

1. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES***A. Incorporation of the Company***

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 September 2000. The Company has established a place of business in Hong Kong at Rooms 3809-3810, Hong Kong Plaza, 188 Connaught Road West, Hong Kong and was registered in Hong Kong under Part XI of the Companies Ordinance as an overseas company on 27 June 2007. In compliance with the requirements of the Companies Ordinance, Mr. Wong Kin Wa, an executive Director of Flat G, 35th Floor, Kennedy Town Centre, 38 Kennedy Town Praya, Hong Kong, has been appointed as the agent of the Company for the acceptance of service of process and any notice required to be served on the Company in Hong Kong. As the Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution, which comprises a memorandum of association and the Articles. A summary of various parts of the constitution and relevant aspects of the Companies Law is set out in Appendix V to this prospectus.

B. Changes in share capital

- (a) As at the date of incorporation of the Company, its authorised share capital was US\$50,000 divided into 5,000,000 shares of US\$0.01 each, one of which was allotted and issued, to the initial subscriber, and was transferred to Ever Prosper on 6 October 2000. On the same date, 999,999 shares of US\$0.01 were issued and allotted to Ever Prosper.
- (b) On 3 August 2001, Ever Prosper being the then sole Shareholder passed a number of written resolutions which include, *inter alia*, (i) each share of US\$0.01 was sub-divided into 100 shares of US\$0.0001 each and the authorised share capital of the Company was re-set to US\$50,000 divided into 500,000,000 shares of US\$0.0001 each (the “Share Sub-division”); and (ii) the Company repurchased 82,050,000 shares of US\$0.0001 each from Ever Prosper upon completion of the Share Sub-division (the “Share Repurchase”). Ever Prosper held 17,950,000 shares of US\$0.0001 each upon completion of the Share Sub-division and the Share Repurchase.
- (c) Pursuant to the share purchase agreement (the “Share Purchase Agreement”) dated 27 September 2002 among the Company, Ever Prosper and Abacus, Ever Prosper transferred 17,950,000 shares of US\$0.0001 each to Abacus and in consideration, Abacus allotted and issued 17,525,708 shares of US\$0.0001 each of Abacus (the “Abacus Shares”) to Ever Prosper. Abacus held 17,950,000 shares of US\$0.0001 each upon completion of the transactions under the Share Purchase Agreement.
- (d) Pursuant to the share exchange agreement (the “Share Exchange Agreement”) dated 17 April 2002 between Ever Prosper and Abacus, Abacus transferred to Ever Prosper 17,950,000 shares of US\$0.0001 each and in consideration, Ever Prosper transferred the Abacus Shares to Abacus. Ever Prosper held 17,950,000 shares of US\$0.0001 each upon completion of the transactions under the Share Exchange Agreement.
- (e) Pursuant to the written resolutions of the then sole Shareholder passed on 8 September 2007, among other things, (i) the authorised share capital of the Company was increased by HK\$40,000,000 by the creation of 4,000,000,000 Shares of HK\$0.01 each (the “Capital Increase”); (ii) an aggregate of 1,400,100 Shares of HK\$0.01 each were allotted and issued at par to Ever Prosper (the “Issue”); (iii) 17,950,000 shares of US\$0.0001 each previously held by Ever Prosper were repurchased by the Company (the “Repurchase”); (iv) the

authorised but unissued share capital of the Company be diminished by the cancellation of all unissued shares of US\$0.0001 each (the “Capital Diminution”); and (v) 34,200,000 Shares of HK\$0.01 each were allotted and issued at par to Ever Prosper (the “Further Issue”). Upon completion of the Capital Increase, the Issue, the Repurchase, the Capital Diminution and the Further Issue, Ever Prosper held 35,600,100 Shares of HK\$0.01 each.

Assuming the Placing becomes unconditional and immediately following completion of the Placing and the Capitalisation Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options, and any options that may be granted under the Share Option Scheme, the authorised share capital of the Company will be HK\$40,000,000 divided into 4,000,000,000 Shares and the issued share capital of the Company will be HK\$9,120,000 divided into 912,000,000 Shares, all fully paid or credited as fully paid, with 3,088,000,000 Shares remaining unissued.

The Directors do not have any present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed herein and as mentioned in the following paragraphs respectively headed “Written resolutions of the then sole Shareholder passed on 8 September 2007, 21 September 2007 and 8 October 2007” and “Corporate reorganisation”, there has been no alteration in the share capital of the Company since the date of its incorporation.

C. ~~Written resolutions of the then sole Shareholder passed on 8 September 02 September and 8 October 0~~

Pursuant to the resolutions in writing passed by Ever Prosper being the then sole Shareholder on 8 September 2007, 21 September 2007 and 8 October 2007:

- (a) the Company approved and adopted the Articles on 8 September 2007 and amended the same on 8 October 2007;
- (b) conditional on the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus and the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of that agreement or otherwise, in each case on or before 8:00 a.m., 16 October 2007:
 - (i) the Placing and the Over-allotment Option were approved and the Directors were authorised to approve the allotment and issue of the Placing Shares and such number of Shares as may be required upon the exercise of the Over-allotment Option under the terms and conditions as set out in this prospectus;
 - (ii) the rules of the Pre-IPO Share Option Scheme and the Share Option Scheme were approved and adopted and the Directors were authorised to implement the same, grant options to subscribe Shares under the Pre-IPO Share Option Scheme and the Share Option Scheme and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.
- (c) conditional on the Company having retained profits of a sum over HK\$6,483,999, the Directors were authorised to capitalise HK\$6,483,999 out of the retained profits of the

Company by applying such sum in paying up in full at par 648,399,900 Shares for allotment and issue to the Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business of 21 September 2007 in proportion (or as nearly as possible without involving fractions) to their then existing shareholding in the Company.

- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend or similar arrangements in accordance with the Articles, or upon the exercise of any Pre-IPO Share Options or any options to be granted pursuant to the Share Option Scheme or any other option scheme, Shares with an aggregate nominal amount not exceeding the sum of:
- (i) 20% of the aggregate nominal amount of the share capital of the Company in issue and to be issued immediately following completion of the Placing and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
 - (ii) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the authority granted to the Directors referred to in paragraph (e) below,
- until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first;
- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on GEM or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the GEM Listing Rules or equivalent rules or regulations of such other stock exchange, Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and to be issued immediately following completion of the Placing and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option) at any time until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first; and
- (f) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be repurchased pursuant to paragraph (e) above.

