessary or desirable to implement or give effect to the provisions of the Share Option Scheme;

- (f) a general unconditional mandate was granted to our Directors authorising them to exercise all the powers of our Company to allot, issue and deal with, other than by way of a rights issue or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme and any other option scheme or similar arrangements for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our 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 or a specific authority granted by our Shareholders in general meeting, Shares not exceeding the aggregate of 20% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares that may be issued pursuant to the Over-allotment Option);
- (g) a general unconditional mandate was granted to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or any other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, provided that the number of Shares which our Directors were authorised to purchase may not exceed 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Shares that may be issued pursuant to the Over-allotment Option); and
- (h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition of an amount representing our Shares repurchased by our Company pursuant to paragraph (g) above, provided that such extended amount shall not exceed the aggregate of 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering.

Each of the general mandates referred to in paragraphs (f) and (g) above will remain in effect until the earliest of: (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Companies Law or the Articles or any applicable laws of the Cayman Islands or (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

## REORGANISATION

The companies comprising our Group underwent the Reorganisation to rationalise our Group's corporate structure for the Listing. A diagram illustrating our Group's corporate structure after completion of the Reorganisation is set forth in the section headed "Reorganisation" in this prospectus.

The Reorganisation involved the following steps:—

- (a) On 8 February 2008, Super Creation was incorporated and was wholly-owned by Mr. LIN.
- (b) On 14 March 2008, Win Eagle was incorporated and one share was issued and allotted to Mr. LIN.

- (c) On 21 April 2008, our Company was incorporated and was wholly-owned by Super Creation. On the same day, Mr. LIN transferred his one share in Win Eagle to our Company and hence, Win Eagle became a wholly-owned subsidiary of our Company.
- (d) On 16 April 2008, Flyke (Hong Kong) and Xinwei (Hong Kong) were incorporated and were wholly-owned by Win Eagle.
- (e) On 28 July 2009, Mr. LIN and Flyke (Hong Kong) entered into the Flyke Acquisition Agreement pursuant to which Mr. LIN transferred the entire equity interest in Flyke (China) to Flyke (Hong Kong) in consideration of the allotment and issue of 9,999 new shares by Flyke (Hong Kong) to Mr. LIN who held such allotted shares on trust for Win Eagle. Following completion of the transfer, Flyke (China) became a member of our Group.
- (f) On 28 July 2009, Mr. LIN and Xinwei (Hong Kong) entered into the Xinwei Acquisition Agreement pursuant to which Mr. LIN transferred the entire equity interest in Xinwei (China) to Xinwei (Hong Kong) in consideration of the allotment and issue of 9,999 new shares of Xinwei (Hong Kong) to Mr. LIN who held such allotted shares on trust for Win Eagle. Following completion of the transfer, Xinwei (China) became a member of our Group.
- (g) On 22 December 2009, Mr. LIN transferred 9,999 shares in Flyke (Hong Kong) and 9,999 shares in Xinwei (Hong Kong) to Win Eagle for nil consideration.

Further information on the Reorganisation is set forth in the section headed “Reorganisation” in this prospectus.

## REPURCHASE OF OUR OWN SECURITIES

This section includes the information relating to the repurchase by us of our own securities and includes the information required by the Stock Exchange to be included in this prospectus concerning such repurchases.

### 1. Provisions of the Listing Rules

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

#### (a) *Shareholders’ approval*

The Listing Rules provide that all repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

*Note:* Pursuant to the resolutions in writing passed by our sole Shareholder on 24 February 2010, the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase our Shares on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering (excluding any Share which may be issued pursuant to the exercise of the Over-allotment Option). The Repurchase Mandate will remain in effect until the earliest of: (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Companies Law or the Articles or any applicable laws of the Cayman Islands or (3) the time when such mandate is revoked, renewed or varied by an ordinary resolution of our Shareholders in general meeting.

(b) *Shares to be repurchased*

The Listing Rules provide that Shares proposed to be repurchased by our Company must be fully paid-up.

(c) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

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 which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital requirements of our Company as set forth in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) *Status of repurchased securities*

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) shall be automatically cancelled and the related share certificates shall be cancelled and destroyed.

(e) *Connected parties*

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a connected person and a connected person shall not knowingly sell his or her or its securities to our Company.

## **2. Reasons for repurchase**

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

## **3. Exercise of the Repurchase Mandate**

Exercise in full of the Repurchase Mandate on the basis of 800,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering (excluding any Share which may be issued pursuant to the exercise of the Over-allotment Option) could accordingly result in up to 80,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Companies Law or the Articles to be held or any applicable laws of the Cayman Islands or (3) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

## **4. General**

None of our Directors or, to the best of their knowledge after having made all reasonable enquiries, any of their respective associates have any present intention to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised. No connected person of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has he or she or it undertaken not to do so if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands. If as a result of a 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 purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised. No repurchase of Shares has been made by our Company since its incorporation other than as disclosed in this prospectus.

**FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP****1. Summary of material contracts**

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











- (1) the Flyke Acquisition Agreement;
- (2) the Xinwei Acquisition Agreement;
- (3) the State-owned Construction Land Use Rights Transfer Agreement;
- (4) the Trademark Assignment Agreement;
- (5) a deed of non-competition dated 24 February 2010 given by our Controlling Shareholders and executive Directors in favour of our Company;
- (6) the Deed of Indemnity; and
- (7) the Hong Kong Underwriting Agreement.














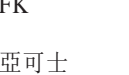
## 2. Intellectual property

### *Trademarks*

As of the Latest Practicable Date, we had applied for the registration of the following trademarks:—

	<b>Trademark</b>	<b>Applicant</b>	<b>Place of Application</b>	<b>Class</b>	<b>Application number</b>	<b>Application date</b>
1.		Xinwei (China)	PRC	4	5889882	5 February 2007
2.		Xinwei (China)	PRC	21	5889878	5 February 2007
3.		Xinwei (China)	PRC	24	5889874	5 February 2007
4.		Xinwei (China)	PRC	26	5889825	5 February 2007
5.		Xinwei (China)	PRC	30	5889876	5 February 2007
6.		Xinwei (China)	PRC	35	5889875	5 February 2007
7.		Xinwei (China)	PRC	34	4429399	21 February 2009
8.		Xinwei (China)	PRC	33	4429400	21 February 2009
9.		Xinwei (China)	PRC	22	4429401	21 February 2009
10.		our Company	Hong Kong	25	301444013	6 October 2009
11.	FLYKE	our Company	Hong Kong	25	301444004	6 October 2009
12.	飛克 / 飞克	our Company	Hong Kong	25	301444022	6 October 2009

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

	Trademark	Registrant	Place of registration	Class	Registration number	Expiry date
1.	飛克 Feike	Xinwei (China)	PRC	25	1402225	27 May 2010
2.	ANAI 安愛	Xinwei (China)	PRC	25	1405240	6 June 2010
3.		Xinwei (China)	PRC	25	2000903	13 January 2013
4.		Xinwei (China)	PRC	28	3792089	13 January 2017
5.		Xinwei (China)	PRC	35	3792073	20 February 2016
6.	FEIKE	Xinwei (China)	PRC	25	2002348	6 February 2014
7.	飞克	Xinwei (China)	PRC	18	3792083	20 November 2016
8.	飞克	Xinwei (China)	PRC	25	2002357	20 July 2014
9.	<b>FeeKee</b>	Xinwei (China)	PRC	25	3598806	13 October 2015
10.	<b>FLYKE</b>	Xinwei (China)	PRC	18	3792085	06 November 2016
11.	<b>FLYKE</b>	Xinwei (China)	PRC	25	3615738	13 December 2015
12.	<b>FLYKE</b>	Xinwei (China)	PRC	25	3636107	13 February 2016
13.	飞克 <b>FLYKE</b>	Xinwei (China)	PRC	28	3792088	6 November 2016
14.	飞克 <b>FLYKE</b>	Xinwei (China)	PRC	35	3792075	20 February 2016
15.	 FLYKE 飞克	Xinwei (China)	PRC	16	3792086	13 April 2016
16.	 FLYKE 飞克	Xinwei (China)	PRC	24	3792087	13 January 2017
17.		Xinwei (China)	PRC	25	3878807	20 May 2017
18.		Xinwei (China)	PRC	25	3878808	20 May 2017
19.		Xinwei (China)	PRC	3	4429407	13 April 2018
20.		Xinwei (China)	PRC	5	4429406	27 March 2018
21.		Xinwei (China)	PRC	7	4429405	27 November 2017
22.		Xinwei (China)	PRC	9	4429404	27 November 2017
23.		Xinwei (China)	PRC	12	4429402	27 November 2017
24.	FK	Xinwei (China)	PRC	25	3598807	27 November 2016
25.	亞可士	Xinwei (China)	PRC	25	2002347	20 November 2012

Pursuant to the Trademark Assignment Agreement, our Company has acquired the following registered trademark for nominal consideration:—

<u>Trademark</u>	<u>Place of registration</u>	<u>Class</u>	<u>Registration number</u>	<u>Expiry date</u>
<b>FLYKE</b>	Hong Kong	25	300278613	1 September 2014

### *Patents*

As of the Latest Practicable Date, our Group had applied for the registration of the following patents in China:—

