

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in BVI under the Companies Act as a limited liability company on 8 December 2010. As such, our Company is subject to BVI law and its constitution, which comprises the Memorandum of Association and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of the BVI law is set out in Appendix IV to this prospectus.

2. Changes in the authorised and issued shares of our Company

- (a) On 8 December 2010, our Company was incorporated and was initially authorised to issue a maximum of 39,000,000 shares of HK\$0.01 each of a single class. On the same date, one share of HK\$0.01 was allotted and issued to Global Wisdom at a consideration of HK\$0.01.
- (b) On 22 February 2011, Grand Concord (BVI), at the direction of our Company, acquired the entire issued share capital of Grand Concord (HK) from Mr. Wong and Madam Hung Kin, in consideration of and exchange for which our Company allotted and issued, credited as fully paid, an aggregate of 9,999,999 shares of HK\$0.01 each to Global Wisdom.
- (c) On 7 March 2011, 500,000 shares of HK\$0.01 each in our Company were transferred to Mr. S.H. Wang and 800,000 shares of HK\$0.01 each in our Company to Mr. Wei by Global Wisdom, respectively.
- (d) Pursuant to a resolution in writing passed by all the then Directors on 10 March 2011, our Company re-designated all our authorised shares of HK\$0.01 each, including the 10,000,000 issued shares of HK\$0.01 each, as shares with no par value in compliance with the Companies Act.
- (e) Pursuant to a resolution in writing passed by all the then Shareholders on 15 August 2011, our Company increased its maximum number of authorised Shares from 39,000,000 Shares to 1,000,000,000 Shares.
- (f) On 31 August 2011, our Company allotted and issued an aggregate of 290,000,000 new Shares to our then Shareholders, as to 252,300,000 Shares to Global Wisdom, 14,500,000 Shares to Mr. S.H. Wang and 23,200,000 Shares to Mr. Wei, at an issue price of HK\$0.0000001 per Share and in aggregate for HK\$29.00.

Immediately following completion of the Share Offer but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, 380,000,000 Shares will be issued and 620,000,000 Shares will remain unissued. Other than pursuant to the exercise of the options which may be granted under the Share Option Scheme, our Directors do not have

any present intention to issue any of the authorised but unissued shares of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein, there has been no alteration in the authorised shares of the Company since its incorporation.

3. Resolutions in writing of all the Shareholders passed on 19 August 2011 and 8 November 2011

On 19 August 2011 and 8 November 2011, pursuant to resolutions in writing passed by all the Shareholders:

- (a) our Company approved and adopted its Memorandum of Association and the Articles of Association and authorised their filing with the Registrar of Corporate Affairs in the BVI and thereby give effect to the same;
- (b) conditional upon the same conditions to be satisfied and/or waived as stated in the section headed “Structure and conditions of the Share Offer” of this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares and to approve the transfer of the Sale Shares pursuant to the Share Offer, and our Directors were authorised to agree to any changes in relation to the above and at their absolute discretion to take all such steps as may be necessary, desirable or expedient to give effect to the above;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 15 of this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder, to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
 - (iii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Memorandum of Association and the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the Share Offer or under a special authority granted by the Shareholders, Shares not exceeding 20% of the number of Shares in issue immediately following the completion of the Share Offer (excluding the

Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable BVI law to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first;

- (iv) a general unconditional mandate (“**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other recognised stock exchange on which the Shares may be listed with an aggregate nominal amount of not exceeding 10% of the number of Shares in issue and to be issued immediately following completion of Share Offer (excluding the Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable BVI law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (v) the extension of the general mandate to allot, issue and deal with Shares to include the number of Shares which are repurchased by our Company pursuant to paragraph (iv) above.

4. Reorganisation

Please refer to the section headed “History, Reorganisation and Group structure — Reorganisation” of this prospectus for the details of the Reorganisation which our Group underwent to rationalise our Group’s structure in preparation for the Listing.

5. Changes in authorised and issued shares or share capital of our subsidiaries

The subsidiaries of our Company are listed in the accountants’ report of our Company, the text of which is set out in Appendix I to this prospectus.