D. Corporate Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on GEM which involved the following:-

- (a) On 22 March 2007, Mr. Li Kin Shing transferred the one share of Winet he held on behalf of Keithick as trustee to Keithick at nil consideration. Subsequent to the said share transfer, Winet was held as to 100% by Keithick and became an indirect wholly-owned subsidiary of the Company.

- (b) On 8 September 2007, the authorised share capital of the Company was increased by HK\$40,000,000 by the creation of 4,000,000,000 Shares of HK\$0.01 each.
- (c) On 8 September 2007, the Company allotted and issued 1,400,100 Shares of HK\$0.01 each at par to Ever Prosper.
- (d) On 8 September 2007, the Company repurchased all 17,950,000 shares of US\$0.0001 each at a price of HK\$14,001 in aggregate which was paid out of the proceeds of the fresh issue of Shares as referred to in paragraph (c) above.
- (e) On 8 September 2007, the authorised but unissued share capital of Company was diminished by the cancellation of all unissued shares of US\$0.0001 each in the share capital of the Company.
- (f) On 8 September 2007, the Company allotted and issued 34,200,000 Shares of HK\$0.01 each at par to Ever Prosper.

E. Changes in share capital of subsidiaries

The Company's subsidiaries are referred to in the accountant's report of the Company, the text of which is set out in the Appendix 1 to this prospectus. The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus.

China Elite

1. On 14 March 2005, the registered capital of China Elite was increased from HK\$35,000,000 to HK\$45,000,000. According to the capital verification report issued by Guangdong Qimingxin Certified Accountants Company Limited (廣東啟明星會計師事務所有限公司) on 17 June 2005, as at 31 May 2005, the registered capital of China Elite was HK\$45,000,000, all of which had been duly paid up.
2. On 24 August 2005, the registered capital of China Elite was increased from HK\$45,000,000 to HK\$64,000,000. According to the capital verification report issued by Guangdong Qimingxin Certified Accountants Company Limited (廣東啟明星會計師事務所有限公司) on 17 November 2005, as at 2 November 2005, the registered capital of China Elite was HK\$64,000,000, all of which had been duly paid up.
3. On 31 March 2006, the registered capital of China Elite was increased from HK\$64,000,000 to HK\$94,000,000. According to the capital verification report issued by Guangdong Qimingxin Certified Accountants Company Limited (廣東啟明星會計師事務所有限公司) on 28 August 2006, as at 8 August 2006, the registered capital of China Elite was HK\$94,000,000, all of which had been duly paid up.

Winet

On 22 March 2007, Mr. Li Kin Shing transferred the one share of Winet he held on behalf of Keithick as trustee to Keithick at nil consideration.

Save as disclosed in this prospectus, there has been no alteration in the share capital of any subsidiary of the Company within the two years preceding the date of this prospectus.

F. Repurchase by the Company of its own securities

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

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase in cash their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders' approval

All proposed repurchases of securities, which must be fully paid up in the case of shares, on GEM by a company with its primary listing on GEM 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 the written resolutions passed by the then sole Shareholder on 21 September 2007, a general unconditional mandate (the "repurchase mandate") was granted to the Directors authorising them to exercise all powers for and on behalf of the Company to repurchase its Shares on GEM, or on any other approved stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Placing and Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option) at any time until the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held or when such mandate is revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

(ii) Source of funds

Any repurchase by the Company may only be funded out of funds legally available for such purpose in accordance with its memorandum of association and the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. The Company may not repurchase its own securities on GEM 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 GEM Listing Rules provide that the shares which are proposed to be repurchased by a company must be fully paid up.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase the Shares in the market. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. 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.

(c) Funding of repurchases

Repurchase pursuant to the repurchase mandate would be financed out of funds of the Company legally available for such purpose in accordance with its memorandum of association and the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. The 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 the Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels.

(d) Director's undertaking

The Directors have undertaken to the Stock Exchange that, they will exercise the power of the Company to make purchases of the Company's securities in accordance with the GEM Listing Rules, the applicable laws of the Cayman Islands and the Articles.

(e) Disclosure of interests

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates, as defined in the GEM Listing Rules, has any present intention to sell any Shares to the Company or its subsidiaries.

No connected person, as defined in the GEM Listing Rules, has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

(f) Takeovers Code consequences

If, as a result of a securities repurchase pursuant to the repurchase mandate, a shareholder's proportionate interest in the voting rights of the Company increases, 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, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code if the repurchase mandate is exercised.

The Directors have no present intention to exercise the repurchase mandate to such an extent as would result in takeover obligations under the Takeovers Code.

G. Information about PRC enterprise in which the Company has interest

Below are the particulars of the PRC entity in which the Company has interests:

China Elite

Nature	:	Wholly Foreign Owned Enterprise
Registered capital	:	HK\$94,000,000
Total investment amount	:	HK\$94,000,000
Attributable interest of the Company	:	100%
Date of establishment	:	18 July 2000
Term of WFOE	:	15 years expiring on 18 July 2015

2. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

A. Summary of material contracts



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

- (a) the deed of non-competition undertaking dated 10 October 2007 executed by Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin in favour of the Company, for itself and on behalf of its subsidiaries, details of which are set out in the paragraph headed “Non-competition Undertaking” in the section headed “Relationship with the Controlling Shareholders and Non-competition Undertaking” in this prospectus;
- (b) a deed of indemnity dated 10 October 2007 given by Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin in favour of the Company (for itself and as trustee of other members of the Group) containing the indemnities as referred to in the paragraph headed “Estate duty, tax and other indemnities” in the section headed “Other information” in this Appendix;
- (c) a corporate investor agreement dated 9 October 2007 executed by Softbank China Venture Capital, Daiwa Securities SMBC and the Company, pursuant to which Softbank China Venture Capital agreed to subscribe at the Placing Price for such number of Placing Shares that may be purchased with US\$3 million, details of which are set out in the section headed “Corporate Investors” of this prospectus; and
- (d) a corporate investor agreement dated 9 October 2007 executed by Dubai Ventures Limited, Daiwa Securities SMBC and the Company, pursuant to which Dubai Ventures Limited agreed to subscribe at the Placing Price for such number of Placing Shares that may be purchased with US\$7 million, details of which are set out in the section headed “Corporate Investors” of this prospectus.

