

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on March 24, 2009 under its former name, Boshiwa International Holding Limited (博士蛙国际控股有限公司), and subsequently changed its name to Boshiwa International Holding Ltd and then to its current name, Boshiwa International Holding Limited (博士蛙國際控股有限公司) on July 30, 2010. Our Company is registered as an overseas company under Part XI of the Companies Ordinance on August 17, 2010 and our Company's principal place of business in Hong Kong is at 43rd Floor, Gloucester Tower, the Landmark, 15 Queen's Road Central, Hong Kong. Mr. Lo Wah Wai of Suites 06-12, 33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, a Hong Kong resident, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

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

2. Changes in share capital of our Company

As of the date of incorporation of our Company, its authorized share capital was HK\$100,000 divided into 200,000,000 shares of HK\$0.0005 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

- (1) On March 24, 2009, 1 share was allotted and issued credited as fully paid to Melissa Walter as the initial subscriber, which was transferred to Great Dragon on the same day.
- (2) On March 24, 2009, 99,999 shares were allotted and issued credited as fully paid to Great Dragon on the same day.
- (3) On September 3, 2009, 100,000 shares were allotted and issued credited as fully paid to Great Dragon on the same day for a total consideration of US\$18,000,000.

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised, the authorized share capital of our Company will be HK\$100,000,000 divided into 200,000,000,000 Shares, of which 2,000,000,000 Shares will be issued fully paid or credited as fully paid, and 198,000,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of the shareholders of our Company passed on September 8, 2010" in this Appendix, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of the shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

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

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3. Changes in share capital of our subsidiaries

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

(1) *Kingman Holdings*

On June 15, 2009, 50,000 shares in Kingman Holdings were allotted and issued, credited as fully paid, to our Company for a consideration of US\$50,000.

(2) *Pacific Leader*

On June 12, 2009, 1 share of HK\$1.00 in Pacific Leader was allotted and issued credited as fully paid to Bosco Consultancy Limited as the initial subscriber, which was transferred to Kingman Holdings on the same day.

On June 29, 2009, 9,999 shares of HK\$1.00 each in Pacific Leader were allotted and issued, credited as fully paid, to Kingman Holdings for a consideration of HK\$9,999.

(3) *Shanghai Boshiwa*

On November 21, 2008, the registered capital of Shanghai Boshiwa was approved by the Shanghai Commerce Committee to increase from US\$12 million to US\$18 million.

On November 6, 2009, the registered capital of Shanghai Boshiwa was approved by the Shanghai Commerce Committee to increase from US\$18 million to US\$36 million.

On April 22, 2010, the registered capital of Shanghai Boshiwa was approved by the Shanghai Commerce Committee to increase from US\$36 million to US\$60 million.

(4) *Boshiwa Enterprise*

On April 24, 2009, the registered share capital of Boshiwa Enterprise was increased from RMB2 million to RMB10 million.

Save as set out above and in the paragraph headed “Corporate Reorganization” under this section in this appendix, there has been no alteration in the share capital of any of our subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on September 8, 2010

Pursuant to the written resolutions of all shareholders entitled to vote at general meetings of our Company, which were passed on September 8, 2010:

- (a) the authorized share capital of the Company be increased from HK\$100,000 divided into 200,000,000 Shares of HK\$0.0005 each to HK\$100,000,000 divided into 200,000,000,000 Shares of HK\$0.0005 each by the creation of 199,800,000,000 Shares of HK\$0.0005 each, which shall rank *pari passu* in all respects with the Shares in issue as at the date of passing of this written resolutions;
- (b) conditional on the share premium account of our Company being credited as a result of the Global Offering, the sum of HK\$749,900 be capitalized and be applied in paying

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up in full at par 1,499,800,000 Shares for allotment and issue to the Shareholders whose names were on the register of members of our Company as at the close of business on the date of this prospectus (or as they may direct) in proportion (as nearly as possible without involving fractions) to its (their) then existing shareholdings in our Company and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

- (c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise
 - (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant application forms and the Directors were authorized to do all things and execute all documents in connection with or incidental to the Global Offering with such amendments or modifications (if any) as the Directors may consider necessary or appropriate;
 - (ii) the rules of the Share Option Scheme were approved and adopted, and the Directors or any committee thereof established by the Board were authorized, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;
- (d) a general unconditional mandate be and is hereby given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options which may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Company and/or any of its subsidiaries or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in

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general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but before any exercise of the Over-allotment Option;

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

- (e) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option;
- (f) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (d) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option be and is approved; and
- (g) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Global Offering, the Capitalization Issue, the Over-allotment Option and the Share Option Scheme) as mentioned in the Prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise, the Articles be approved and adopted as the new articles of association of our Company in substitution for and to the exclusion of the existing articles of association of our Company with effect from the date on which the Shares are listed on the Stock Exchange.

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

- (i) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our shareholders in a general meeting, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by Articles of Association or any applicable law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders in general meeting of our Company varying or revoking the said mandates.

5. Repurchase of our Shares

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

(1) *Provisions of the Listing Rules*

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

(i) *Shareholders' approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on September 8, 2010 by all our shareholders, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following completion of the Global Offering and the Capitalization Issue but before the exercise of the Over-allotment Option, details of which have been described above in the paragraph headed "Written resolutions of our shareholders passed on September 8, 2010".

(ii) *Source of funds*

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement

otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

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

(2) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our shareholders for our Directors to have general authority from the shareholders to enable the 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 where the Directors believe that such repurchases will benefit our Company and our shareholders.

(3) *Funding of repurchases*

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

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(4) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

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

We have not made any repurchases of our own securities in the past six months.