<u>Title</u>	<u>Type</u>	<u>Applicant</u>	<u>Date of Application</u>	<u>Application Number</u>
1. 一種減震運動鞋	Utility Model	Flyke (China)	26 September 2008	200820139153.4
2. 一種透氣運動鞋	Utility Model	Flyke (China)	26 September 2008	200820139152.X
3. A design of Sole	Design	Flyke (China)	26 September 2008	200830213763.X
4. A design of shoes	Design	Flyke (China)	26 September 2008	200830213764.4
5. A design of shoes	Design	Flyke (China)	26 September 2008	200830213765.9
6. A design of shoes	Design	Flyke (China)	26 September 2008	200830213766.3
7. A design of shoes	Design	Flyke (China)	26 September 2008	200830213767.8
8. 一種具有彎折功能的運動鞋	Utility Model	Flyke (China)	8 October 2008	200820139086.6
9. 一種防測運動鞋	Utility Model	Flyke (China)	8 October 2008	200820139087.0
10. A sports shoe Sole	Utility Model	Flyke (China)	8 October 2008	200820139083.2
11. 一種具有穩定系統的護足運動鞋	Utility Model	Flyke (China)	8 October 2008	200820139084.7
12. 一種護足運動鞋	Utility Model	Flyke (China)	8 October 2008	200820139085.1
13. 一種助彈運動鞋	Utility Model	Flyke (China)	8 October 2008	200820201507.3
14. 一種具有彈力避震系統的運動鞋	Utility Model	Flyke (China)	8 October 2008	200820201585.3
15. 一種鞋底的中底支撐系統	Utility Model	Flyke (China)	8 October 2008	200820201586.8
16. 一種輕量型功能鞋	Utility Model	Flyke (China)	14 August 2009	200920182529.4
17. 一種越野型功能鞋	Utility Model	Flyke (China)	14 August 2009	200920182530.7
18. 一種緩震型功能鞋	Utility Model	Flyke (China)	14 August 2009	200920182531.1
19. 一種支撐型功能鞋	Utility Model	Flyke (China)	14 August 2009	200920182532.6

**Domain name**

As of the Latest Practicable Date, our Group had registered the following domain names:—

<u>Domain name</u>	<u>Registrant</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
www.iflyke.com	Flyke (China)	11 June 2008	11 June 2018
www.iflyke.cn	Flyke (China)	11 June 2008	11 June 2018
www.iflyke.com.cn	Flyke (China)	11 June 2008	11 June 2018
www.iflyke.cc	Flyke (China)	11 June 2008	11 June 2018
www.iflyke.mobi	Flyke (China)	11 June 2008	11 June 2018
www.iflyke.net	Flyke (China)	11 June 2008	11 June 2018
www.飛克國際.com	Flyke (China)	11 June 2008	11 June 2018
www.飛克國際.cc	Flyke (China)	11 June 2008	11 June 2018
www.flyke.net	Flyke (China)	11 June 2008	11 June 2018
www.flyke.cc	Flyke (China)	11 June 2008	11 June 2018
www.chinaflyke.com	Xinwei (China)	13 October 2008	13 October 2018

**3. Further information about members of our Group**

The following sets forth further information on each member of our Group:

**PRC***Flyke (China)*

Type of company	Wholly-foreign owned enterprise
Business licence number of enterprise legal person	350500400010620
Address of registered office	Yangdai Ding Xing Industrial District, Chendai Town, Jinjiang City, Fujian Province, China
Date and place of incorporation	6 July 2004, PRC
Registered capital	HK\$13,800,000
Business scope	Manufacturing of sports footwear, soles and sports apparel, wholesale and retail, export and import of and related accessory services regarding sports footwear and sportswear (commodities subject to quota licencing and special regulations shall be handled in accordance with related regulations of the state)
Equity holder	Flyke (Hong Kong)

Legal representative	Mr. LIN
Term	6 July 2004 to 5 July 2024
<i>Flyke (Guangxi) Branch Company</i>	
Type of company	Branch company of a wholly-foreign owned enterprise
Business licence number	450200400001120
Address of registered office	Nos. 305–315, Tie Dao Hotel, No. 20, Li Min District, Fei E Road, Liuzhou, Guangxi Province, China
Date and place of incorporation	6 May 2008, PRC
Business scope	Sales of sports shoes, sports apparel items manufactured by the main company (items requiring permits can be operated within the validity period of the permits)
Person-in-charge	Mr. LIN Changze
Term	6 May 2008 to 6 May 2018
<i>Flyke (Shuitou) Branch Company</i>	
Type of company	Branch company of a wholly-foreign owned enterprise
Business licence number	350500500003603
Address of registered office	1st Floor, Block 8, Fu Xing Shang Mao District, Shuitou Zhen, Nanan City, Fujian Province, China
Date and place of incorporation	25 April 2008, PRC
Business scope	Sales of sports shoes, sports apparel and sports gear manufactured by the main company
Person-in-charge	Mr. LIN Mingxu
Term	25 April 2008 to 24 April 2028
<i>Xinwei (China)</i>	
Type of company	Wholly-foreign owned enterprise
Business licence number of enterprise legal person	350500400000505