B. Intellectual property rights of the Group

(a) Trade marks

As at the Latest Practicable Date, the Group has registered the following trade marks with the relevant authorities:

<u>Trade mark</u>	<u>Territory</u>	<u>Class</u>	<u>Registration number</u>	<u>Registration date</u>	<u>Expiry date</u>
盛华	PRC	38 (Note 2)	1799217	28 June 2002	27 June 2012
	PRC	35 (Note 1)	1946573	28 October 2002	27 October 2012
	PRC	38 (Note 2)	3000147	7 March 2003	6 March 2013
精英服务精英	PRC	38 (Note 2)	3044259	21 November 2003	20 November 2013

Notes:

(1) Class 35 Advertising, business management, business administration, office functions

(2) Class 38 Telecommunications

(b) Domain names

As at the Latest Practicable Date, the Group has registered the following domain names:

<u>Domain name</u>	<u>Registered person</u>	<u>Date of registration</u>
cn-elite.com <i>(Note)</i>	China Elite	14 July 2000
iel.hk <i>(Note)</i>	Winet	29 June 2007

Note : Contents in these domains do not form part of this prospectus.

3. FURTHER INFORMATION ABOUT THE DIRECTORS, SENIOR MANAGEMENT AND STAFF

A. Disclosure of interests

(a) Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

Immediately following completion of the Placing and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme on any shares which may fall to be allotted and issued or repurchased by the Company pursuant to the mandates as referred to in the section headed “Further information about the Company and its Subsidiaries” in this Appendix, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, will be as follows:

(i) Long position in Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interests</u>
Mr. Li Kin Shing	Interest of a controlled corporation	684,000,000	75%
	Beneficial owner	20,000,000 Shares <i>(Note 2)</i>	2.193%
Ms. Kwok King Wa	Interest of a controlled corporation	684,000,000	75%
	Beneficial owner	18,550,000 Shares <i>(Note 2)</i>	2.034%
Ms. Li Yin	Beneficial owner	12,600,000 Shares <i>(Note 2)</i>	1.382%
Mr. Wong Kin Wa	Beneficial owner	2,000,000 Shares <i>(Note 2)</i>	0.219%
Mr. Li Wen	Beneficial owner	1,000,000 Shares <i>(Note 2)</i>	0.110%
Mr. Tang Yue	Beneficial owner	500,000 Shares <i>(Note 2)</i>	0.055%
Mr. Chen Xue Dao	Beneficial owner	500,000 Shares <i>(Note 2)</i>	0.055%
Mr. Cheung Sai Ming	Beneficial owner	500,000 Shares <i>(Note 2)</i>	0.055%
Ms. Li Yin	Corporate	23,940,000 Shares <i>(Note 4)</i>	2.625%

Notes:

1. The 684,000,000 Shares are owned by Ever Prosper which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, Mr. Li Kin Shing is deemed to be interested in the 684,000,000 Shares under the SFO.
2. Such interest in Shares is held pursuant to the Pre-IPO Share Options, details of which are set out in the paragraph headed "Pre-IPO Share Option Scheme" in this Appendix. Other than the 500,000 Pre-IPO Share Options, each of Mr. Tang Yue, Mr. Chen Xue Dao and Mr. Cheung Sai Ming does not hold any Shares or other securities of the Company.
3. The 684,000,000 Shares are owned by Ever Prosper which is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Ms. Kwok King Wa is the spouse of Mr. Li Kin Shing. Accordingly, Ms. Kwok King Wa is deemed to be interested in the 684,000,000 Shares under the SFO.
4. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper which will hold 75% of the issued share capital of the Company immediately following completion of the Placing and the Capitalisation Issue. Therefore, she will have an attributable interest of 2.625% of the issued share capital of the Company.

(ii) Long position in Ever Prosper, an associated corporation of the Company

<u>Name of Director</u>	<u>Capacity</u>	<u>Approximate percentage of interests</u>
Mr. Li Kin Shing	Beneficial owner	50%
Ms. Kwok King Wa	Beneficial owner	46.5%
Ms. Li Yin	Beneficial owner	3.5%

(iii) Short positions of Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Approximate percentage in total issued capital</u>
Mr. Li Kin Shing	Short position of a controlled corporation (<i>Note</i>)	3.75%
Ms. Kwok King Wa	Short position of a controlled corporation (<i>Note</i>)	3.75%
Ms. Li Yin	Corporate (<i>Note</i>)	0.131%

Note: Ever Prosper and Daiwa Securities SMBC entered into the Stock Borrowing Agreement pursuant to which Ever Prosper agreed to lend up to 32,400,000 Shares to Daiwa Securities SMBC for the purpose of facilitating settlement of any over-allocation in connection with the Placing. Ever Prosper is owned as to 50% and 46.5% by Mr. Li Kin Shing and Ms. Kwok King Wa respectively. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa. Accordingly, each of Mr. Li Kin Shing and Ms. Kwok King Wa is deemed to have a short position of the Shares in which Ever Prosper has a short position. Ms. Li Yin holds 3.5% of the issued share capital of Ever Prosper which will have a short position of 3.75% of the issued share capital of the Company immediately following completion of the Placing and the Capitalisation Issue. Therefore, she will have an attributable interest of 0.131% of the short position of the issued share capital of the Company.

(b) Particulars of service contracts

Each of the executive Directors has entered into a service contract with the Company. The terms and conditions of each of such service contracts are similar in all material respects and are briefly described as follows:

- (a) Each service contract is for an initial term of three years commencing on the Listing Date. Each of these service contracts may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

- (b) The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) (in HK\$) payable to each of the executive Directors under the service contracts are as follows:

	<u>for the year ending 31 December</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Mr. Li Kin Shing	80,000	762,500	762,500
Ms. Kwok King Wa	80,000	762,500	762,500
Ms. Li Yin	347,000	407,600	407,600
Mr. Wong Kin Wa	530,450	530,450	530,450
Mr. Li Wen	80,000	506,075	506,075

- (c) Each of the executive Directors is entitled to a management bonus, the amount of which is determined with reference to the operating results of the Group and the performance of the executive Director; and
- (d) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and management bonus payable to himself or herself.