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

B. CORPORATE REORGANIZATION

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

- (1) On February 5, 2010, TB International converted its 2008 Convertible Bonds I and 2008 Convertible Bonds II into 8,442 and 1,965 Series A Preferred Shares in Great Dragon, respectively. After the conversion, TB held in aggregate approximately 31.42% of the issued share capital of Great Dragon.
- (2) Joyork International was incorporated in the BVI by Chen Pei Qi with limited liability on September 25, 2009. On February 5, 2010, Chen Pei Qi transferred 30,408 common shares in Great Dragon (representing approximately 41.71% of the issued share capital of Great Dragon at that time) to Joyork International in consideration of Joyork International issuing 753 shares of Joyork International to him. After the transfer, Chen Pei Qi held approximately 26.87% and 41.71% of the issued share capital in Great Dragon directly and indirectly through Joyork International, respectively.
- (3) Onbrave International was incorporated in BVI with limited liability on September 15, 2009. Mr. Zhong was appointed as a director on November 13, 2009 and on February 8, 2010, Onbrave International subscribed for 246 new ordinary shares in Joyork International at the consideration of HK\$110,000,000. The consideration was determined with reference to our Company's appraised net assets valuation as at February 10, 2010 in which Joyork International had 41.71% indirect interest at the time. The source of funding for Onbrave International to settle the consideration was bank financing and the consideration was received by Joyork International in June 2010. After the transfer, the issued share capital of Joyork International was held approximately as to 75.4% by Chen Pei Qi and as to 24.6% by Mr. Zhong, respectively.
- (4) On March 10, 2010, Joyork International, TB International and BOCOM Holdings subscribed for 5,340 new common shares, 2,225 new Series A Preferred Shares, and 445 new common shares in Great Dragon, respectively, at the consideration of RMB65,919,415, RMB27,466,423 and HK\$7,000,000, respectively. After the share subscription, the issued share capital of Great Dragon was held approximately as to 44.18% by Joyork International, 31.06% by TB International, 0.5% by BOCOM Holdings and 24.21% by Chen Pei Qi.
- (5) On March 16, 2010, TB International converted its 2009 Convertible Bonds into 8,101 Series A Preferred Shares in Great Dragon. After the conversion, TB International held in aggregate approximately 37.33% of the issued share capital of Great Dragon.
- (6) On April 22, 2010, the registered capital of Shanghai Boshiwa was approved by the Shanghai Commerce Committee to increase from US\$36 million to US\$60 million and the total investment amount of Shanghai Boshiwa was approved to increase from US\$72 million to US\$120 million. Of the US\$24 million increase in registered capital of Shanghai Boshiwa, 20% was due for payment within one month of the approval of increase by the Shanghai Commerce Committee and the rest will be due within three

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months of the date of the updated business license. As at the Latest Practicable Date, US\$12 million out of the US\$24 million has been paid by Pacific Leader in cash. Out of the remaining US\$12 million of the increase in registered capital, US\$10 million will be paid out of the undistributed profits of Shanghai Boshiwa and US\$2 million shall be paid by cash. The cash in the amount of US\$14 million was funded by the subscription money paid by TB International, BOCOM Holdings and Joyork International for the new shares in Great Dragon as set out in step (4) above.

- (7) On April 28, 2010, Chen Pei Qi transferred 10,936 and 8,656 common shares in Great Dragon to Hambo Group and Fame Trend, respectively, representing approximately 12.29% and 9.72% of the issued share capital of Great Dragon at that time. The total consideration represented certain amounts of personal loans owed by Chen Pei Qi to each of King Lion International (Hong Kong) Limited, the sole shareholder of Hambo Group, and Fame Trend since 2008 (the “**Amounts Payable**”) in the amount of approximately US\$2.9 million and US\$1.95 million respectively, and the aforesaid transfers of shares of Great Dragon from Chen Pei Qi to each of Hambo Group and Fame Trend shall offset the Amounts Payable by Chen Pei Qi to each of King Lion International (Hong Kong) Limited and Fame Trend. The basis of consideration for the aforesaid transfers of shares of Great Dragon from Chen Pei Qi to each of Hambo Group and Fame Trend was with reference to Shanghai Boshiwa’s net asset valuation as at June 30, 2007, as the Amounts Payable was accrued since 2008.
- (8) We entered into a series of Structure Contracts with Shanghai Desheng and/or Mr. Zhong on June 28, 2010. For details of the Structure Contracts, please refer to the paragraph headed “Corporate Reorganization” in the section headed “History and Corporate Structure” in this prospectus.
- (9) On September 8, 2010, TB International converted all of the Series A Preferred Shares held by it in Great Dragon to 33,233 common shares of Great Dragon. After the conversion, TB International no longer held any Series A Preferred Shares in Great Dragon.
- (10) On September 8, 2010, our Company, Great Dragon, Joyork International, TB International, Hambo Group, Fame Trend and BOCOM Holdings entered into a share swap agreement (“**Share Swap Agreement**”) pursuant to which (i) all common shares in Great Dragon held by each of TB International, Hambo Group, Fame Trend and BOCOM Holdings were transferred to Joyork International; and (ii) as a consideration, Great Dragon transferred 74,660 Shares, 24,580 Shares, 19,440 Shares and 1,000 Shares it held in our Company to each of TB International, Hambo Group, Fame Trend and BOCOM Holdings (“**Share Swaps**”). Upon completion of the Share Swaps on September 8, 2010, each of TB International, Hambo Group, Fame Trend and BOCOM Holdings ceased to have any interest in Great Dragon and Great Dragon became wholly-owned by Joyork International. At the same time, each of TB International, Hambo Group, Fame Trend and BOCOM Holdings became a shareholder of our Company.
- (11) On September 8, 2010, to simplify the shareholding structure of the Company, our Company, Great Dragon and Joyork International entered into a deed of share transfer pursuant to which Great Dragon agreed to transfer to its holding company, Joyork International, all ordinary shares held by Great Dragon in our Company at nil consideration. Upon completion of the aforesaid share transfer, Great Dragon ceased