Address of registered office	Yangdai Yongpu Industrial Zone, Chendai Town, Jinjiang City, Fujian Province, China
Date and place of incorporation	17 December 1998, PRC
Registered capital	HK\$12,880,000
Business scope	Manufacturing of soles, sportswear, sports footwear and TPR pellets (products to be exported do not include the types which are subject to quota licensing control) (proportion of domestic and overseas sales are to be determined according to market demand)
Equity holder	Xinwei (Hong Kong)
Legal representative	Mr. LIN
Term	17 December 1998 to 17 December 2018
<b><i>Hong Kong</i></b>	
<i>Flyke (Hong Kong)</i>	
Type of company	Limited company
Company number	1227818
Address of registered office	24th Floor, Central Tower, 28 Queen's Road Central, Central, Hong Kong
Date and place of incorporation	16 April 2008, Hong Kong
Authorised share capital	HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each
Issued share capital	10,000 shares
Shareholder	Win Eagle
Director(s)	Mr. LIN Mr. LIN Wenzu
Term	Perpetual
<i>Xinwei (Hong Kong)</i>	
Type of company	Limited company
Company number	1227809

Address of registered office	24th Floor, Central Tower, 28 Queen's Road Central, Central, Hong Kong
Date and place of incorporation	16 April 2008, Hong Kong
Authorised share capital	HK\$10,000 divided into 10,000 shares of HK\$1.00 each
Issued share capital	10,000 shares
Shareholder	Win Eagle
Director(s)	Mr. LIN Mr. LIN Wenzu
Term	Perpetual

***BVI****Win Eagle*

Type of company	Limited company
Company number	1470083
Address of registered office	30 de Castro Street, Wickhams Cay 1, P.O. Box 4519, Road Town, Tortola, British Virgin Islands
Date and place of incorporation	14 March 2008, BVI
Authorised share capital	50,000 shares of a single class of par value of US\$1.00 each
Issued share capital	1 share
Shareholder	our Company
Director(s)	Mr. LIN
Term	Perpetual

## FURTHER INFORMATION ABOUT OUR DIRECTORS AND OUR SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of interests

#### *Directors*

Immediately following completion of the Capitalisation Issue and the Global Offering without taking into consideration our Shares which may be taken up under the Global Offering and that may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, the interests and short positions of our Directors and our chief executive of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which 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 he or she is 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 referred to therein or which will be required to be notified to our Company 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:—

#### (a) *Long positions in Shares*

Name of Director	Capacity	Number of Shares	Percentage of issued Shares (%)
Mr. LIN <sup>1</sup> . . . . .	Interest in a controlled corporation	480,000,000	60.0
LIN Mingxu <sup>2</sup> . . . . .	Beneficial owner	60,000,000	7.5
LIN Wenzu <sup>2</sup> . . . . .	Beneficial owner	60,000,000	7.5

*Notes:—*

- Mr. LIN is the beneficial owner of all the issued share capital of Super Creation which holds 480,000,000 Shares.
- The beneficial interest is held under the Trust Scheme.



(b) *Long positions in the shares of associated corporations*

<b>Name of Director</b>	<b>Name of associated corporations</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of issued Shares (%)</b>
LIN Wenjian. . . . .	Super Creation	Beneficial owner	1	100

***Substantial Shareholders***

So far as is known to any Director or chief executive of our Company, the following persons (other than a Director or chief executive of our Company), will, following completion of the Capitalisation Issue and the Global Offering without taking into consideration our Shares which may be taken up under the Global Offering and that may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, have an interest or short position in our Shares or the underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly to 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</b>	<b>Number of Shares</b>	<b>Percentage of issued Shares (%)</b>
Super Creation . . . . .	Beneficial owner	480,000,000	60.0
The Trustee <sup>1</sup> . . . . .	Trustee of the Trust Scheme	120,000,000	15.0

*Note:—*

- The Trustee holds on trust 120,000,000 Shares for the benefit of the participants of the Trust Scheme, namely Mr. LIN Mingxu and Mr. LIN Wenzu.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Global Offering, have an interest or short position in Shares or, underlying Shares which would fall 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, 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 our Group.