In addition to the Reorganisation described in the section headed “History, Reorganisation and Group structure — Reorganisation” of this prospectus, the alterations in the authorised shares or share capital of each of our Company’s subsidiaries took place within the two years immediately preceding the date of this prospectus are as follows:

- (a) On 2 November 2009, Shandong Grand Concord proposed to increase its registered capital from US\$350,000 to US\$850,000 and the increased amount was fully paid up as at 24 December 2009.

- (b) On 8 December 2010, Grand Concord (BVI) was incorporated and was authorised to issue a maximum of 50,000 shares of US\$1 each.
- (c) On 9 December 2010, one share of US\$1 each in Grand Concord (BVI) was allotted and issued to our Company for a consideration of US\$1.
- (d) On 22 February 2011, an aggregate of two shares of HK\$1 each in Grand Concord (HK), being its entire issued share capital, which were then beneficially owned as to one share by Mr. Wong and one share by Madam Hung Kin, were transferred to Grand Concord (BVI), at the direction of our Company, pursuant to the sale and purchase agreement referred to in sub-paragraph (a) of paragraph 9 of this Appendix.

Save as disclosed herein and in the section headed “History, Reorganisation and Group structure — Reorganisation” of this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Particulars of our operating subsidiaries

A summary of the corporate information of our operating subsidiaries in PRC and Hong Kong is set out as follows:

Zhucheng Eternal Knitting

Date of Establishment:	24 October 2000
Registered Office:	No. 102 Renmin East Road Zhucheng, Shandong Province, PRC
Nature:	Limited liability company
Scope of Business:	Manufacture and sale of garments and knitted fabrics (excluding business restricted or prohibited by the state; if scope of business relates to items which require pre- approval to operate, permit is needed for such operations)
Legal Representative:	Mr. Wong
Registered Capital:	US\$1,300,000
Paid-up Capital:	US\$1,300,000
Shareholder:	Grand Concord (HK)
Duration of Operation:	50 years (from 24 October 2000 to 23 October 2050)

Zhucheng Yumin Knitting

Date of Establishment:	22 November 2004
Registered Office:	Xinxing Town Zhucheng, Shandong Province, PRC
Nature:	Limited liability company
Scope of Business:	Manufacture of knitted garments and woven garments, weaving, dyeing and finishing of high-end fabrics; sales of the company's products
Legal Representative:	Mr. Wong
Registered Capital:	US\$2,600,000
Paid-up Capital:	US\$2,600,000
Shareholder:	Grand Concord (HK)
Duration of Operation:	50 years (from 22 November 2004 to 21 November 2054)

Shandong Grand Concord

Date of Establishment:	9 July 2007
Registered Office:	No. 72 Shunde Street Zhucheng, Shandong Province, PRC
Nature:	Limited liability company
Scope of Business:	Manufacture and sale of high-end clothing (if scope of business relates to items which are specified by the state to require permit or quality control, permit or certificate of quality compliance is needed for such operations)
Legal Representative:	Mr. Wong
Registered Capital:	US\$850,000
Paid-up Capital:	US\$850,000
Shareholder:	Grand Concord (HK)
Duration of Operation:	50 years (from 9 July 2007 to 8 July 2057)

Grand Concord Garment

Date of incorporation:	3 June 2010
Registered Office:	Units 1108-1109, Tower 2, Enterprise Square 9 Sheung Yuet Road Kowloon Bay Hong Kong
Nature:	private company limited by shares
Scope of Business:	trading
Authorised Share Capital:	HK\$10,000
Issued Share Capital:	HK\$1
Shareholder:	Grand Concord (HK)

7. Repurchase by our Company of our own securities

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

(a) Shareholders' approval

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

Note: Pursuant to a resolution in writing passed by the Shareholders on 19 August 2011, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the number of Shares immediately following completion of Share Offer (excluding the Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), such mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or applicable BVI law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the same, whichever occurs first.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of the BVI. A listed company may not repurchase its own securities on the Main Board for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Reasons for repurchases

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

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association of our Company and the applicable laws, the regulations of the BVI and the Listing Rules.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors

do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 380,000,000 Shares in issue immediately after the listing of the Shares on the Main Board, would result in up to 38,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(e) General

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

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 Memorandum of Association of our Company, the Articles of Association and the applicable laws of BVI.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the 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. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

