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## APPENDIX V

## STATUTORY AND GENERAL INFORMATION

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### A. FURTHER INFORMATION ABOUT THE COMPANY

#### 1. Incorporation of the Company and registration of the Company under Part XI of the Companies Ordinance

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 February 2011. The Company has established a principal place of business in Hong Kong at Unit 1303, 13th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance on [●]. Mr. Wong and Mr. Kam Tik Lun have been appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. As the Company was incorporated in the Cayman Islands, it is subject to the Companies Law and to its constitution which comprises the Memorandum and the Articles of Association. A summary of various provisions of the Company’s constitutional documents and relevant aspects of the Companies Law is set out in Appendix IV to this document.

#### 2. Changes in the share capital

As at the date of incorporation, the authorised share capital of the Company was HK\$390,000 divided into 39,000,000 Shares with a nominal value of HK\$0.01 each.

Pursuant to the written resolutions of all the Shareholders passed on 23 March 2011, the authorised share capital of the Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of an additional 741,000,000 Shares.

Assuming that [●] becomes unconditional and the issue of Shares pursuant thereto is made but taking no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, the issued share capital of the Company immediately following [●] will be HK\$[●] divided into [●] Shares, fully paid or credited as fully paid, with [●] Shares remaining unissued.

Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme below, the Company does not have any present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as aforesaid and as mentioned in the paragraphs headed “Written resolutions of all the Shareholders passed on 22 June 2011” and “Reorganisation” below, there has been no alteration in the share capital of the Company since the date of its incorporation.

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**3. [●]****4. Reorganisation**

The companies comprising the Group underwent the Reorganisation to rationalise the Group’s structure in preparation for [●]. The Reorganisation involved the following:

- (a) On 15 December 2010, Legend Strategy International was incorporated in BVI with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each. On the same day, one share with par value of US\$1.00 was allotted and issued as fully paid to Mr. Fong.
- (b) On 22 December 2010, Mr. Fong paid a sum of HK\$3,400,000 to the independent investor of Moon Ko (i.e. the other shareholder of Moon Ko holding 40% shareholding interests in Moon Ko) in accordance with an agreement dated 16 September 2010 and Dr. Pradit transferred all his 40% shareholding interests in Moon Ko to Legend Strategy at a consideration of HK\$1.00. On the same day, Mr. Fong transferred all his 60% shareholding interests in Moon Ko to Legend Strategy at a consideration of HK\$1.00.
- (c) On 23 February 2011, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$390,000 divided into 39,000,000 shares with par value of HK\$0.01. On the same day, one subscriber share with par value of HK\$0.01 was transferred to Mr. Fong. On 23 March 2011, the authorised share capital of the Company was increased to HK\$7,800,000.
- (d) On 1 March 2011, Legend Strategy increased its authorised share capital from HK\$10,000 to HK\$15,000,000 and a total of 9,990,000 shares of Legend Strategy were issued and allotted to its shareholders in proportion to their respective percentages of shareholding interests.
- (e) On 23 March 2011, Mr. Fong transferred one share representing 100% shareholding interests in Legend Strategy International to the Company at par value.
- (f) On [●] 2011, Legend Strategy International acquired 10,000 shares with par value of HK\$1.00 each in the share capital of Lai Ying and all the shareholder’s loan from Mr. Fong. In consideration of such acquisition, the Company allotted and issued 87,750,000 Shares, credited as fully paid to Mr. Fong; and in turn, Legend Strategy International allotted and issued one share with par value of US\$1.00 credited as fully paid to the Company.
- (g) On [●] 2011, Legend Strategy International acquired 278 shares, 342 shares, 95 shares, 95 shares, 95 shares and 95 shares with par value of HK\$1.00 each (representing 27.8%, 34.2%, 9.5%, 9.5%, 9.5% and 9.5% of its shareholding

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interests respectively) in the share capital of Triple Leaf and all the shareholders’ loan from Mr. Fong, Mr. De Weyer, Markus Rall, Jiang Wen, Qiu Wen and Kan Yau Shan respectively. In consideration of such acquisitions, the Company allotted and issued 5,259,465 Shares, 6,473,655 Shares, 1,791,720 Shares, 1,791,720 Shares, 1,791,720 Shares and 1,791,720 Shares to Mr. Fong, Mr. De Weyer, Markus Rall, Jiang Wen, Qiu Wen and Kan Yau Shan, respectively; and in turn Legend Strategy International allotted and issued one share with the par value of US\$1.00 credited as fully paid to the Company.