## 2. Particulars of our Directors' service contracts and appointment letters with our independent non-executive Directors

Each of our executive Directors has entered into a service contract with our Company for an initial term of three years commencing on 24 February 2010. The service contract shall continue thereafter and may only be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

The monthly salary (after taxation) of our executive Directors under their service contracts with our Company are as follows:—

Name of our executive Directors	Monthly salary
Mr. LIN . . . . .	RMB48,000
LIN Mingxu . . . . .	RMB24,000
LIN Wenzu . . . . .	RMB24,000
LI Yong . . . . .	RMB24,000

The salary of each executive Director shall be determined by our Board. Each of our executive Directors will also be entitled to a discretionary bonus, provided that the aggregate amount of bonus to be paid to all executive Directors in each year ending 31 December shall not exceed 1.0% of the audited consolidated net profit after taxation but before extraordinary items of our Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

Mr. CHU Kin Wang, Peleus, Mr. HUANG Shanhe and Mr. ZHU Guohe have been appointed from 24 February 2010 as our independent non-executive Directors. Each of their annual fees (after taxation) is set forth below:—

Name of the independent non-executive Directors	Annual fee
Mr. CHU Kin Wang, Peleus . . . . .	HK\$120,000
Mr. HUANG Shanhe . . . . .	RMB100,000
Mr. ZHU Guohe . . . . .	RMB100,000

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

## 3. Directors' remuneration

Under the arrangements presently in force, all our executive Directors will be entitled to receive remuneration which, for the year ending 31 December 2010, is expected to be in the aggregate amount of approximately RMB1,221,429, excluding the discretionary bonus payable to our executive Directors. All our independent non-executive Directors will be entitled to receive a director fee which, for the year ending 31 December 2010, is expected to be in the aggregate amount of approximately RMB259,214.

Our Directors' remuneration is determined with regard to their experience, performance and the prevailing market conditions.

Save as disclosed in this prospectus, no Director in the promotion of our Company has been paid in cash or shares or otherwise by any person either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of our Company.

#### **4. Disclaimers**

- (a) Save as disclosed in this prospectus, none of our Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group.
- (b) None of the experts named in the section headed "Other Information — 7. Consents of experts" in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this 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.
- (c) Save as disclosed in this appendix, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.

#### **5. Trust Scheme**

Pursuant to the Trust Scheme, Super Creation transferred 200,000 Shares to a trust created under the laws of Hong Kong with Equity Trust (HK) Limited as trustee of the Trust Scheme with the nominal consideration settled by the participants of the Trust Scheme to Super Creation direct. Two participants have participated in the Trust Scheme and they are the beneficiaries of the Trust Scheme. Our Shares are held by the Trustee until all those Shares are vested to the participants in accordance with the terms and conditions of the trust deed of the Trust Scheme and the applicable laws and regulations. There will not be any person issuing letter of wishes subsequent to the establishment of the Trust Scheme.

As trustee of the Trust Scheme, the Trustee shall hold and manage the trust property as if it were the owner without regarding any instructions from the participants but subject to the trustee's duties, powers and obligations set forth in the relevant trust deed. The participants will not be entitled to affect or influence the decision of the trustee.

The Trust Scheme has been established to hold our Shares to recognise previous contribution of the participants to the success of our Group and to provide incentive to the participants to continue to contribute to the success of our Group. The purpose of the Trust Scheme is to streamline the shareholding structure of our Company. The 200,000 Shares contributed by Super Creation to the Trust Scheme were transferred to the Trustee for nominal consideration paid by the Trustee on behalf of the participants.

The participants of the Trust Scheme are two executive Directors, namely LIN Mingxu and LIN Wenzu, in recognition of their previous contribution to our Group. LIN Mingxu and LIN Wenzu are younger brothers of Mr. LIN and our executive Directors and Controlling Shareholders. All our Controlling Shareholders are subject to the moratorium period as set forth in the Listing Rules.

Following completion of the Capitalisation Issue and the Global Offering, an aggregate of 120,000,000 Shares will be held by the Trustee, representing approximately 15.0% of the issued Shares (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme).

The following table sets forth the number of Shares beneficially owned by each participant under the Trust Scheme:—

<b>Name of the participants</b>	<b>Number of Shares under the Trust Scheme</b>
LIN Mingxu . . . . .	60,000,000
LIN Wenzu . . . . .	60,000,000

Our Shares held under the Trust Scheme will be vested in three tranches. The first tranche, which represents 33% of the total number of our Shares held hereunder, will be vested to the participants immediately after the first anniversary of the Listing Date. The second tranche, which represents 33% of the total number of our Shares held thereunder, will be vested to the participants immediately after the second anniversary of the Listing Date. The third tranche, which represents 34% of the total number of our Shares held thereunder, will be vested to the participants immediately after the third anniversary of the Listing Date. Following the vesting, all the relevant Shares will be freely transferable and will be identical in all aspects to our Shares in issue.