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

8. Registration under Part XI of the Companies Ordinance

Our Company has established its head office and a principal place of business in Hong Kong at Units 1108-1109, 11th Floor, Tower II Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, and was registered on 3 May 2011 as a non-Hong Kong company under Part XI of the Companies Ordinance, with Mr. Wong Kin Ling (being an executive Director), as an authorised person of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process and notices on our Company is the same as the address of our head office and principal place of business in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

9. Summary of material contracts

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

- (a) the sale and purchase agreement dated 22 February 2011 entered into by our Company as purchaser and Mr. Wong and Madam Hung Kin as vendors for the acquisition by Grand Concord (BVI), at the direction of our Company, of the entire issued share capital of Grand Concord (HK) from Mr. Wong and Madam Hung Kin in consideration of and exchange for the allotment and issue of an aggregate of 9,999,999 shares of HK\$0.01 each to Global Wisdom;
- (b) a deed of indemnity dated 11 November 2011 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries stated therein) containing the indemnities in respect of estate duty, taxation and other liabilities more particularly referred to in paragraph 16 of this Appendix;
- (c) the Public Offer Underwriting Agreement; and
- (d) the Placing Underwriting Agreement.

10. Intellectual Property Rights of our Group

Trademarks




As at the Latest Practicable Date, the following trademarks were subjects of our Group's trademark registrations in the PRC:

Trademark	Class	Registered Owner	Registration Number	Registration Date	Expiry Date
	25 ¹	Zhucheng Eternal Knitting	3382213	14 January 2005	13 January 2015
U-TEX	24 ²	Grand Concord (HK)	7267265	7 October 2010	6 October 2020
优特适	24 ³	Grand Concord (HK)	7380266	21 October 2010	20 October 2020
	25 ⁴	Grand Concord (HK)	7569337	7 November 2010	6 November 2020
	24 ⁵	Grand Concord (HK)	7726286	14 January 2011	13 January 2021

Notes:

1. The products covered under class 25 include shirts, clothing, knitwear, sweatshirts, sportswear, briefs, innerwear, vests, brasseries, pullovers.
2. The products covered under class 24 include satin, silk (cloth), cotton fabrics, fabrics, cloth, fibreglass fabrics for textile use, towels of textile, bedspreads, coverings for textile furniture, quilts.
3. The products covered under class 24 include fabrics, fabrics for textile, cloth, cotton fabrics, innerwear fabrics, printed fabrics, knitted fabrics, satin, bedspread, coverings of furniture.
4. The products covered under class 25 include knitwear, sportswear, t-shirts, women's vests, anti-sweat innerwear, sleeping wear, pajamas, brasseries, children's clothing.
5. The products covered under class 24 include fabrics, fabrics for textile, cloth, cotton fabrics, innerwear fabrics, printed fabrics, knitted fabrics, satin, bedspreads, coverings of furniture.

As at the Latest Practicable Date, the following trademarks in series were subjects of our Group's trademark registrations in Hong Kong:

Trademark (in series)	Class	Registrant	Registration Number	Registration Date	Expiry Date
(A) 	25 ¹ , 35 ²	Grand Concord (HK)	301603999	3 May 2010	2 May 2020
(B) 					
	25 ¹ , 35 ²	Grand Concord (HK)	301604006	3 May 2010	2 May 2020

Notes:

1. The products covered under class 25 include clothing, footwear, headgear.
2. The services covered under class 35 include advertising; business administration; business management; business consultancy; wholesaling and retailing of clothing, footwear, headgear.

Domain names

As at the Latest Practicable Date, the following domain names were registered and principally used by our Group's in its business operations:

Domain Name	Name of Registrant	Registration Date	Expiry Date
eternal-garment.cn	Zhucheng Eternal Knitting	24 September 2009	24 September 2019
eternal-garment.com	Zhucheng Eternal Knitting	24 September 2009	24 September 2019
eternal-garment.com.cn	Zhucheng Eternal Knitting	24 September 2009	24 September 2019
grandconcord.com	Zhucheng Eternal Knitting	27 February 2009	27 February 2012
utex-fabric.cn	Zhucheng Eternal Knitting	25 September 2009	25 September 2019
utex-fabric.com	Zhucheng Eternal Knitting	24 September 2009	24 September 2019
utex-fabric.com.cn	Zhucheng Eternal Knitting	25 September 2009	25 September 2019