- (h) On [●] 2011, Legend Strategy International acquired 500,000 shares, 800,000 shares, 300,000 shares, 200,000 shares, 100,000 shares, 100,000 shares and 100,000 shares with a par value of HK\$1.00 each in the share capital of Legend Strategy (representing 5%, 8%, 3%, 2%, 1%, 1% and 1% of its shareholding interests respectively) and the shareholders’ loan due and owed by Legend Strategy from Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen and Wang Huaner respectively. In consideration of such acquisitions, the Company allotted and issued 6,750,000 Shares, 10,800,000 Shares, 4,050,000 Shares, 2,700,000 Shares, 1,350,000 Shares, 1,350,000 Shares and 1,350,000 Shares to Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen and Wang Huaner, respectively; and in turn Legend Strategy International allotted and issued one share with par value of US\$1.00 credited as fully paid to the Company.
- (i) On [●] 2011, Triple Leaf (BVI) acquired 1,791,720 Shares, 1,791,720 Shares and 1,791,720 Shares (representing 1.33%, 1.33% and 1.33% of the shareholding interests in the Company respectively) from Markus Rall, Jiang Wen and Kan Yau Shan respectively. In consideration of such acquisitions, Triple Leaf (BVI) allotted and issued to each of Markus Rall, Jiang Wen and Kan Yau Shan one share with par value of US\$1.00 in its share capital.

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

The subsidiaries of the Company are listed in the accountant’s report of the Group set out in Appendix I to this document. Save as disclosed below and in the paragraph headed “Reorganisation” of this appendix, the following alterations in the share capital of the Company’s subsidiaries have taken place within the two years preceding the date of this document:

*(a) Legend Strategy International*

On 15 December 2010, Legend Strategy International was incorporated with limited liability in BVI with an authorised share capital of US\$50,000. Upon its incorporation, one share of US\$1.00 was allotted and issued as fully paid to Mr. Fong.

*(b) Legend Strategy*

On 1 March 2011, the authorised share capital of Legend Strategy was increased from HK\$10,000 to HK\$15,000,000 divided into 15,000,000 shares of par value of HK\$1.00 each. On the same date, Legend Strategy allotted and issued an aggregate of 9,990,000 shares of par value of HK\$1.00 as fully paid to Mr. Qiu, Lai Ying, Triple Leaf, Qiu Wen, Tuo Wei Wei, Wang Huaner, Ho Yin Man Carmen, Mr. Fong and Mr. De Weyer, as to 799,200 shares, 6,493,500 shares, 1,398,600 shares, 199,800 shares, 99,900 shares, 99,900 shares, 99,900 shares, 499,500 shares and 299,700 shares, respectively. After such allotment and issuance of shares, the shareholding structure of Legend Strategy remained unchanged.

Save as disclosed above and in the paragraph headed “Reorganisation” of this appendix, there has been no alteration in the share capital of the subsidiaries of the Company which took place within the two years preceding the date of this document.