Each of the independent non-executive Directors has entered into a service agreement with the Company under which each of them agreed to act as independent non-executive Director for a period of three years, commencing on the Listing Date, unless terminated in accordance with the terms and conditions specified therein. The initial annual director's fee (in HK\$) payable to the independent non-executive Directors for each of the three years ending 31 December 2009 are as follows:-

Mr. Tang Yue	80,000
Mr. Chen Xue Dao	80,000
Mr. Cheung Sai Ming	80,000

Save for the annual director's fees mentioned above and the Pre-IPO Share Options granted to each of them, none of the independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

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

(c) Remuneration of Directors

The Company's policies concerning remuneration of the executive Directors are as follows:-

- (a) the amount of remuneration is determined by the Remuneration Committee and on the basis of the relevant executive Director's experience, responsibility, workload and the time devoted to the Group;
- (b) non-cash benefits may be provided to the executive Directors under their remuneration package; and
- (c) the Directors may be granted, at the discretion of the Board, options pursuant to the Share Option Scheme, as part of this remuneration package.

During the financial year ended 31 December 2006, the aggregate emoluments paid by the Group to the Directors were HK\$nil. Further information in respect of the Directors' remuneration is set out in Appendix I to this prospectus.

It is expected that an aggregate of approximately HK\$1,357,450 will be paid as remuneration to the Directors by the Group in respect of the financial year ending 31 December 2007 pursuant to the present arrangement.

Save as disclosed in Appendix I to this prospectus, none of the Directors received any remuneration or benefits in kind from the Group during the Track Record Period.

(d) Interests and short positions of Substantial Shareholders in the Shares, underlying Shares and debentures of the Company and its associated corporations

Immediately following completion of the Placing and Capitalisation Issue and taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the Pre-IPO Share Options and any options which may be granted under the Share Option Scheme or any Shares which may fall to be allotted or issued or repurchased by the Company pursuant to the mandates referred to in the section headed "Further Information about the Company and its Subsidiaries" in this Appendix, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, will have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, 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 the Group:

(a) Long position in Shares

<u>Name</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interests</u>
Ever Prosper	Beneficial owner	684,000,000	75%

(b) Short position in Shares

<u>Name</u>	<u>Capacity</u>	<u>Approximate percentage in total issued capital</u>
Ever Prosper	Beneficial owner	3.75%

(e) Disclaimers

Save as disclosed in this prospectus:

- (a) so far as the Directors are aware, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under 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 once the Shares are listed, or which will be required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, once the Shares are listed;

- (b) so far as the Directors are aware, none of the Directors and experts referred to under the heading “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two (2) years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the Directors and experts referred to under the heading “Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (d) none of the Directors has any existing or proposed service contracts with any member of the Group, excluding contracts which are determinable by the employer within one year without payment of compensation other than statutory compensation;
- (e) the Directors are not aware of any person, not being a Director or chief executive of the Company, who will, immediately following completion of the Placing and the Capitalisation Issue, be interested in or has short positions in the Shares or underlying shares of the Company which have to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO once the Shares are listed, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (f) none of the experts referred to under the heading “Consents of experts” in this Appendix has any shareholding in any member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (g) none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) has any interest in the Group’s five largest suppliers and five largest customers.

(d) Agency fees or commissions received

Information on the agency fees or commissions received by the Underwriters is set out in the section headed “Underwriting” of this prospectus.

(e) Related party transactions

During the two years preceding the date of this prospectus, the Group was engaged in related party transactions as described in the Accountants’ Report set out in Appendix I to this prospectus and the paragraph headed “Connected Transactions” in the section headed “Relationship with the Controlling Shareholders and Non-competition Undertakings” of this prospectus.

4. PRE-IPO SHARE OPTION SCHEME

In order to recognise the contribution of, and provide an incentive to, the Directors, senior management and employees of the Group who have contributed to the growth of the Group and/or to the Listing, the Company established the Pre-IPO Share Option Scheme pursuant to the written resolution of the then sole Shareholder dated 21 September 2007.

I. Principal terms of the Pre-IPO Share Option Scheme

The following is a summary of the principal terms and conditions of the Pre-IPO Share Option Scheme, which are substantially similar to those of the Share Option Scheme in all material respects except that:-

1. Conditions

- (a) The grant of the Pre-IPO Share Options is subject to the following conditions:-
- (i) the commencement of dealing in the Shares on the GEM;
 - (ii) the GEM Listing Committee approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of Pre-IPO Share Options;
 - (iii) the grantees of the Pre-IPO Share Options shall adhere to any undertakings or restrictions that may be further imposed on them by the Company, the Stock Exchange or the Sponsor as described in this prospectus; and
 - (iv) any exercise of the Pre-IPO Share Options shall be further subject to any guidelines issued by the Company from time to time in order to ensure full compliance with the GEM Listing Rules.
- (b) The Pre-IPO Share Options (if not already exercised) held by each individual grantee shall lapse automatically if the grantee ceases to be a participant of the Pre-IPO Share Option Scheme by way of cessation of his/her employment with any member of the Group, provided that such cessation does not include any redesignation of such grantee within the Group.
- (c) The Pre-IPO Share Options are personal to the relevant grantees and shall not be transferred or assigned.

2. Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 21 September 2007, the date on which the relevant written resolution approving the Pre-IPO Share Option Scheme was passed by the then sole Shareholder. Subject to the earlier termination of the Pre-IPO Share Option Scheme, the Pre-IPO Share Option Scheme shall expire on the Latest Practicable Date, after which time no further Pre-IPO Share Options will be granted but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects.

3. Consideration

A cash consideration of HK\$1.00 has been paid by each grantee for the Pre-IPO Share Options.

4. Exercise period

Subject to other conditions as set out above, the Pre-IPO Share Options will be exercisable by the grantees from the end of the twelfth month after the Listing Date until the end of the eighteenth month after the Listing Date unless extended in writing by the Board (and approved by the independent non-executive Directors). Each of the Pre-IPO Share Options (to the extent not already exercised) shall lapse automatically at the end of such period.

5. Exercise price

The Pre-IPO Share Options shall be exercised at the Placing Price.

6. Maximum number of Shares available for subscription

The total number of Shares in respect of which Pre-IPO Share Options may be granted under the Pre-IPO Share Option Scheme shall not exceed 60,000,000 Shares, representing 100% of the number of Pre-IPO Share Options already granted by the Company.

7. Cancellation of Pre-IPO Share Options

Any cancellation of Pre-IPO Share Options granted but not exercised must be approved by the Board. Any Pre-IPO Share Options cancelled cannot be regranted.

8. Restrictions on grant of Pre-IPO Share Options to Connected Persons

There is no similar requirements to be complied with on granting of Pre-IPO Share Options to connected persons or any of their associates as summarised in paragraph (b) of the section headed “Share Option Scheme” below.