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to have any interest in our Company and Joyork International became directly interested in approximately 40.16% of the equity interest in our Company.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the Material Contracts

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

- (a) an equity transfer agreement dated September 16, 2008 entered into between Shanghai Boshiwa and Shanghai Rongli pursuant to which Shanghai Rongli transferred 10% of the equity interest in Rongchen Consulting to Shanghai Boshiwa at a consideration of RMB99,404.57;
- (b) an equity transfer agreement dated September 16, 2008 entered into between Shanghai Boshiwa and Yuan Jin Kang pursuant to which Shanghai Boshiwa transferred 50% of the equity interest in Rongchen Knitting to Yuan Jin Kang for a consideration of RMB1,473,586.09;
- (c) an equity transfer agreement dated September 16, 2008 entered into between Shanghai Boshiwa and Huang Pu pursuant to which Shanghai Boshiwa transferred 25% of the equity interest in Rongchen Knitting to Huang Pu for a consideration of RMB736,793.04;
- (d) an equity transfer agreement dated October 15, 2008 entered into between Shanghai Boshiwa, Zhu Fang and Huang Yun Luo pursuant to which Shanghai Boshiwa transferred 45% and 15% of the equity interest in Rongchen Driver Training to Zhu Fang and Huang Yun Luo respectively for a consideration of RMB7,650,000 and RMB2,550,000 respectively;
- (e) the 2009 Convertible Bonds Subscription Agreement dated July 6, 2009 and entered into among Great Dragon, TB International and Chen Pei Qi;
- (f) an equity transfer agreement dated August 10, 2009 entered into between Great Dragon and Pacific Leader pursuant to which Great Dragon transferred 100% of the equity interest in Shanghai Boshiwa to Pacific Leader at a consideration of US\$18 million;
- (g) a share swap agreement dated September 8, 2010 entered into among our Company, Great Dragon, Joyork International, TB International, Hambo Group, Fame Trend and BOCOM Holdings pursuant to which (i) all common shares in Great Dragon held by each of TB International, Hambo Group, Fame Trend and BOCOM Holdings were transferred to Joyork International; and (ii) as a consideration, Great Dragon transferred 74,660 shares, 24,580 shares, 19,440 shares and 1,000 shares it held in our Company to each of TB International, Hambo Group, Fame Trend and BOCOM Holdings;
- (h) a deed of share transfer dated September 8, 2010 entered into among our Company, Great Dragon and Joyork International pursuant to which Great Dragon transferred to

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its holding company, Joyork International, 80,320 ordinary shares held by Great Dragon in the Company at nil consideration;

- (i) the Deed of Non-compete dated September 8, 2010 entered into by the Controlling Shareholders in favor of our Company, details of which are disclosed in the section headed “Relationship with Controlling Shareholders”;
- (j) a deed of non-compete dated September 8, 2010 entered into by Mr. Zhong in favor of our Company, pursuant to which he has undertaken to our Company (for itself and for the benefit of its subsidiaries) that he would not, and would procure that his associates (except any members of our Group) would not, during a restricted period, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time;
- (k) a deed of indemnity dated September 15, 2010 entered into by Mr. Zhong and Ms. Chen in favor of our Company for itself and as trustee for its subsidiaries, under which each of Mr. Zhong and Ms. Chen has given certain indemnities in favor of our Group containing, among others, the indemnities referred to in the sub-paragraph headed “Estate duty and tax indemnity” under the paragraph headed “Other Information” in this Appendix; and
- (l) the Hong Kong Underwriting Agreement dated September 15, 2010 entered into between, among others, our Company, the Joint Bookrunners and the Hong Kong Underwriters.

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2. Intellectual Property Rights of our Group

Trademarks

As of the Latest Practicable Date, we have the right to use the following trademarks:

<u>Trademark</u>	<u>Place of registration</u>	<u>Class⁽¹⁾</u>	<u>Registration number</u>	<u>Expiry date</u>
	PRC	25	1350966	January 6, 2020
	PRC	25	1350967	January 6, 2020
	PRC	25	1350968	January 6, 2020
	PRC	25	1350969	January 6, 2020
	PRC	12	1036698	June 20, 2017
	PRC	10	1036744	June 20, 2017
	PRC	18	1057400	July 20, 2017
	PRC	25	1058608	July 20, 2017
	PRC	21	1064095	July 27, 2017
	PRC	10	3256091	December 13, 2013
	PRC	25	3256092	April 6, 2014
BOSHIWA ³⁶⁵	PRC	25	3346960	July 20, 2014
BOSHIWA	PRC	25	5476054	August 27, 2019
	Japan	25	4938090	August 14, 2015
	Japan	3	5275786	February 8, 2019
	Japan	5	5275786	February 8, 2019
	Japan	21	5275786	February 8, 2019
	Japan	24	5275786	February 8, 2019

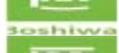
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<u>Trademark</u>	<u>Place of registration</u>	<u>Class⁽¹⁾</u>	<u>Registration number</u>	<u>Expiry date</u>
	Japan	25	5275786	February 8, 2019
	Hong Kong	25	300487909	August 31, 2015

As of the Latest Practicable Date, applications have been made for the registration of the following trademarks:

<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
	Hong Kong	3	301580382	April 8, 2010
	Hong Kong	5	301580382	April 8, 2010
	Hong Kong	10	301580382	April 8, 2010
	Hong Kong	12	301580382	April 8, 2010
	Hong Kong	14	301580382	April 8, 2010
	Hong Kong	15	301580382	April 8, 2010
	Hong Kong	16	301580382	April 8, 2010
	Hong Kong	18	301580382	April 8, 2010
	Hong Kong	20	301580382	April 8, 2010
	Hong Kong	21	301580382	April 8, 2010
	Hong Kong	24	301580382	April 8, 2010
	Hong Kong	25	301580382	April 8, 2010
	Hong Kong	28	301580382	April 8, 2010
	Hong Kong	29	301580382	April 8, 2010
	Hong Kong	30	301580382	April 8, 2010
	Hong Kong	35	301580382	April 8, 2010
	Hong Kong	41	301580382	April 8, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
	Hong Kong	3	301580373	April 8, 2010
	Hong Kong	5	301580373	April 8, 2010
	Hong Kong	10	301580373	April 8, 2010
	Hong Kong	12	301580373	April 8, 2010
	Hong Kong	14	301580373	April 8, 2010
	Hong Kong	15	301580373	April 8, 2010
	Hong Kong	16	301580373	April 8, 2010
	Hong Kong	18	301580373	April 8, 2010
	Hong Kong	20	301580373	April 8, 2010
	Hong Kong	21	301580373	April 8, 2010
	Hong Kong	24	301580373	April 8, 2010
	Hong Kong	25	301580373	April 8, 2010
	Hong Kong	28	301580373	April 8, 2010
	Hong Kong	29	301580373	April 8, 2010
	Hong Kong	30	301580373	April 8, 2010
	Hong Kong	35	301580373	April 8, 2010
	Hong Kong	41	301580373	April 8, 2010
	Hong Kong	3	301580364	April 8, 2010
	Hong Kong	5	301580364	April 8, 2010
	Hong Kong	10	301580364	April 8, 2010
	Hong Kong	12	301580364	April 8, 2010
	Hong Kong	14	301580364	April 8, 2010
	Hong Kong	15	301580364	April 8, 2010
	Hong Kong	16	301580364	April 8, 2010
	Hong Kong	18	301580364	April 8, 2010
	Hong Kong	20	301580364	April 8, 2010

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Trademark	Place of Application	Class	Application number	Application date
	Hong Kong	21	301580364	April 8, 2010
	Hong Kong	24	301580364	April 8, 2010
	Hong Kong	25	301580364	April 8, 2010
	Hong Kong	28	301580364	April 8, 2010
	Hong Kong	29	301580364	April 8, 2010
	Hong Kong	30	301580364	April 8, 2010
	Hong Kong	35	301580364	April 8, 2010
	Hong Kong	41	301580364	April 8, 2010
	Hong Kong	3	301580355	April 8, 2010
	Hong Kong	5	301580355	April 8, 2010
	Hong Kong	10	301580355	April 8, 2010
	Hong Kong	12	301580355	April 8, 2010
	Hong Kong	14	301580355	April 8, 2010
	Hong Kong	15	301580355	April 8, 2010
	Hong Kong	16	301580355	April 8, 2010
	Hong Kong	18	301580355	April 8, 2010
	Hong Kong	20	301580355	April 8, 2010
	Hong Kong	21	301580355	April 8, 2010
	Hong Kong	24	301580355	April 8, 2010
	Hong Kong	25	301580355	April 8, 2010
	Hong Kong	28	301580355	April 8, 2010
	Hong Kong	29	301580355	April 8, 2010
	Hong Kong	30	301580355	April 8, 2010

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Trademark	Place of Application	Class	Application number	Application date
	Hong Kong	35	301580355	April 8, 2010
	Hong Kong	41	301580355	April 8, 2010
	Hong Kong	3	301580517	April 8, 2010
	Hong Kong	5	301580517	April 8, 2010
	Hong Kong	10	301580517	April 8, 2010
	Hong Kong	12	301580517	April 8, 2010
	Hong Kong	14	301580517	April 8, 2010
	Hong Kong	15	301580517	April 8, 2010
	Hong Kong	16	301580517	April 8, 2010
	Hong Kong	18	301580517	April 8, 2010
	Hong Kong	20	301580517	April 8, 2010
	Hong Kong	21	301580517	April 8, 2010
	Hong Kong	24	301580517	April 8, 2010
	Hong Kong	25	301580517	April 8, 2010
	Hong Kong	28	301580517	April 8, 2010
	Hong Kong	29	301580517	April 8, 2010
	Hong Kong	30	301580517	April 8, 2010
	Hong Kong	35	301580517	April 8, 2010
	Hong Kong	41	301580517	April 8, 2010
	Hong Kong	3	301580346	April 8, 2010
	Hong Kong	5	301580346	April 8, 2010
	Hong Kong	10	301580346	April 8, 2010
	Hong Kong	12	301580346	April 8, 2010
	Hong Kong	14	301580346	April 8, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
	Hong Kong	15	301580346	April 8, 2010
	Hong Kong	16	301580346	April 8, 2010
	Hong Kong	18	301580346	April 8, 2010
	Hong Kong	20	301580346	April 8, 2010
	Hong Kong	21	301580346	April 8, 2010
	Hong Kong	24	301580346	April 8, 2010
	Hong Kong	25	301580346	April 8, 2010
	Hong Kong	28	301580346	April 8, 2010
	Hong Kong	29	301580346	April 8, 2010
	Hong Kong	30	301580346	April 8, 2010
	Hong Kong	35	301580346	April 8, 2010
	Hong Kong	41	301580346	April 8, 2010
貝貝兔	Hong Kong	3	301580319	April 8, 2010
貝貝兔	Hong Kong	5	301580319	April 8, 2010
貝貝兔	Hong Kong	10	301580319	April 8, 2010
貝貝兔	Hong Kong	12	301580319	April 8, 2010
貝貝兔	Hong Kong	14	301580319	April 8, 2010
貝貝兔	Hong Kong	15	301580319	April 8, 2010
貝貝兔	Hong Kong	16	301580319	April 8, 2010
貝貝兔	Hong Kong	18	301580319	April 8, 2010
貝貝兔	Hong Kong	20	301580319	April 8, 2010
貝貝兔	Hong Kong	21	301580319	April 8, 2010
貝貝兔	Hong Kong	24	301580319	April 8, 2010
貝貝兔	Hong Kong	25	301580319	April 8, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
貝貝兔	Hong Kong	28	301580319	April 8, 2010
貝貝兔	Hong Kong	29	301580319	April 8, 2010
貝貝兔	Hong Kong	30	301580319	April 8, 2010
貝貝兔	Hong Kong	35	301580319	April 8, 2010
貝貝兔	Hong Kong	41	301580319	April 8, 2010
	PRC	21	7146132	January 4, 2009
	PRC	20	7146133	January 4, 2009
	PRC	16	7146134	January 4, 2009
	PRC	12	7146135	January 4, 2009
	PRC	10	7146136	January 4, 2009
	PRC	5	7140032	December 29, 2008
	PRC	25	7142627	December 30, 2008
	PRC	28	7144464	December 31, 2008
	PRC	21	7146137	January 4, 2009
	PRC	20	7146138	January 4, 2009
	PRC	16	7146139	January 4, 2009
	PRC	12	7146140	January 4, 2009
	PRC	10	7146141	January 4, 2009
	PRC	5	7140028	December 29, 2008
	PRC	25	7142623	December 30, 2008
	PRC	28	7142668	December 30, 2008