**6. [●]**

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

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

- (a) bought and sold notes dated 24 November 2009 for the transfer of 500 shares in Legend Strategy by Lai Ying to 8832 Limited for a consideration of HK\$500;
- (b) bought and sold notes dated 3 February 2010 for the transfer of 100 shares in Legend Strategy by Lai Ying to Qiu Wen for a consideration of HK\$100;
- (c) bought and sold notes dated 3 February 2010 for the transfer of 100 shares in Legend Strategy by Lai Ying to Tuo Wei Wei for a consideration of HK\$100;
- (d) bought and sold notes dated 3 February 2010 for the transfer of 100 shares in Legend Strategy by Lai Ying to Ho Yin Man, Carmen for a consideration of HK\$100;
- (e) bought and sold notes dated 29 March 2010 for the transfer of 100 shares in Legend Strategy by Lai Ying to Qiu Wen for a consideration of HK\$100;
- (f) bought and sold notes dated 7 May 2010 for the transfer of 100 shares in Legend Strategy by Triple Leaf to Wang Huaner for a consideration of HK\$100;
- (g) bought and sold notes dated 20 October 2010 for the transfer of 300 shares in Legend Strategy by Lai Ying to Mr. De Weyer for a consideration of HK\$300;
- (h) a share transfer agreement dated 30 November 2010 entered into between Mr. Fong and Legend Strategy whereby Mr. Fong agreed to transfer the entire registered capital of Yingde Tourists to Legend Strategy at a consideration of HK\$8,000,000;
- (i) the 1506 CC Strategic Agreement;
- (j) a share transfer agreement dated 17 November 2010 entered in among Lai Ying (as vender), Mr. Qiu (as purchaser), Legend Strategy, Triple Leaf, Mr. Wong, Mr. Fong and 佛山創意產業園投資管理有限公司 (Foshan Creative Production Garden Investment Management Company Limited\*) where Lai Ying agreed to transfer 8% of the issued share capital of Legend Strategy to Mr. Qiu for a consideration of HK\$4,800,000;

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- (k) bought and sold notes dated 22 December 2010 for the transfer of 3,500,000 shares in Moon Ko by Pradit Sintavanarong to Legend Strategy for a consideration of HK\$1.00;
- (l) bought and sold notes dated 22 December 2010 for the transfer of 5,250,000 shares in Moon Ko by Mr. Fong to Legend Strategy for a consideration of HK\$1.00;
- (m) a supplemental share transfer agreement dated 18 March 2011 entered into among Lai Ying (as vender), Mr. Qiu (as purchaser), Legend Strategy, Triple Leaf, Mr. Wong, Mr. Fong and 佛山創意產業園投資管理有限公司 (Foshan Creative Production Garden Investment Management Company Limited\*) in respect of the transfer of 8% of the issued share capital of Legend Strategy from Lai Ying to Mr. Qiu for a consideration of HK\$4,800,000 to supplement the share transfer agreement dated 17 November 2010 entered into among the same parties (being material contract as mentioned in paragraph (j) above);
- (n) the Shu Yong Strategic Agreement;
- (o) a sale and purchase agreement dated 23 March 2011 entered into between Mr. Fong and the Company whereby Mr. Fong agreed to transfer the entire issued share capital of Legend Strategy International to the Company for a consideration of US\$1.00;
- (p) a sale and purchase agreement dated [●] 2011 entered into between Mr. Fong and Legend Strategy International whereby Mr. Fong agreed to transfer to Legend Strategy International the entire issued share capital of Lai Ying and all the shareholder’s loan owned by Lai Ying to Mr. Fong as at the date of the agreement in consideration of the allotment and issue of 87,750,000 shares to Mr. Fong;
- (q) [●];
- (r) a sale and purchase agreement dated [●] 2011 entered into between Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen, Wan Huaner and Legend Strategy International whereby each of Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen, Wan Huaner agreed to transfer to Legend Strategy International 5%, 8%, 3%, 2%, 1%, 1% and 1% of the issued share capital of Legend Strategy and all the shareholders’ loan owned by Legend Strategy to each of Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen, Wan Huaner as at the date of agreement in consideration of the allotment and issue of 6,750,000 Shares, 10,800,000 Shares, 4,050,000 Shares, 2,700,000 Shares, 1,350,000 Shares, 1,350,000 Shares and 1,350,000 Shares to Mr. Fong, Mr. Qiu, Mr. De Weyer, Qiu Wen, Tuo Wei Wei, Ho Yin Man, Carmen, Wan Huaner, respectively;

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- (s) a sale and purchase agreement dated [●] 2011 entered into among Markus Rall, Jiang Wen, Kan Yau Shan and Triple Leaf (BVI) whereby each of Markus Rall, Jiang Wen, Kan Yau Shan agreed to transfer 1.33%, 1.33% and 1.33% of the issued share capital of the Company to Triple Leaf (BVI) in consideration of the allotment and issue of one share in Triple Leaf (BVI) to each of these shareholders;
- (t) a deed of undertakings dated [●] 2011 executed by Mr. Fong in favour of the Group, pursuant to which Mr. Fong provides certain representations, warranties and undertaking to the Group;
- (u) a deed of indemnity dated [●] 2011 entered into between the Controlling Shareholder and the Company, pursuant to which the Controlling Shareholder agreed to give certain tax and estate duty indemnities, property indemnity and other indemnities in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries) subject to and in accordance with the terms and conditions set out therein;
- (v) the Non-competition Deed; and
- (w) [●].