All dividend declared and paid by our Company before vesting shall be held by the Trustee and shall be transferred to the relevant participants upon vesting after deduction of the fees due to be payable to the trustee for its services rendered under the Trust Scheme.

In the event that a participant ceases to be an employee of our Group, he shall cease to be a participant and the unvested Shares shall not vest on him and the Trustee shall transfer the unvested Shares to Super Creation. All vested Shares will not be required to be transferred to Super Creation even though the relevant participant ceases to be an employee of our Group.

Following the transfer of our Shares by Super Creation to the Trustee, Super Creation ceases to have any interest in those Shares, except that all the unvested Shares will be transferred back to Super Creation in the event that any participant of the Trust Scheme ceases to be entitled to these Shares. This arrangement will not result in Super Creation being deemed to have interests in those Shares as those Shares are held by the Trustee for the benefit of the participants. The transfer by Super Creation of the Shares pursuant to the Trust Scheme will

not involve any Independent Third Party to become the beneficial owners of the relevant Shares. All our Shares held by the Trustee will not be considered to be Shares held by members of the public for the purpose of the Listing Rules. The Trust Scheme was duly implemented on 5 March 2010.

There will be no impact in our statements of comprehensive income following the implementation of the Trust Scheme.

## SHARE OPTION SCHEME

### Summary of terms

The following is a summary of the terms of the Share Option Scheme conditionally adopted pursuant to written resolutions of our sole Shareholder passed on 24 February 2010:—

(a) *Who may join and purpose*

Our Board may at its discretion offer options to:—

- (i) any executive, non-executive or independent non-executive Director;
- (ii) any employee (the “**Employee**”) of our Group; and
- (iii) any customer, supplier, agent, business or joint venture partner, consultant, distributor, promoter, service provider, adviser or contractor of any member of our Group.

The above persons are collectively referred to as “Eligible Participants” and each an “Eligible Participant”. In order for a person to satisfy our Board that he or she is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as our Board may request for the purpose of assessing his or her eligibility (or continuing eligibility). Subject to the terms and conditions of the Share Option Scheme, our Board shall have an absolute discretion as to granting options to any particular Eligible Participant.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants have made or may make to the business development of our Group. Apart from the determination of the subscription price, our Directors will have an absolute discretion to impose performance targets on the option holders before any option that can be exercised with reference to the objectives of the Share Option Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer.

(b) *Subscription price of our Shares*

The subscription price in respect of each Share under the Share Option Scheme shall, subject to any adjustments made as described in paragraph (1) below, be a price determined by our Board and notified to the Eligible Participant and shall be no less than the highest of:—

- (i) the nominal value of a Share;
- (ii) the closing price of each Share as stated in the Stock Exchange's daily quotations sheet on the date of offer to the Eligible Participant, which must be a day on which licenced banks are open for business in Hong Kong (a "**Trading Day**"); and
- (iii) the average closing price of each Share as stated in the Stock Exchange's daily quotations sheets for the five (5) consecutive Trading Days immediately preceding the date of offer to the Eligible Participant, provided that the final Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date if our Shares have been listed on the Main Board for less than five Trading Days before the date of grant.

(c) *Grant of options*

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one (1) month immediately preceding the earlier of (1) the date of our 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 (whether or not required under the Listing Rules) and (2) the deadline for our Company to publish an announcement of 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.

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

- (i) Subject to paragraphs (d)(ii), (iii) and (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by our Company (not taking into account any Shares which may be allotted and issued under the Over-allotment Option) (the "**Scheme Mandate Limit**") shall not, in aggregate, exceed 10% of our Shares in issue upon completion of the Capitalisation Issue and the Global Offering on the Listing Date (being currently expected to be 80,000,000 Shares) unless approved by our Shareholders pursuant to paragraphs (d)(ii) and (iii) below.

- (ii) Subject to paragraphs (d)(iii) and (iv) below, the Scheme Mandate Limit may be refreshed by our Shareholders in general meeting from time to time, provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of our Shares in issue as at the date of approval of such refreshment by our Shareholders in general meeting. Upon such refreshment, all options granted under the Share Option Scheme and any other share options schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In such a case, we shall send to our Shareholders a circular containing such information from time to time as required under the Listing Rules.
- (iii) Subject to paragraph (d)(iv) below, our Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit (whether or not refreshed), provided that the options in excess of the Scheme Mandate Limit (whether or not refreshed) are granted only to the Eligible Participants specified by our Company before such approval is sought and we shall send to our Shareholders a circular containing such information from time to time required under the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (iv) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. Options may not be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the said 30% limit being exceeded.
- (e) *Maximum entitlement of each Eligible Participant*

Unless approved by our Shareholders, no option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding share option) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of Shares in issue as at the date of such new grant.