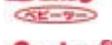
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Trademark	Place of Application	Class	Application number	Application date
	PRC	21	7146180	January 4, 2009
	PRC	24	7146182	January 4, 2009
	PRC	5	7146496	January 4, 2009
	PRC	10	7146497	January 4, 2009
	PRC	12	7146498	January 4, 2009
	PRC	14	7146499	January 4, 2009
	PRC	15	7146500	January 4, 2009
	PRC	18	7146501	January 4, 2009
	PRC	25	7142609	December 30, 2008
	PRC	28	7142655	December 30, 2008
	PRC	16	7144477	December 31, 2008
	PRC	20	7144501	December 31, 2008
	PRC	10	7146183	January 4, 2009
	PRC	12	7146184	January 4, 2009
	PRC	16	7146185	January 4, 2009
	PRC	21	7146387	January 4, 2009
	PRC	20	7146388	January 4, 2009
	PRC	5	7140029	December 29, 2008
	PRC	25	7142632	December 30, 2008
	PRC	28	7144466	December 31, 2008
	PRC	5	7146482	January 4, 2009

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Trademark	Place of Application	Class	Application number	Application date
	PRC	10	7146483	January 4, 2009
	PRC	12	7146484	January 4, 2009
	PRC	14	7146485	January 4, 2009
	PRC	15	7146486	January 4, 2009
	PRC	18	7146487	January 4, 2009
	PRC	21	7146488	January 4, 2009
	PRC	25	7142614	December 30, 2008
	PRC	28	7142660	December 30, 2008
	PRC	16	7144483	December 31, 2008
	PRC	20	7144498	December 31, 2008
	PRC	24	7144505	December 31, 2008
	PRC	5	7146489	January 4, 2009
	PRC	10	7146490	January 4, 2009
	PRC	12	7146491	January 4, 2009
	PRC	14	7146492	January 4, 2009
	PRC	15	7146493	January 4, 2009
	PRC	18	7146494	January 4, 2009
	PRC	21	7146495	January 4, 2009
	PRC	25	7142608	December 30, 2008
	PRC	28	7142651	December 30, 2008
	PRC	16	7144488	December 31, 2008
	PRC	20	7144496	December 31, 2008
	PRC	24	7144506	December 31, 2008
	PRC	3	8279412	May 10, 2010
	PRC	5	8279410	May 10, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
	PRC	10	8279409	May 10, 2010
	PRC	12	8279408	May 10, 2010
	PRC	14	8279407	May 10, 2010
	PRC	18	8279406	May 10, 2010
	PRC	20	8279405	May 10, 2010
	PRC	21	8281662	May 10, 2010
	PRC	28	8279404	May 10, 2010
	PRC	29	8279411	May 10, 2010
	PRC	30	8279386	May 10, 2010
	PRC	41	8279385	May 10, 2010
	PRC	16	8272828	May 6, 2010
	PRC	24	8281554	May 10, 2010
	PRC	25	8272731	May 6, 2010
	PRC	35	8272869	May 6, 2010
贝贝兔	PRC	3	8279403	May 10, 2010
贝贝兔	PRC	5	8278539	May 10, 2010
贝贝兔	PRC	10	8278538	May 10, 2010
贝贝兔	PRC	12	8278537	May 10, 2010
贝贝兔	PRC	14	8278536	May 10, 2010
贝贝兔	PRC	18	8278535	May 10, 2010
贝贝兔	PRC	20	8278534	May 10, 2010
贝贝兔	PRC	28	8278533	May 10, 2010
贝贝兔	PRC	29	8279402	May 10, 2010
贝贝兔	PRC	30	8279401	May 10, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
贝贝兔	PRC	41	8278540	May 10, 2010
贝贝兔	PRC	16	8272795	May 6, 2010
贝贝兔	PRC	21	8281647	May 10, 2010
贝贝兔	PRC	24	8281575	May 10, 2010
贝贝兔	PRC	25	8272747	May 6, 2010
贝贝兔	PRC	35	8272877	May 6, 2010
	PRC	3	8279475	May 10, 2010
	PRC	5	8279471	May 10, 2010
	PRC	10	8279430	May 10, 2010
	PRC	12	8279429	May 10, 2010
	PRC	14	8279428	May 10, 2010
	PRC	18	8279427	May 10, 2010
	PRC	20	8279426	May 10, 2010
	PRC	21	8279425	May 10, 2010
	PRC	28	8279424	May 10, 2010
	PRC	29	8279474	May 10, 2010
	PRC	30	8279473	May 10, 2010
	PRC	41	8279472	May 10, 2010
	PRC	16	8272804	May 6, 2010
	PRC	24	8281534	May 10, 2010
	PRC	25	8270931	May 5, 2010
	PRC	35	8272848	May 6, 2010