**2. Intellectual property rights of the Group**

*(a) Trademark*

- (i) As at the Latest Practicable Date, the Group had the following registered trademark:

Trademark	Registrant	Class <i>(Note)</i>	Place of registration	Registration number	Registration date	Expiry date
	Legend Strategy	43	Hong Kong	301674874	28 July 2010	27 July 2020

*Note:*






The specific services under class 43 include providing banqueting services; temporary accommodation; hotel services; hotel accommodation; rental of meeting rooms for private parties food and drink; food and drink catering; restaurant services; cafes; bistro services; canteen services; coffee house services; tea house services; self-service café services; self-service restaurant services; take away food services; cocktail lounge services; tavern services; bar services; fast food services; snack bar services; cafeteria services; rental of chairs, tables, table linen, glassware for private parties; food and drink catering for private parties; food cooking services; preparation of food and drink services.

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(ii) As at the Latest Practicable Date, the Group had applied for registration of the following trademarks in the PRC:

Trademark	Applicant	Class <i>(Note)</i>	Application number	Application date
	Legend Strategy	43	9126255	17 February 2011
	Legend Strategy	43	9216767	16 March 2011
	Legend Strategy	43	9241872	22 March 2011
	Legend Strategy	43	9216766	16 March 2011
				

*Note:*

The specific services under class 43 include accommodation; hotels; hotel services; accommodation (hotels, boarding house) services; coffee shops; motel services; reservations services for temporary accommodation; reservations services for hotel accommodation; bar; teahouse.

(b) *Domain names*

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

Domain name	Registrant	Expiry date
www.welcomeinn.com.cn	Yuelai Inn Tourists	17 April 2013
www.legendstrategy.com	Yuelai Inn Tourists	21 June 2012



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**C. DISCLOSURE OF INTERESTS**

**1. Directors**

*(a) [●]*

*(b) Particulars of service contracts*

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

<b>Name of Director</b>	<b>Annual Director’s remuneration</b>
Mr. Fong	[●]
Mr. Wong	[●]
Mr. De Weyer	[●]

Each of the independent non-executive Directors has been appointed pursuant to an appointment letter issued by the Company for a term of three years commencing from [●] which may be terminated by either party by giving not less than three months’ prior notice in writing. Pursuant to the letters of appointment between the Company and each of Dr. Wong, Hak Kun Jerry, Mr. Tam, Kwok Ming Banny and Mr. Tsoi, Wing Sum (all of whom are independent non-executive Directors), each of them is entitled to receive a Director’s fee of HK\$[●] per month.

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

*(c) Remuneration of Directors*

- (i) About HK\$210,000 and HK\$210,000 were paid to the Directors by the Group as remuneration for each of the two financial years ended 31 December 2010, respectively.

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- (ii) Save as disclosed in the accountant’s report in Appendix I to this document, no Directors received any remuneration or benefits in kind from the Group for each of the two financial years ended 31 December 2010, respectively.
- (iii) None of the Company’s Directors or any past directors of any member of the Group has been paid any sum of money for each of the two years ended 31 December 2010 as (1) an inducement to join or upon joining the Company; or (2) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.
- (iv) Under the arrangement currently in force, conditional upon [●], the estimated aggregate remuneration (excluding discretionary bonus, if any) payable by the Group to the Directors for the financial year ending 31 December 2011 is expected to be about HK\$[●].

**2. Substantial Shareholders**

(a) [●]

**3. Related party transactions**

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

**4. Agency fees and commissions received**

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

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**D. SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 22 June 2011:

**(a) Purpose**

The purpose of the Share Option Scheme is for the Group to reward and retain Participants (as defined in paragraph (c) below) and to encourage and motivate Participants to strive for future developments and expansion of the Group in order to enhance the value of the Shares which will benefit the Group and the Shareholders as a whole. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

**(b) Conditions**

The Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolution(s) by Shareholders to approve and adopt the Share Option Scheme;
- (ii) [●]
- (iii) [●]; and
- (iv) [●].