- (f) *Grant of options to Substantial Shareholders, Directors and chief executive of our Company or connected persons*

Any grant of options under the Share Option Scheme to any Director and chief executive of our Company or a Substantial Shareholder or any of their respective associate must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in our Shares issued and to be issued upon exercise of all options

already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of our Company in the 12-month period up to and including the date of such grant:—

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue as at the date of such grant; and
- (ii) having an aggregate value, based on the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant of option, in excess of HK\$5.0 million,

such further grant of options must be approved by Shareholders. For the purpose of seeking approval of Shareholders under paragraphs (d), (e) and (f) above, we shall send to our Shareholders a circular containing the information required under the Listing Rules and the vote at our Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll during which those persons required under the Listing Rules to abstain from voting, will not vote.

(g) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by our Board to the grantee save that such period shall not be more than 10 years from the business day on which the option is deemed to have been granted in accordance with the terms of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised.

(h) *Performance target*

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

(i) *Rights are personal to grantee*

An option shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, failing which any outstanding option or any part thereof granted to the extent not already been exercised shall be cancelled.

(j) *Rights on death*

In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme by reason of his or her death before exercising his or her option in full and none of the events which would be a ground for termination of his or her employment as specified in the Share Option Scheme having arisen, his or her legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within 12 months following his or her death.



(k) *Rights on ceasing employment*

- (i) In the event of the grantee who is an Employee ceasing to be a participant of Share Option Scheme by reason of the termination of his or her employment or directorship on one or more of the grounds specified in the Share Option Scheme, his or her option (to the extent not already exercised) shall lapse automatically and immediately and shall not be exercisable on or after the date of termination of his or her employment and to the extent the grantee has exercised the option in whole or in part pursuant to the Share Option Scheme, but Shares have not been allotted to him or her, the grantee shall be deemed not to have so exercised such option and we shall return to the grantee the amount of the subscription price for our Shares received by our Company in respect of the purported exercise of such option.
- (ii) In the event of the grantee who is an Employee ceasing to be a participant of the Share Option Scheme for any reason other than his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in the Share Option Scheme, the option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the grantee's last actual working day with our Company or our relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.
- (iii) In the event of the grantee who is not an Employee ceasing to be a participant of the Share Option Scheme as and when determined by our Board by resolution for any reason other than his or her death, our Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(l) *Reorganisation of capital structure*

In the event of any alteration in the capital structure of our Company which arises from a capitalisation issue, bonus issue, rights issue, open offer, sub-division or consolidation of our Shares or reduction of capital of our Company (excluding any alteration in the capital structure of our Company as a result of an issue of securities as consideration in respect of a transaction to which our Company is a party) at any time after the Listing Date, such corresponding alterations (if any) certified in writing by an independent financial adviser appointed by our Company or the auditors for the time being of our Company as fair and reasonable will be made to the subscription price at which the offeror gives notice to acquire the remaining Shares and/or the number or nominal amount of Shares subject to the option so far as unexercised, provided that (i) any such alterations shall give a grantee as nearly as possible the same proportion of the issued share capital of our Company as that to the option he or she was previously entitled; (ii) no such alteration shall be made to the effect that Share would be issued at less than its nominal value; and (iii) any such alterations shall be in compliance with the requirements set forth in Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange from time to time, including those set forth in the letter from the Stock Exchange dated 5 September 2005.

(m) *Rights on a general offer*

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code) prior to the expiry date of the relevant option, the grantee shall be entitled to exercise the option in full (to the extent not exercised) at any time within such period as shall be notified by our Company.

(n) *Rights on winding-up*

If notice is duly given by our Company to Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, we shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter exercise the relevant option to its full extent or to the extent specified in such notice or in part and we shall, as soon as possible and in any event no later than three (3) business days immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and not be exercisable.

(o) *Rights on a compromise or arrangement*

In the event of a compromise or arrangement between our Company and our Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), we shall give notice thereof to all grantees on the same date as we dispatch notice of the meeting to our Shareholders or creditors to consider such a compromise or arrangement and thereupon any grantees may at any time thereafter exercise the relevant option in full or to the extent notified by our Company and we shall, as soon as possible and in any event no later than three business days, allot and issue such number of Shares to the grantee which fall to be issued on such exercise, credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

(p) *Ranking of Shares*

Our Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the memorandum of association of our Company and the Articles in force as at the date of allotment and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on such date of allotment and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after such 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.