II. Outstanding Pre-IPO Share Options

The Pre-IPO Share Options were granted based on the performance of the grantees who have made contributions and are important to the long term growth and profitability of the Group. As at the Latest Practicable Date, the Company had granted 60,000,000 Pre-IPO Share Options (the exercise of which would entitle these persons to an aggregate of 60,000,000 Shares, representing approximately 6.58% of the issued share capital of the Company immediately following the Placing and the Capitalisation Issue and assuming the Over-allotment Option or any Pre-IPO Share Options are not exercised and without taking into account of the Shares falling to be issued upon the exercise of any options that may be granted under the Share Option Scheme) to, and accepted by certain Directors, senior management and employees of the Group.

A full list of such grantees containing all details of each option as required under paragraph 10 of the Third Schedule to the Companies Ordinance and Rule 23.02(1)(b) of and paragraph 27 of Part A of Appendix I to the GEM Listing Rules is set out below:-

<u>Name of grantee</u>	<u>Position Held</u>	<u>Address</u>	<u>Date of joining the Group</u>	<u>Number of Shares to be issued upon full exercise of the Pre-IPO Share Options</u>	<u>Approximate percentage of total issued share capital of the Company <i>(Note 1)</i></u>
<i>Executive Directors</i>					
Li Kin Shing	Executive Director, Chief Executive Officer	Penthouse, Flat A, Block 2, 1 Po Shan Road, Hong Kong	1 June 1993	20,000,000	2.193%
Kwok King Wa	Executive Director, Chairman	Penthouse, Flat A, Block 2, 1 Po Shan Road, Hong Kong	1 January 2000	18,550,000	2.034%
Li Yin	Executive Director, Chief Operation Officer	Penthouse, Flat A, Block 2, 1 Po Shan Road, Hong Kong	1 January 1999	12,600,000	1.382%
Wong Kin Wa	Executive Director, Chief Financial Officer	Flat G, 35/F, Kennedy Town Centre, 38 Kennedy Town Praya, Hong Kong	1 January 2000	2,000,000	0.219%

<u>Name of grantee</u>	<u>Position Held</u>	<u>Address</u>	<u>Date of joining the Group</u>	<u>Number of Shares to be issued upon full exercise of the Pre-IPO Share Options</u>	<u>Approximate percentage of total issued share capital of the Company <i>(Note 1)</i></u>
Li Wen	Executive Director	Room 806, No. 4 Nanzhu Bei Street, Haizhu District, Guangzhou City, PRC	21 September 2007	1,000,000	0.110%
<i>Independent non-executive Directors</i>					
Tang Yue <i>(Note 2)</i>	Independent non-executive Director	6-801, Beijing Golf Mansion, 8 Chao Yang Park Xi Li Nan Qu, Beijing, PRC	21 September 2007	500,000	0.055%
Chen Xue Dao <i>(Note 2)</i>	Independent non-executive Director	Room 3007 No. 201 Long Kou Zhong Road, Tianhe District, Guangzhou City, PRC	21 September 2007	500,000	0.055%
Cheung Sai Ming <i>(Note 2)</i>	Independent non-executive Director	Room 2713, Hei Wo House, Tai Wo Estate, Tai Po, New Territories, Hong Kong	21 September 2007	500,000	0.055%
<i>Senior Management</i>					
Zhang Lan	Deputy General Manager	Room 803, No. 12 Yong Tai Road, Yuexiu District, Guangzhou, PRC	1 May 2003	1,000,000	0.110%
Peng Jian Tao . . .	Manager	No. 18 Hongtu Dong Street Hongtu Yuan Fancun District, Guangzhou, PRC	1 October 2005	800,000	0.088%
Lin Yuan Yi	Manager	3-601, No. 172 Gan Hua Road, Peng Jiang District, Jiangmen City, Guangdong Province, PRC	24 May 2005	600,000	0.066%
Xuan Jing Shan	Finance Manager	Rm 201, No. 1 Changnin Li Liu Yue Street Xi Cun, Li Wan District PRC	7 July 2000	450,000	0.049%
Chan Wai Ching	Qualified Accountant, Company Secretary	Flat A 19/F Peony Court, Fulrich Garden, 9 Kung Lok Road, Kowloon, Hong Kong	1 June 2007	250,000	0.027%

<u>Name of grantee</u>	<u>Position Held</u>	<u>Address</u>	<u>Date of joining the Group</u>	<u>Number of Shares to be issued upon full exercise of the Pre-IPO Share Options</u>	<u>Approximate percentage of total issued share capital of the Company <i>Note 1</i></u>
<i>Other Employees of the Group</i>					
So Mei Yuk	Accountant	Flat D, 2/F Hang Tak Building, No. 1 Electric Street, Wanchai, Hong Kong	1 January 2000	500,000	0.055%
Chan Ka Lay Kathy	Account Clerk	Flat D, 28/F, Block 1, Elegant Garden, 409-419 Queen's Road West, Sai Ying Pun, Hong Kong	1 June 2005	50,000	0.005%
Lao Sio Ieng	Account Supervisor	Patio S. Domingos 2 R/C, Macau	15 April 2003	50,000	0.005%
Chan Choi Leng	General Clerk	Calc. S. Francisco Xavier, 1, FL 05, Flat B, Ed. Heng Lei, Macau	1 April 2007	50,000	0.005%
Liu Jian Qiang	Deputy Manager	Room 702, No. 12 Kang Ya Er Street, Kang Ya Hua Yuan, Ji Chang Road, Baiyun District, Guangzhou City, PRC	1 February 2006	80,000	0.009%
Chen Wen Sheng	Manager	Room 704, No. 6 Tian Yun Street, Huang Shi Dong Road, Baiyun District, Guangzhou City, PRC	7 July 2000	100,000	0.011%
Li Sui Hui	Deputy Manager	Room 305, No. 102 Pan Fu Road, Yuexiu District, Guangzhou City, PRC	7 July 2000	80,000	0.009%
Li Xin Yue	Deputy Manager	Room 604, No. 5 Hai Qing Ju Yi Jie, Qi Fu Xin Cun, Shi Guang Road, Pan Yu District, Guangzhou City, PRC	24 October 2005	50,000	0.005%
Wang Hai Zhong	Head of Audit	11E, Block C, Li Yin Ju, Yi Jin Cui Yuan, Hai Zhu District, Guangzhou City, PRC	1 February 2005	50,000	0.005%
Liang Na Xin	Head of Accounting	Room 501, No. 40 Jiang Tong Dong Road, Jiang Gao Town, Baiyun District, Guangzhou City	7 July 2000	30,000	0.003%