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<u>Trademark</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application number</u>	<u>Application date</u>
Dr.Frog	PRC	3	8279423	May 10, 2010
Dr.Frog	PRC	5	8279419	May 10, 2010
Dr.Frog	PRC	10	8279418	May 10, 2010
Dr.Frog	PRC	12	8279417	May 10, 2010
Dr.Frog	PRC	14	8279416	May 10, 2010
Dr.Frog	PRC	18	8279415	May 10, 2010
Dr.Frog	PRC	20	8279414	May 10, 2010
Dr.Frog	PRC	28	8279413	May 10, 2010
Dr.Frog	PRC	29	8279422	May 10, 2010
Dr.Frog	PRC	30	8279421	May 10, 2010
Dr.Frog	PRC	41	8279420	May 10, 2010
Dr.Frog	PRC	16	8272823	May 6, 2010
Dr.Frog	PRC	21	8281633	May 10, 2010
Dr.Frog	PRC	24	8281547	May 10, 2010
Dr.Frog	PRC	25	8270934	May 5, 2010
Dr.Frog	PRC	35	8272859	May 6, 2010

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Domain Names

As of the Latest Practicable Date, we have the right to use the following domain names:

<u>Registrant</u>	<u>Domain Name</u>	<u>Date of Registration</u>
Shanghai Boshiwa	bswbaby.com	February 24, 2010
Shanghai Boshiwa	bswchina.com	February 24, 2010
Shanghai Boshiwa	bswchina.net	February 24, 2010
Shanghai Boshiwa	bswinternational.com	February 24, 2010
Shanghai Boshiwa	bswkids.com	February 24, 2010
Shanghai Boshiwa	bsw-nba.com	February 24, 2010
Shanghai Boshiwa	boshiwa.hk	March 7, 2010
Shanghai Desheng	boshiwa365.com	March 24, 2008
Shanghai Boshiwa	boshiwa.net	February 10, 2009
Shanghai Boshiwa	boshiwa.org	February 3, 2010
Shanghai Boshiwa ⁽¹⁾	boshiwa.net.cn	December 4, 2009
Shanghai Boshiwa ⁽¹⁾	drfrog.cn ⁽²⁾	July 21, 2009
Shanghai Boshiwa ⁽¹⁾	boshiwa365.cn	March 18, 2010
Shanghai Boshiwa ⁽¹⁾	boshiwa365.com.cn	March 18, 2010

Note:

- (1) These domain names were registered by Mr. Bai Tao and Mr. Li Maodi, both of whom are employees of our Group. Each of them has signed a certificate of domain name transfer in favor of our Group to transfer these domain names to us at nil consideration. Such transfers are subject to the registration with relevant authorities. We were granted an irrevocable license to use the above domain names by Mr. Bai Tao and Mr. Li Maodi, at nil consideration until the date of completion of the transfer of these domain names to our Group.
- (2) This domain name is in the process of application for renewal of its term.

As of the Latest Practicable Date, applications have been made for the registration of the following domain names:

<u>Applicant</u>	<u>Domain Name</u>	<u>Date of Application</u>
Shanghai Boshiwa	bswchina.cn	July 15, 2010
Shanghai Boshiwa	bswchina.com.cn	July 15, 2010

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3. Further information about our PRC establishments

(a) Shanghai Boshiwa

- | | |
|---|--|
| (i) nature of the company: | limited liability company (wholly foreign owned) |
| (ii) term of business operation: | from July 30, 1997 to July 29, 2027 |
| (iii) total investment: | US\$120 million |
| (iv) registered capital: | US\$60 million |
| (v) attributable interest of the company: | 100% |
| (vi) scope of business: | design, manufacture, maintenance, after-sale service and related business consultation service of Boshiwa series products, including children's apparel, shoes, hats, bedclothes, toys, stationery and so on; design and manufacture of adult apparel; design of integrated circuit; sale of self-manufactured products; retail (only to be operated by branch), wholesale, import and export and commission agency (auction excluded) of products similar to the said products (subject to any administrative licenses, if applicable). |

(b) Rongchen Consulting

- | | |
|--|---|
| (i) nature of the company: | limited liability company (wholly owned by a foreign-invested enterprise) |
| (ii) term of business operation: | from September 6, 2004 to September 5, 2034 |
| (iii) registered capital: | RMB1 million |
| (iv) attributable interest of the company: | 100% |
| (v) scope of business: | investment consultation, management consultation and economic information consultation; market research, conference related service and corporate image planning. (subject to any administrative licenses, if applicable) |