(q) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

(r) *Alteration*

Our Directors may from time to time amend the rules of the Share Option Scheme by resolution of our Board save and except the following which shall be approved by our Shareholders in general meeting:—

- (i) the provisions of the Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Participant;
- (ii) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Board as scheme administrator in relation to any alteration to the terms of the Share Option Scheme,

provided always that the amended terms of the Share Option Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

(s) *Lapse of option*

An option (to the extent such option has not already been exercised) will lapse and not be exercisable on the earliest of:—

- (i) the expiry of the exercise period of the options;
- (ii) the expiry of any of the periods referred to in paragraphs (j) and (k) above;
- (iii) subject to any competent court in any jurisdiction not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (m) above;
- (iv) the date of the commencement of the winding-up of our Company;
- (v) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (o) above;
- (vi) the date on which the grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on the grounds set forth in paragraph (k)(ii) above;
- (vii) the date on which the grantee commits a breach of paragraph (i); or
- (viii) the date the grantee ceases to be a participant of the Share Option Scheme for any other reason (save for his death or termination of employment or directorship).

(t) *Cancellation of options*

Our Board shall have the absolute discretion to cancel any option granted at any time at the request of the grantee, provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available Shares in the authorised but unissued share capital of our Company, and available and ungranted options within the limits referred to in paragraph (d) above (and for the purpose of calculating such limits, all cancelled options shall be treated as granted options).

(u) *Termination of the Share Option Scheme*

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

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

The Share Option Scheme is conditional on:—

- (a) the passing of the resolution by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any option under the Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, our Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme; and
- (c) the commencement of dealings in our Shares on the Main Board.

If any of the above conditions is not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

### **Disclosure in annual and interim reports**

Our Company shall disclose details of the Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

### **Administration of the Share Option Scheme**

The Share Option Scheme shall be administered by our Board whose decision shall be final and binding on all parties.

**Present status of 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.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 80,000,000 Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

**OTHER INFORMATION****1. Deed of Indemnity**

Each of our Controlling Shareholders has entered into a deed of indemnity with and in favour of our Company, (being a material contract referred to in the paragraphs under “Further Information About the Business of our Group — 1. Summary of material contracts” in this appendix), to give joint and several indemnities in respect of, among other things:—

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended)) to any member of our Group on or before the date on which the Global Offering becomes unconditional;
- (b) any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date;
- (c) any tax liabilities which might be payable by any member of our Group under or 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 Listing Date,

save as to such circumstances including:—

- (i) to the extent that full provision or allowance has been made for such taxation in the audited accounts of our Group for the Track Record Period;
- (ii) to the extent that such taxation arises or is incurred as a consequence of any retrospective change in law or the interpretation or practice thereof or retrospective increase in tax rates coming into force after the Listing Date;
- (iii) to the extent that any of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposal of capital assets after the Listing Date;
- (iv) to the extent of any provisions or reserve made for taxation in the audited accounts of our Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve; and

- (d) all such non-compliance and relevant payments, suits, settlement payment, cost, liability, claim, fine, penalty, loss, damages or expense under the relevant PRC or Cayman Islands or Hong Kong laws, rules and regulations or any other applicable laws, rules and regulations, on or before the Listing Date or as a result of or in relation to all litigations, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings by or against our Group which was issued, accrued and/or arising from any act of our Group at any time on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, China and other jurisdictions in which the companies comprising our Group are incorporated.

## **2. Litigation**

As of the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

## **3. Sponsor**

China Everbright, being the sole sponsor to the Listing, has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our Offer Shares and our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme.

All necessary arrangements have been made enabling such Shares to be admitted to CCASS.

## **4. Preliminary expenses**

Our preliminary expenses are estimated to be approximately HK\$15,195 (equivalent to approximately RMB13,372) and are payable by us.

## **5. Promoter**

We have no promoter and no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this prospectus.

## 6. Qualifications of experts

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

<b>Name of expert</b>	<b>Qualifications</b>
China Everbright	licensed under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) regulated activities as defined under the SFO
SHINEWING (HK) CPA Limited	Certified public accountants
BMI Appraisals Limited	Property valuer
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Shu Jin Law Firm	Qualified PRC legal adviser

## 7. Consents of experts

Each of China Everbright, SHINEWING (HK) CPA Limited, BMI Appraisals Limited, Conyers Dill & Pearman and Shu Jin Law Firm has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and/or references to its name included in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in 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.

## 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. Bilingual prospectus

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

**10. Miscellaneous**

- (1) Save as disclosed in this prospectus and, in particular, in the paragraphs under “Further Information About the Business of our Group — 1. Summary of material contracts”—
  - (i) 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;
  - (ii) 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;
  - (iii) we have no outstanding convertible debt securities or debentures;
  - (iv) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued;
  - (v) within two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
  - (vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares or any equity interest in any of the subsidiaries of our Company.
- (2) No member of our Group is presently listed on any stock exchange or traded on any trading system.
- (3) There is no arrangement under which future dividends are waived or agreed to be waived.
- (4) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve months immediately preceding the date of this prospectus.
- (5) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.