Name of grantee	Position Held	Address	Date of joining the Group	Number of Shares to be issued upon full exercise of the Pre-IPO Share Options	Approximate percentage of total issued share capital of the Company <i>(Note 1)</i>
Xie Yu Xi	Deputy Manager	No. 6 Lane 10, Shi Jin Da Lang Xi Yue Xi Jie Nan, Baiyun District, Guangzhou City, PRC	7 July 2000	30,000	0.003%
Tan Ju Bei	Head of Remuneration	Room 701, No. 15 Jin Tai Zhi Jie, Jing Tai Xi Cun, Guang Yuan Road, Baiyun District, Guangzhou City, PRC	27 September 2002	30,000	0.003%
Tan Bai Yong	Manager	Room 814, No. 10 Hui Cheng Zhen Xing Er Road, Xin Hui District, Jiangmen City, Guangdong Province, PRC	1 September 2005	150,000	0.016%
Total:				60,000,000	6.58%

Notes:

- (1) Assuming completion of the Placing and the Capitalisation Issue but assuming the Over-allotment Option or any Pre-IPO Share Options are not exercised and without taking into account any Shares falling to be issued upon the exercise of any options that may be granted under the Share Option Scheme.
- (2) Each of Mr. Tang Yue, Mr. Chen Xue Dao and Mr. Cheung Sai Ming, being independent non-executive Directors, were granted 500,000 Pre-IPO Share Options which would entitle each of them to 500,000 Shares, representing approximately 0.055% of the issued share capital of the Company immediately following the Placing and the Capitalisation Issue and assuming the Over-allotment Option or any Pre-IPO Share Options are not exercised and without taking into account of the Shares falling to be issued upon the exercise of any options that may be issued under the Share Option Scheme. Other than the 500,000 Pre-IPO Share Options, each of Mr. Tang Yue, Mr. Chen Xue Dao and Mr. Cheung Sai Ming does not hold any Shares or other securities of the Company. Since each of Mr. Tang Yue, Mr. Chen Xue Dao and Mr. Cheung Sai Ming will hold less than 1% of the total issued share capital of the Company upon full exercise of their respective Pre-IPO Share Options, the Board is of the view that the grant of the Pre-IPO Share Options to the three independent non-executive Directors will not affect their independence under Rule 5.09 of the GEM Listing Rules.

All Pre-IPO Share Options were granted to the grantees on 8 October 2007. In relation to each grantee of the Pre-IPO Share Options, the Pre-IPO Share Options will vest during the period from 16 October 2008 to 15 April 2009. No Pre-IPO Share Options will be vested if the grantee ceases to be a participant of the Pre-IPO Share Option Scheme by way of cessation of his/her employment with any member of the Group. As evidenced by the vesting period of the options granted under the Pre-IPO Share Option Scheme, no Pre-IPO Share Options granted will be exercisable within twelve (12) months from the Listing Date.

Exercise of any of the Pre-IPO Share Options will have a dilution effect on the shareholdings of the Shareholders at the time of such exercise of Pre-IPO Share Options as well as on the earnings/loss per Share for the relevant financial year of the Group. Assuming that all the Pre-IPO Share Options granted were exercised in full during the year ending 31 December 2007 and that 972,000,000 Shares, comprising 912,000,000 Shares to be in issue immediately after the Placing and the Capitalisation Issue and 60,000,000 Shares to be issued by the exercise of all Pre-IPO Share Options, were deemed to have been in issue throughout the year ending 31 December 2007, but not taking into account of any

Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the forecast earnings per Share based on forecast profit attributable to the Shareholders for the year ending 31 December 2007 will be diluted from approximately HK6.0 cents to approximately HK5.6 cents.

Save as disclosed above, no further Pre-IPO Share Options will be granted. Assuming that all the Pre-IPO Share Options were exercised in full on the Listing Date, the shareholding interests of the public would be reduced from approximately 25% to approximately 23.5% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised and takes no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

The grantees have agreed not to exercise their Pre-IPO Share Options if such exercise of any part or parts of which will result in the drop of the public float to a level below 25% of the issued share capital of the Company from time to time.

An application has been made to the GEM Listing Committee for the listing of and permission to deal in the 60,000,000 Shares which may be issued pursuant to the exercise of the Pre-IPO Share Options, as described above.

5. SHARE OPTION SCHEME

A. Summary of terms of the Share Option Scheme

The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the written resolutions of the then sole Shareholder passed on 21 September 2007:

(a) Who may join

The Board may, at its absolute discretion, offer to any (i) full-time or part-time employees of the Group; (ii) directors (including any executive, non-executive and independent non-executive directors (where applicable)) of the Group; (iii) substantial shareholders of each member of the Group; (iv) Associates of directors or substantial shareholders of each member of the Group; and (v) the trustees of any trust pre-approved by the Board, the beneficiary (or in case of discretionary trust, the discretionary objects) of which includes any of the abovementioned persons (together, the "Participants" and each, a "Participant") options to subscribe for such number of Shares as the Board may determine at a subscription price determined in accordance with sub-paragraph (c) below, and subject to the other terms of the Share Option Scheme summarised below.

Upon acceptance of the offer, the grantee shall pay HK\$1 to the Company by way of consideration for the grant and the option shall be deemed to have been granted and to have taken effect with retrospective effect from the date on which the option is offered.

(b) Grant of options to connected persons or any of their associates

Any grant of options to a Participant who is a Director, chief executives, or substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of their respective Associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the options.

Where the Board proposes to grant any option to a Participant who is a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director, or any of their respective Associates, and such option which if exercised in full, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted pursuant to the Share Option Scheme and other share option schemes of the Company (including options exercised, cancelled and outstanding) to such Participant in the 12-month period up to and including the date of grant being proposed by the Board (the “Relevant Date”):

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue at the Relevant Date; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Relevant Date and if the Relevant Date is not a trading day, the trading day immediately preceding the Relevant Date, in excess of HK\$5,000,000.

such proposed grant of options must be approved by the Shareholders by way of a poll in general meeting and the Company shall send a circular to the Shareholder, containing all such information as may be required by the GEM Listing Rules. All the Participants concerned and all other connected persons of the Company must abstain from voting in favour of the resolution at such general meeting. In addition, any change in the number and terms of the 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.