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF AND EXPERTS

11. Directors

(a) *Disclosure of interests in dealings with our Group*

- (i) Mr. Wong and Madam Hung Kin are interested in the section headed "History, Reorganisation and Group structure — Reorganisation" of this prospectus and were interested in certain related party transactions with our Group as listed in note 37 to the Accountants' Report of our Company set out in Appendix I to this prospectus.
- (ii) Mr. Wei was interested in 上海廣裕紡織品有限公司 (Shanghai Guangyu Textile Co. Ltd.*), one of the top five customers of our Group for the year ended 31 December 2010 and for the six months ended 30 June 2011. Mr. Wei disposed of all his interest in such customer in March 2011 and has ceased to have any equity interest in such customer.
- (iii) Save as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of service contracts

Each of the executive Directors has entered into a service agreement with our Company pursuant to which each of them agreed to act as an executive Director for an initial term of three years commencing from the Listing Date.

Each of our executive Directors is entitled to basic salaries and a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of our Company may not exceed 5% of the audited combined or consolidated net profit of our Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of our Company. Our Company may provide to the executive Directors such additional benefits as our Board deems appropriate. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of the executive Directors are as follows:

Name	Annual salary <i>RMB'000</i>
Mr. Wong	1,040
Madam Hung Kin	780
Mr. S.H. Wang	650
Mr. Wei	650
Total:	<u>3,120</u>

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date. Each of Mr. Wang Jin Tang and Mr. Chan Ah Pun is entitled to a director's fee of RMB120,000 per annum, and Ms. Tay Sheve Li is entitled to a director's fee of RMB180,000 per annum. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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

(c) Directors' remuneration

- (i) During the year ended 31 December 2010, the aggregate emoluments paid by our Group to our Directors was RMB260,000.
- (ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to our Directors for the year ending 31 December 2011 are estimated to be approximately RMB8.9 million.

- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2010 and the six months ended 30 June 2011 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2010 and the six months ended 30 June 2011.
- (v) Save as disclosed above and in the Accountants' Report of our Company in Appendix I to this prospectus, no Directors received any remuneration or benefits in kind from our Group for the financial year ended 31 December 2010 and the six months ended 30 June 2011.
- (d) *Interests and short positions of Directors in the Shares, underlying Shares or debentures of our Company and its associated corporations***

So far as our Directors are aware, immediately following the completion of the Share Offer (and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme), the interests and short positions of our Directors in the Shares, underlying shares or 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 they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules once the Shares are listed, will be as follows:

Name of Director	Company	Capacity	Number of Shares⁽¹⁾	Approximate percentage of shareholding
Mr. Wong ⁽²⁾	Our Company	Interest of controlled corporation	241,000,000 (L)	63.42%
Madam Hung Kin ⁽²⁾	Our Company	Interest of controlled corporation	241,000,000 (L)	63.42%
Mr. Wei	Our Company	Beneficial owner	24,000,000 (L)	6.31%
Mr. S.H. Wang	Our Company	Beneficial owner	15,000,000 (L)	3.95%

- (1) The letter “L” denotes our Director’s long position in the Shares.
- (2) The issued shares of Global Wisdom are solely and beneficially owned by Mr. Wong and Madam Hung Kin, who are spouses, in equal shares. Accordingly, each of Mr. Wong and Madam Hung Kin is deemed under the SFO to be interested in all the Shares held by Global Wisdom on the Listing Date.

12. Interest discloseable under the SFO and substantial Shareholders

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

<u>Name</u>	<u>Capacity</u>	<u>The relevant member of our Group</u>	<u>Class and Number of Securities</u>	<u>Approximate percentage of shareholding</u>
Global Wisdom ⁽²⁾	Beneficial owner	Our Company	241,000,000 Shares (L) ⁽¹⁾	63.42%

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) The issued shares of Global Wisdom are solely and beneficially owned by Mr. Wong and Madam Hung Kin, who are spouses, in equal shares. Accordingly, each of Mr. Wong and Madam Hung Kin is deemed under the SFO to be interested in all the Shares held by Global Wisdom on the Listing Date.

13. Connected transactions and related party transactions

Save as disclosed in this prospectus and note 37 of the Accountants’ Report of our Company set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Group has not engaged in any other material connected transactions or related party transactions.