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(c) Boshiwa Enterprise

- (i) nature of the company: limited liability company (wholly owned by a foreign-invested enterprise)
- (ii) term of business operation: from March 24, 2009 to March 23, 2039
- (iii) registered capital: RMB10 million
- (iv) attributable interest of the company: 100%
- (v) scope of business: import and export of products and technologies, and sale of apparel, footwear and hats, cosmetics, daily necessities, toys, stationery, sports products, artwork and packaged food; market information consultation and research (social survey, social research, public opinion survey and public opinion poll are excluded), business information consultation, enterprise management consultation, investment consultation, investment management consultation (brokerage service shall be excluded from the consultation service), enterprise marketing planning, enterprise image planning, public event planning, exhibition service; storage and warehouse service (hazardous goods are excluded), freight forwarding agency service; interior design; development of computer software. (subject to any administrative licenses, if applicable)

(d) Shanghai Desheng

- (i) nature of the company: limited liability company (wholly owned by our Chairman and chief executive officer, Mr. Zhong)
- (ii) term of business operation: from September 11, 2003 to September 10, 2013
- (iii) registered capital: RMB1 million
- (iv) attributable interest of the company: 100%
- (v) scope of business: computer related service (excluding providing business sites of Internet access services); sale of computer, software and auxiliary equipment (excluding products specifically used for the computer information system safety); sale of apparel, footwear, hats and daily necessities (subject to administrative licenses, if applicable)

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Directors' service contracts

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

Each of our non-executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of our independent non-executive Directors has entered into a service contract with us for an initial term of two years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of our Directors is entitled to the respective basic salary set out below. Each of the executive Directors is also entitled to a discretionary bonus, provided that the aggregate amount of the bonuses payable to all our executive Directors in respect of any financial year of our Company may not exceed 5% of audited consolidated or combined net profit of our Company (after taxation and minority interests and payment of such bonuses but excluding extraordinary and exceptional items) in respect of that financial year. An executive Director may not vote on any resolution of the Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him.

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

<u>Name</u>	<u>Annual Amount</u>
Mr. Zhong	HK\$1,200,000
Ms. Chen	HK\$ 700,000

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

2. Directors' remuneration during the Track Record Period

For the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the aggregate of the remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and discretionary bonuses) paid and benefits in kind granted to our Directors by us and our subsidiaries was RMB684,000, RMB842,000, RMB1,648,000 and RMB824,000, respectively.

For the three years ended December 31, 2007, 2008 and 2009, no remuneration was paid by us to, or receivable by, our Directors as an inducement to join or upon joining us, and no compensation was paid by us to, or receivable by, our Directors or past Directors for the loss of any office in connection with the management of the affairs of any member of our Group. There was no arrangement under which a Director waived or agreed to waive any remuneration during the three years ended December 31, 2007, 2008 and 2009.

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

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, Directors (excluding discretionary bonus) for the year ended December 31, 2010 will be approximately RMB1,900,000.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 12 to our consolidated financial statements, included in the accountants' reports set out in Appendix IA, Appendix IB and Appendix IC to this prospectus.

E. DISCLOSURE OF INTERESTS

1. Disclosure of Interests

- (a) *Interests and short positions of our Directors in our share capital and our associated corporations following the Global Offering and Capitalization Issue*

Immediately following completion of the Global Offering and Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of the Directors and the chief executive in our Shares, underlying Shares and debentures of our 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 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 us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

<u>Name of Director</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our Company</u>
Chen Pei Qi ⁽¹⁾	602,400,000	30.12%

Notes:

- (1) *Chen Pei Qi is deemed to be interested in the Shares held by Joyork International by virtue of Joyork International being controlled by Chen Pei Qi.*

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

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in our shares or

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underlying shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to 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 member of our Group.

Interests and short positions in our shares and underlying shares:

<u>Name</u>	<u>Capacity / Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our Company</u>
Joyork International ⁽¹⁾	Beneficial owner	602,400,000	30.12%
Chen Pei Qi ⁽¹⁾	Interest in controlled corporation	602,400,000	30.12%
TB International ⁽²⁾	Beneficial owner	559,950,000	27.9975%
Trustbridge Partners II, L.P. ⁽²⁾	Beneficial owner	559,950,000	27.9975%
Hambo Group ⁽³⁾	Beneficial owner	184,350,000	9.2175%
King Lion International (Hong Kong) Limited ⁽³⁾	Interest in controlled corporation	184,350,000	9.2175%
Shanghai King Lion Co. Ltd. ⁽³⁾	Interest in controlled corporation	184,350,000	9.2175%
Wang Shi Ming ⁽³⁾	Interest in controlled corporation	184,350,000	9.2175%
Fame Trend ⁽⁴⁾	Beneficial owner	145,800,000	7.29%
Wang Xiao Feng ⁽⁴⁾	Interest in controlled corporation	145,800,000	7.29%

Notes:

- (1) *Chen Pei Qi is deemed to be interested in the Shares held by Joyork International by virtue of Joyork International being controlled by Chen Pei Qi.*
- (2) *Trustbridge Partners II, L.P. is deemed to be interested in the Shares held by TB International by virtue of TB International being controlled by Trustbridge Partners II, L.P. Trustbridge Partners II, L.P. is an exempted partnership incorporated in the Cayman Islands.*
- (3) *King Lion International (Hong Kong) Limited is deemed to be interested in the Shares held by Hambo Group by virtue of Hambo Group being controlled by King Lion International (Hong Kong) Limited. King Lion International (Hong Kong) Limited is owned as to 100% by Shanghai King Lion Co. Ltd., which is owned as to 75% by Wang Shi Ming.*
- (4) *Wang Xiao Feng is deemed to be interested in the Shares held by Fame Trend by virtue of Fame Trend being controlled by Wang Xiao Feng.*

2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Global Offering (taking no account of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme and the Capitalization Issue), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings;
- (b) none of the Directors has any interest or short position in any of the Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated

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corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;

- (c) none of the Directors nor any of the parties listed in the section headed “Other Information—Consents of experts” of this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of the Directors nor any of the parties listed in the section headed “Other Information—Consents of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Other Information—Consents of experts” of this Appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of our Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. OTHER INFORMATION

1. Estate duty and tax indemnity

Each of Mr. Zhong and Ms. Chen (together, the “Indemnifiers”) has entered into a deed of indemnity (being the material contract (k) referred to in paragraph C(1) of this Appendix) to provide the following indemnities in favor of our Company (for itself and as trustee for each of its subsidiaries) on a joint and several basis.