The abovementioned circular must contain the following information:-

- (a) details of the number and terms (including the subscription price) of the options to be granted to each Participant, which must be fixed before the Shareholders’ meeting;
- (b) a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting; and
- (c) the information required under Rules 23.02(2)(c) and (d) of the GEM Listing Rules, the disclaimer required under Rule 23.02(4) of the GEM Listing Rules and the information required under Rule 2.28 of the GEM Listing Rules.

(c) Price for Shares

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to a Participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the date of offer of an option which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five consecutive trading days immediately preceding the date of offer (provided that the new issue price for the listing of the Shares

shall be used as the closing price for any Business Day falling within the period before listing of the Shares if the Shares have been listed for less than five Business Days before the date of offer); and (iii) the nominal value of a Share.

(d) Maximum number of Shares

- (i) The total number of Shares which may be allotted and issued upon the 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(s) of the Company) to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 91,200,000 Shares, representing 10% of the Shares in issue immediately upon completion of the Share Offer and the Capitalisation Issue (excluding shares which may be issued pursuant to the exercise of the over-allotment option) (the “Scheme Mandate Limit”), unless the Company obtains a fresh approval from its Shareholders pursuant to sub-paragraph (ii) below or the options are granted pursuant to sub-paragraph (iii) below.
- (ii) The Company may seek approval of its Shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% (the “Renewal Limit”) of the issued share capital of the Company at the date of approval to renew such limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised options) shall not be counted for the purpose of calculating the Renewal Limit.
- (iii) The Company may authorise the Directors to grant options to specified Participant(s) beyond the Scheme Mandate Limit or Renewal Limit if the grant of such options is specifically approved by the Shareholders in general meeting.
- (iv) Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. No option may be granted under the Share Option Scheme or any other share option schemes if this will result in the said 30% limit being exceeded.

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue (the “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 must be subject to the approval of the Shareholders in general meeting at which such Participant and his associates must abstain from voting.

(e) Time of and restrictions on exercise of option

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee provided that the period within which the Shares may be taken up under the option must not be more than five (5) years from the date of offer of the option.

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

(f) Rights are personal to grantee

Options granted under the Share Option Scheme must be personal to the grantee, which may not be sold, transferred, charged, mortgaged, encumbered, assigned or created any interest (whether legal or beneficial) by the grantee to or in favour of any third party over or in relation to any option.

(g) Termination of employment

In the event that the grantee ceases to be a Participant for any reason (other than on his death) including the termination of employment or appointment on one or more of the grounds specified in paragraph (o)(vi) below, the option granted to such grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the Board otherwise determines to grant an extension at the absolute discretion of the Board in which event the grantee may exercise the option within such period of extension and up to a maximum entitlement directed at the absolute discretion of the Board on the date of grant of extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of the Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be a Participant or the relevant option period, whichever is earlier.

(h) Rights on cessation of employment by death

If the grantee of an option who is an individual dies before exercising the option in full and none of the event sets out in paragraph (o)(vi) below arises, his/her personal representative(s) may exercise the option up to the entitlement of the grantee as at the date of death (to the extent they have become exercisable and not already exercised) within a period of 12 months or such longer period as the Board may at its absolute discretion determine from the date of death (provided that such exercise is during the relevant option period).

(i) Effects of alterations to share capital

In the event of a Capitalisation Issue, rights issue, sub-division or consolidation of the Shares, or reduction of capital in the Company whilst any option remains exercisable (excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the option so far as unexercised and/or the subscription price for the Shares, or any combination thereof, as an independent financial adviser appointed by the Company or the auditors for the time being of the Company shall certify in writing to the Directors, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes (the “Supplemental Guidance”). Any such alterations will be made on the basis that a Participant shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplementary Guidance). No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. In

addition, any adjustment to be made will comply with the GEM Listing Rules, the Supplemental Guidance and any future interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(j) Rights on a take-over or share repurchase

If a general or partial offer, whether by way of take-over or share repurchase offer (but other than by way of scheme of arrangement), 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) and if such offer becomes or is declared unconditional prior to the expiry of the relevant option period, the grantee (or his personal representative(s)) shall be entitled to exercise the option in full (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(k) Rights on winding up

If a notice is given by the 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 the Company, the Company shall forthwith after it despatches such notice to each of its members give notice thereof to the grantees (or his/her personal representative(s), who may, subject to the provisions of all applicable laws, by notice in writing to the Company (such notice to be received by the Company not later than two business days prior to the proposed general meeting) accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, exercise the option (to the extent they have become exercisable and not already exercised) either to its full extent or to the extent specified in such notice and the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee which falls to be issued on such exercise, credited as fully paid and register the grantee as holder thereof.

(l) Rights on a scheme of arrangement

If a general or partial offer by way of a scheme of arrangement is made to all Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not directly exercised) to its full extent or to the extent specified in the notice.

(m) Rights on compromise or arrangement

Other than a general offer or partial offer or a scheme of arrangement contemplated in paragraph (l) above, if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of the Company summoning a meeting to consider such a compromise or arrangement, and the grantees (or his/her personal representative(s)) may, by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two

business days prior to the proposed meeting), exercise his/her option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue (the “Exercise Date”) and accordingly will entitle the holders of the Shares to participate in all dividends or other distributions declared 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 is before the Exercise Date.

(o) Lapse of option

The right to exercise an option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of the periods referred to in paragraph (g), (h) or (m), where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (j);
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (l);
- (v) subject to the expiry of the period of extension (if any) referred to in paragraph (g), the date on which the grantee ceases to be a Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;
- (vi) the date on which the grantee of an option ceases to be a Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency, and conviction of any criminal offence;
- (vii) subject to paragraph (k) the date of the commencement of the winding-up of the Company;
- (viii) the date on which the grantee commits a breach of paragraph (f); or
- (ix) the date on which the option is cancelled by the Board as set out in paragraph (t).

(p) Period of the Share Option Scheme

Subject to earlier termination by Shareholders’ resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of five (5) years commencing from 21 September 2007, after which period no further Options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in respect of all options which remain exercisable at the end of such period.

(q) Price sensitive developments

No 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 GEM Listing Rules. In particular, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarterly, or any other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).

and ending on the date of the results announcement, no option may be granted. Such period will cover any period of delay in the publication of a results announcement.