14. Disclaimers

Save as disclosed in this prospectus:

- (i) and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of any options granted or which may be granted under the Share Option Scheme, our Directors are not aware of any person who will, immediately following the completion of the Share Offer, have an interest or a short position in Shares or underlying Shares 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

will, directly or indirectly, be interested in 10% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

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

OTHER INFORMATION

15. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the Shareholders on 19 August 2011:

(i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened

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

(ii) *Who may join*

Our Directors (which expression shall, for the purpose of this paragraph 14, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

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

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

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

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 30% of the issued Shares from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board (“**General Scheme Limit**”).
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may issue a circular to the Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

(aa) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(bb) Where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

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

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

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

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

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

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

(ix) Ranking of Shares

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

(x) Restrictions on the time of grant of options

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

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

(xi) Period of the Share Option Scheme

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

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other

grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

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

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

(xiv) Rights on dismissal

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

(xv) Rights on breach of contract

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

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

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

(xvii) Rights on winding up

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

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

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

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a rights issue, subdivision or consolidation of Shares or reduction of the authorised shares of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued shares to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) any such adjustment shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange. In addition, in respect of any such adjustments, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

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

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

(xxi) Termination of the Share Option Scheme

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

(xxii) Rights are personal to the grantee

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

(xxiii) Lapse of option

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

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

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules, the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule" set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 and other relevant guidance of the Stock Exchange.

- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of our Company in general meeting.

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

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, 38,000,000 Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme (on the assumption that 380,000,000 Shares are in issue on the Listing Date), such number being not less than that of the General Scheme Limit.

(ii) Application for approval

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

(iii) Grant of option

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

(iv) Value of options

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

16. Estate duty, tax and other indemnities

Our Controlling Shareholders (together, the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being a material contract referred to in paragraph 9 of this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of our Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the date on which the Share Offer becomes unconditional.

Under the deed of indemnity, the Indemnifiers have also given indemnities to our Group in relation to taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional. The Indemnifiers have given further indemnities in favour of our Group in connection with: (i) certain legal irregularities of our owned and leased properties in the PRC; and (ii) our failure to register and to fully contribute to the mandatory social insurance and housing provident fund in accordance with the relevant PRC laws and regulations on or before the date on which the Share Offer becomes unconditional.

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

- (a) to the extent that provision has been made for such taxation in the audited accounts of our Company or any of its subsidiaries up to 30 June 2011 and the provision of the same will be made in the audited accounts of our Company or any of its subsidiaries covering the period from 1 July 2011 to the Listing Date on a consistent basis; or
- (b) to the extent that such taxation or liability for such taxation falling on any member of our Group in respect of their accounting period commencing on or after the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction which:
 - (i) was carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; or
 - (ii) was carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in the prospectus; or
 - (iii) consisted of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of Taxation; or

- (c) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group for each of the three years ended 31 December 2010 and the six months ended 30 June 2011 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this item (d) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (e) to any incomes, profits or gains earned, accrued or received by any member of our Group or any event occurred after the Listing Date.

17. Litigation

As at the Latest Practicable Date, neither our Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any of its subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Group.

18. Application for listing of Shares

The Sponsor has made an application for and on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Main Board.

19. Preliminary expenses

The estimated preliminary expenses of our Company are approximately HK\$16,000 and are payable by our Group.

20. Promoters

The promoters of our Company are Mr. Wong and Madam Hung Kin. Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or other benefit has been paid, allotted or given to any promoter in connection with the Share Offer or the related transactions described in this prospectus.

21. Qualifications of experts

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

Name	Qualification
Celestial Capital	a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
Maples and Calder	BVI legal advisers
SHINEWING (HK) CPA Limited	Certified Public Accountants
Jingtian & Gongcheng	PRC legal advisers
LCH (Asia-Pacific) Surveyors Limited	Professional Surveyor

22. Consents of experts

Each of Celestial Capital, Maples and Calder, SHINEWING (HK) CPA Limited, Jingtian & Gongcheng and LCH (Asia-Pacific) Surveyors Limited has given and has not withdrawn its written consent to the issue of this prospectus with copies of their reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

23. Binding Effect

This 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 so far as applicable.

24. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

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

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

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

All dividends, interests, rents, royalties, compensations and other amounts paid by our Company to persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI and any capital gains realised with respect to any shares, debt obligations or other securities of our Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of our Company.

25. Non-compliances of the Companies Ordinance

Mr. Wong and Madam Hung Kin, both being executive Directors of our Company, are the only directors of Grand Concord (HK), a subsidiary of our Company, since its incorporation. They had failed to lay audited accounts of Grand Concord (HK) before its annual general meetings for the periods from 30 November 1995 to 31 March 1996, and from 1 April 2004 to 31 December 2004; for the years ended 31 March 1997, 1998, 1999, 2000, 2001, 2002, as well as for the years ended 31 December 2005, 2006, 2007 and 2008. They had instead approved the relevant accounts of Grand Concord (HK) by way of written resolutions of shareholders on 18 August 2010. Further, Mr. Wong and Madam Hung Kin had laid the audited accounts of Grand Concord (HK) for the years ended 31 March 2003 and 2004 only at the general meeting held on 30 November 2005. The aforesaid constituted non-compliances of section 122 of the Companies Ordinance.

As advised by Mr. Wong and Madam Hung Kin, such non-compliances occurred as Grand Concord (HK) did not receive competent and timely professional advice on the ongoing compliance requirements under the Companies Ordinance, in particular, the requirements under section 122 of the Companies Ordinance, from the then auditor and secretarial firm engaged by Grand Concord (HK) which were responsible for accounting and company secretarial matters.

To rectify such non-compliances, Mr. Wong and Madam Hung Kin filed an application to the Court of First Instance of the High Court of Hong Kong on 15 October 2010 applying for an order of the court to substitute the aforesaid annual general meetings by written resolutions of shareholders and extend the time for approving the abovementioned accounts of Grand Concord (HK). The Court of First Instance heard the application on 5 November 2010 and granted an order in the terms of the application.

Given the Court of First Instance has already granted an order allowing the time for approving the abovementioned accounts of Grand Concord (HK) be extended, Grand Concord (HK) was advised that the non-compliances have been duly rectified.

In order to avoid any further or other non-compliance, Grand Concord (HK) has appointed a professional company secretarial firm to attend to the compliance matters under the Companies Ordinance. Our Company Secretary, Mr. Lee Yin Sing, who is a member of the Hong Kong Institute of Certified Public Accountants with over 8 years of auditing experience in finance control and accounting, together with the Board, will also oversee the compliance matters of our Company and our subsidiaries pursuant to the relevant laws. Professional accountants and legal advisers will be retained to advise our Group on compliance and accounting matters where required.

26. Miscellaneous

- (a) Save as disclosed herein:
 - (i) within two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in our Company or any of its subsidiaries; and
 - (dd) no amount or benefit has been paid or given or intended to be paid or given to the promoter of our Company;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) there has been no material adverse change in the financial position or prospects of our Group since 30 June 2011 (being the date to which the latest audited combined financial statements of our Group were made up);
 - (iv) there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
 - (v) there is no arrangement under which future dividends are waived or agreed to be waived;

- (vi) our Company has no founder, management or deferred shares.
 - (vii) no securities of our Group are listed, and no listing of any such securities is proposed to be sought, on any other stock exchange;
 - (viii) all necessary arrangements have been made to enable the Shares to be admitted into CCASS; and
 - (ix) our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities as at the Latest Practicable Date.
- (b) Subject to the provisions of the Companies Act, the register of members of our Company will be maintained in BVI by Tricor Services (BVI) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in BVI.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.
- (d) Save as our Company, no company within our Group is presently listed on any stock exchange or traded on any trading system.

27. Bilingual prospectus

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

28. Particulars of the Selling Shareholder

The Selling Shareholder of the Sale Shares is Global Wisdom, an investment holding company with registered office at Quastisky Building, P.O. Box 4389, Road Town, Tortola, British Virgin Islands.

Global Wisdom is owned as to 50% by each of Mr. Wong and Madam Hung Kin, both being our executive Directors and Controlling Shareholders. Mr. Wong and Madam Hung Kin are therefore considered as interested in the sale of the Sale Shares.

Save for Mr. Wong and Madam Hung Kin, none of our Directors are interested in the Sale Shares.