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

The Board may, at its discretion, invite:

- (i) (a) any full-time employee and director (including executive, non-executive Director and independent non-executive Director and (b) any part time employee with weekly working hours of 10 hours and above of the Group (“**Employee**”);
- (ii) (a) any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group; (b) any provider of goods and/or services to the Group; or (c) any other person who, at the sole determination of the Board, has contributed to the Group (the assessment criterion of which are (i) such person’s contribution to the development and performance of the Group; (ii) the quality of work performed by such person for the Group; and (iii) the initiative and commitment of such person in performing his or her duties; and (iv) the length of service or contribution of such person to the Group) (“**Business Associate**”); and

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- (iii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any Employee or Business Associate of the Group.

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

**(d) Acceptance of offer**

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

**(e) Subscription price**

The subscription price for the Shares under the Share Option Scheme, subject to any adjustments made pursuant to reorganisation of capital structure shall be a price determined by the Board in its absolute discretion at the time of the grant of the relevant Option and notified to the Participant and shall be no less than the higher of (i) the closing price of the Shares as stated in [●] on the date on which the relevant Option is granted, (ii) the average closing price of the Shares as stated in [●] for the five business days immediately preceding the date on which the relevant Option is granted; and (iii) the nominal value of a Share.

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

- (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of completion of [●] unless the Company obtains an approval from its shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, the Company may seek approval of its shareholders in general meeting to renew the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the renewal limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from its shareholders in general meeting for granting Options to specified Participant(s) beyond the 10% limit provided the Options granted in excess of such limit are specifically approved by the Shareholders in general meeting and the Participants are specifically identified by the Company before such

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approval is sought. In such case, the Company shall send a circular to its shareholders containing, amongst other terms, a generic description of the specified Participant(s) whom such Options are to be granted to, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participant(s) and an explanation as to how these Options serve such purpose.

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

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

Unless otherwise determined by the Board, there is no minimum period for which an Option must be held before it can be exercised and no performance target needs to be achieved by the grantee before the Options can be exercised. On and subject to the provisions of [●] and the terms of the Share Option Scheme, the Board shall be entitled at any time during the life of the Share Option Scheme to make an offer to any Participant as the Board may in its absolute discretion impose any conditions, restrictions or limitations in relation to the Options and select to take up Options in respect of such number of Shares as the Board may think fit (provided the same shall be a board lot for dealing in Shares on [●] or an integral multiple thereof) at the subscription price.

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

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

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

- (i) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (each has the meaning as ascribed under [●]) of the Company or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Participant).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder or an independent non-executive Director or any of their respective associates and such Option which if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued, and issuable, to him or her pursuant to all Options granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the proposed date of offer of such grant the “Relevant Date”:
  - (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the “Relevant Date”; and
  - (2) having an aggregate value, based on the closing price of the Shares as stated in [●] 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 in general meeting and the Company shall send a circular to its shareholders containing all those terms as required under [●]. The Participant concerned and all other connected persons of the Company must abstain from voting (except where any connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

**(j) Exercise of Options**

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

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**(k) Transferability of Options**

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

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

If the grantee ceases to be a Participant for any reason other than, in case of grantee being an Employee on the grantee’s death or the termination of the grantee’s employment or directorship on one or more of the grounds specified in paragraph (n) below, and, in case of grantee being a Business Associate, on the expiry of the relevant fixed term contract or date of notice of cessation for ground other than those specified in paragraph (n) below the grantee may exercise the Option up to his entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of nine months (or such longer period as the Board may determine) following the date of such cessation.

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

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

**(n) Termination by reason of misconduct**

An Option shall lapse automatically (to the extent not already exercised) on the date on which, in case of grantee being an Employee, the grantee ceased to be a Employee by reason of the termination of his employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, or on any other grounds on which the Group would be entitled to summarily terminate his office or employment at common law or pursuant to any applicable laws or under the Grantee’s service contract with the Group and in case of grantee being a Business Associate, the contract with the Group is terminated by reason of branch of contract on the part of the Business Associate or such Business Associate appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threaten to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty.