Under the deed of indemnity, among others, the Indemnifiers have given indemnities to our Group on a joint and several basis 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 Global Offering becomes unconditional (“Effective Date”).

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

- (a) to the extent that adequate provision or allowance has been made for such taxation in the audited accounts of any member of our Group for the Track Record Period;
- (b) fallings on any member of our Group after the Effective Date, to the extent that such taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business before the Effective Date or carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date;
- (c) for which any member of our Group is primarily liable as a result of any transactions entered into in the ordinary course of business after the Effective Date; or
- (d) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities of the PRC or any other authority in any part of the world coming into effect after the Effective Date or to the extent such claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect.

2. Litigation

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

3. Preliminary Expenses

Our estimated preliminary expenses are approximately US\$5,000 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Joint Sponsors

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

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since June 30, 2010 (being the date to which our latest audited combined financial statements were made up).

7. Binding Effect

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

8. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (g) we have no outstanding convertible debt securities;
- (h) Our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the twelve (12) months proceeding the date of this prospectus.

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9. Qualifications of experts

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

<u>Name</u>	<u>Qualification</u>
UBS AG, Hong Kong Branch	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities as defined under the SFO
Credit Suisse (Hong Kong) Limited	Licensed under the SFO for type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities as defined under the SFO
BOCOM International (Asia) Limited	Licensed under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accounts
Jones Lang LaSalle Sallmanns Limited	Independent professional property valuer
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Haiwen & Partners	PRC legal counsel to our Company
Fangda Partners	PRC legal counsel to the Joint Sponsors and the Underwriters

10. Consents of experts

Each of UBS AG, Hong Kong Branch, Credit Suisse (Hong Kong) Limited, BOCOM International (Asia) Limited, Deloitte Touche Tohmatsu, Jones Lang LaSalle Sallmanns Limited, Conyers Dill & Pearman, Haiwen & Partners and Fangda Partners has given and has not withdrawn their respective 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 references to its name included in the form and context in which it respectively appears.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. 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 Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

G. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the Shareholders passed on September 8, 2010 and adopted by a resolution of the Board on September 8, 2010. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to motivate Eligible Persons (as mentioned in the following paragraph) to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Conditions of the Share Option Scheme

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

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

3. Who may join

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

- (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Employee**”), any full-time or part-time Employee, or a person for the time being seconded to work fulltime or part-time for any member of our Group (“**Executive**”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;

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- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the foregoing persons. (the persons referred above are the “**Eligible Persons**”)

4. **Maximum number of Shares**

- (a) The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10 per cent. of the Shares in issue as at the Listing Date (i.e. 200,000,000 Shares) (the “**Scheme Mandate Limit**”) provided that our Company may at any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10 per cent. of the Shares in issue as at the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed.
- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained.
- (c) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of our Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

5. **Maximum entitlement of each participant**

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our Company’s issued share capital from time to time.

6. **Offer and grant of Options**

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

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

7. Granting Options to Connected Persons

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

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

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

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

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

8. Offer period and number accepted

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the

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duplicate offer letter comprising acceptance of the offer of the Option duly signed by the Grantee together with a remittance in favor of our Company of HK\$1.0 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

9. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcements.

10. Exercise price

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

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

11. Exercise of Option

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set out in this Share Option Scheme by the Grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.
- (ii) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.

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- (iii) Subject as hereinafter provided:
- (a) in the event that the Grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;
 - (b) in the event that the Grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground of misconduct, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
 - (c) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of shareholders of our Company (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
 - (d) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the Grantees who have Options unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of:
 - (i) the Option Period (in respect of any particular Option, the period commencing immediately after the Business Day on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and expiring on a date to be determined and notified by the Directors to each Grantee provided that such period shall not exceed the period of 10 years from the date of the grant of a particular Option but subject to the provisions for early termination thereof contained in the Share Option Scheme);
 - (ii) the period of two months from the date of such notice; or

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- (iii) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his Option.

- (e) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

12. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the reopening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date hereof shall be before the allotment date.

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

13. Life of Share Option Scheme

Subject to the terms of this Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

14. Lapse of Share Option Scheme

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

- (a) the expiry of the option period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of Option;

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- (c) subject to the period mentioned in paragraph (e) of “Exercise of Option” in this section, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts; or
- (e) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

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

15. Adjustment

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

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

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

- (a) any such adjustments shall be made on the basis that the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- (b) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes); and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

16. Cancellation of Options not Exercised

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

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

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

17. Termination

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

18. Transferability

The Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Scheme may be registered), except with the prior written consent of the Board from time to time. Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such Grantee.

19. Amendment

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the shareholders of our Company in general meeting, provided always that the amended terms of the Scheme shall comply with the applicable requirements of the Listing Rules: (i) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Scheme); (ii) any alteration to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantee; and (iii) any alteration to the aforesaid termination provisions.

20. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- (a) the approval of all the shareholders of our Company for the adoption of the Share Option Scheme; and
- (b) the approval of the Stock Exchange for the listing of and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Options in accordance with the terms and conditions of the Share Option Scheme.