(r) Alterations to the Share Option Scheme and the terms of options granted under the Share Option Scheme

- (i) Subject to (ii) below, the terms and conditions of the Share Option Scheme may be altered by resolution of the Board from time to time except that the provisions relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of options or to the advantage of grantees or Participants except with the prior approval of the Shareholders in general meeting, with grantees and their Associates abstaining from voting, and no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles for the time being for a variation of the rights attached to the Shares;
- (ii) Any alterations of the terms and conditions of the Share Option Scheme, which are of a material nature or change the authority of the Board, shall be approved by the Stock Exchange and the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;
- (iii) The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules;
- (iv) Any change to the authority of the Directors or scheme administrators, if any, in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

(s) Termination of Share Option Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of any options granted prior thereto but not yet exercised at the time of termination.

(t) Cancellation of Options

The Board may, with the consent of the relevant grantee, at any time cancel any option granted but not exercised. Where the Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in paragraph (d) above.

B. Present status of the Share Option Scheme

As at the Latest Practicable Date, no option has been granted under the Share Option Scheme. Application has been made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options under the Share Option Scheme.

6. OTHER INFORMATION***A. Estate duty, tax and other indemnities***

Each of Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin has, pursuant to a deed of indemnity referred to in the paragraph headed “Summary of material contracts” in this Appendix, given joint and several indemnities in respect of among other things (a) any liability for Hong Kong estate duty which might be incurred by any member of the Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended)) to any member of the Group on or before the date on which the Placing becomes unconditional, and (b) any tax liabilities which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save as to such circumstances including:

- (a) to the extent that full provision or allowance has been made for such taxation in the audited accounts of the Group for the years ended 31 December 2005 and 2006 and the five months ended 31 May 2007, as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation arises or is incurred as a result of any retrospective change in law or retrospective increase in tax rates coming into force after the Listing Date;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any members of the Group which are carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 May 2007; or
- (d) to the extent of any provisions or reserve made for taxation in the audited accounts of the Group up to 31 May 2007 which is finally established to be an over-provision or an excessive reserve.

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

Pursuant to the abovementioned deed of indemnity, each of Ever Prosper, Mr. Li Kin Shing, Ms. Kwok King Wa and Ms. Li Yin has given a joint and several indemnity of the Group in relation to any loss, payments, suits, settlement payment, cost, liability, damages or expenses arising from or in connection with:

- (a) the Group's non-payment of the housing fund, including but not limited to the Group's failure in contributing to the housing fund as set forth in the section headed "Risk factors – Risks relating to the Group – Failure to contribute to housing fund" of this prospectus and the potential fine ranging from RMB10,000 to RMB50,000;
- (b) the failure of the Group to enroll in work injury, medical and maternity insurance programs and payment of insurance premium, including but not limited to the Group's failure in contributing to the social insurance as set forth in the section headed "Risk factors – Risks relating to the Group – Failure to contribute to social insurance" of this prospectus;
- (c) the transfer pricing arrangements adopted by the Company with the Group located in the PRC, Hong Kong and Macau (particulars of which are set forth in the section headed "Risk factors – Risks relating to the Group – The Group's transfer pricing arrangements may be challenged" of this prospectus);
- (d) the defects of titles for East portion of Level 4, No.57 Tangxinxi Street, Guanghuasi Road, Baiyun District, Guangzhou City, Guangdong Province, the PRC (particulars of which are set forth in property numbered 3 in the valuation report under Appendix IV of this prospectus); and
- (e) the Group's non-registrations of the lease agreements for (i) Tianlong Building except Unit B on Level 4, No.67 Tangxinxi Street, Tangxi Industrial Zone, Xinshi Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC; (ii) East Portion of Level 4, No.57 Tangxinxi Street, Guanghuasi Road, Baiyun District, Guangzhou City, Guangdong Province, the PRC; and (iii) Levels 2-3, No.133 Qiyi Road, Guangzhou City, Guangdong Province, the PRC (particulars of which are set forth in properties numbered 2, 3 and 4 in the valuation report under Appendix IV to this prospectus);

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

B. Litigation

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

C. Sponsor

The Sponsor has made an application on behalf of the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus.

D. Preliminary expenses

The estimated preliminary expenses of the Company are approximately HK\$30,000 and are payable by the Company.

E. Promoters

The Company has no promoter.

F. Qualifications of experts

The following are the qualifications of the experts which have given their opinions or advice which is contained in this prospectus:

<u>Name of expert</u>	<u>Qualification</u>
Daiwa Securities SMBC Hong Kong Limited	a corporation licensed under the SFO for carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
KPMG	Certified public accountants
Sallmanns (Far East) Limited	Professional property valuers
Shu Jin Law Firm	Qualified PRC lawyers
Rui Afonso	Macau legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Li & Partners	Qualified Hong Kong lawyers

G. Consents of experts

Each of Daiwa Securities SMBC, KPMG, Sallmanns (Far East) Limited, Shu Jin Law Firm, Rui Afonso, Conyers Dill & Pearman and Li & Partners has given and has not withdrawn their respective written consents to the issuance of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or other references to their names included herein in the form and context in which they are respectively included.

H. Binding effect

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

I. No material adverse change

The Directors confirm that there has been no material adverse change in the financial prospects of the Company or its subsidiaries since 31 May 2007 (being the date to which the latest audited financial statements of the Company were made up).

JMiscellaneous

- (a) Save as disclosed in this prospectus :
- (i) within the two years preceding the date in this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) within the two years preceding the date in this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders, management or deferred shares of the Company have been issued or agreed to be issued;
 - (iv) within the two years preceding the date of this prospectus, no commission, discounts, brokerages or other special terms have been granted in connection with the issue of sale of any capital of the Company; and
 - (v) there has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the twenty-four (24) months preceding the date of this prospectus.
- (b) No preliminary expenses are payable by the Company.
- (c) Save as disclosed in this prospectus, none of Daiwa Securities SMBC, KPMG, Sallmanns (Far East) Limited, Shu Jin Law Firm, Rui Afonso, Conyers Dill & Pearman and Li & Partners nor any of their respective directors, employees and associates :
- (i) is interested legally or beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or nominate person to subscribe for any shares in any member of the Group; or
 - (iii) has any direct or indirect interest in the promotion of, or in any assets which have been acquired or disposed of by or leased to the Company within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of or leased to the Company.