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

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

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

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

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

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



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becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme.

**(r) Rank pari passu**

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

**(s) Reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of [●], other than any alteration in the capital structure of the Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company or any employee, consultant or adviser to the Group or in the event of any distribution of the Company’s legal assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

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

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

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

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option

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Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

**(u) Cancellation of Options granted**

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

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

The Company may, by ordinary resolution in general meeting or the Board, at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme in relation to any outstanding options shall remain in full force and effect. All Options granted prior to such termination but not yet exercised at the time of the termination shall continue to be valid and exercisable in accordance of this Scheme.

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

The Share Option Scheme may be altered in any respect by resolution of the Board save that the provisions of Share Option Scheme relating to matters contained in [●] shall not be altered to extend the class of person eligible for the grant of Options or to the advantage of grantees or prospective grantees, except with the prior approval of shareholders of the Company in general meeting. Any alteration to the terms and conditions of the Share Option Scheme, which is of a material nature or any change to the terms of any Option granted must be approved by [●] and shareholders of the Company in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme. Any amendment or alteration to the terms and conditions of the Share Option Scheme shall comply with [●]. Any change to the authority of the Board or administrators of the Share Option Scheme in relation to any alternation to the terms of the Share Option Scheme must be approved by shareholders of the Company in general meeting.

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

An offer must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of [●] in particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under [●]); and (ii) the deadline for

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the Company to publish announcement for its results for any year, half-year or quarterly under [●], or any other interim period (whether or not required under [●]) and ending on the date of the results announcement, no Option may be granted.

As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

### E. OTHER INFORMATION

#### 1. Estate duty and tax indemnity

The Controlling Shareholder (the “**Indemnifier**”) has entered into a deed of indemnity with and in favour of the Company (for ourselves and as trustee for each of our present subsidiaries) (being the material contract (n) referred to under the paragraph headed “Summary of material contracts” in the section headed “Further information about the business of the Group” in this Appendix) to provide indemnities in respect of, among others, any liability for Hong Kong estate duty which might be incurred by any member of the Group and/or our associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the Group on or before the date on which [●] becomes unconditional.

Under the deed of indemnity, the Indemnifier has also given indemnities to the Group in relation to taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which [●] becomes unconditional.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, BVI and the PRC.

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

- (a) to the extent that provision, reserve or allowance has been made for such liability, taxation or taxation claim in the audited accounts (the “**Accounts**”) of the Company and its subsidiaries as at and for the two years ended 31 December 2010; or
- (b) to the extent that such taxation or liability for such taxation falling on any members of the Group in respect of their accounting periods or any accounting period commencing on or after 1 January 2011 and ending on [●], where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, the Group or any of its members (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier other than any such act, omission or transaction:
  - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before [●];
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before [●] or pursuant to any statement of intention made in this document; or
  - (iii) consisting of any of the members of the Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation;
- (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority coming into force after the date of the deed of indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect;
- (d) to the extent of any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifier’s liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this item (d) to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (e) to any incomes, profits or gains earned, accrued or received by any member of the Group or any event occurred after [●].

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Under the said deed of indemnity, the Indemnifier has also undertaken to indemnify the Group against any costs, expenses, claims, liabilities, penalties, losses and damages (including, but not limited to, any relocation or destruction cost) incurred or suffered by the Company or any member of the Group arising from or in connection with any failure of the Company, any members of the Group or any parties from whom the Company or any member of the Group purchased, leased or obtained licence or permit to use any property interests owned, leased, licenced or otherwise used or occupied by the Company or any member of the Group (the “**Relevant Property**”), to obtain any property ownership certificate, certificate of title, approval, permit, consent or registration in respect of the Relevant Property.

The Indemnifier has further agreed with each member of the Group that he will indemnify and at all times keep all and each of the members of the Group fully indemnified on demand against all losses, costs (including all legal costs), expenses, penalties or other liabilities which any of the members of the Group may incur in connection with or sustain from (i) the delay in capital contribution to any members of the Group by the relevant shareholders; and (ii) any failure of the Company or any members of the Group to fully pay or as required by the relevant local authorities to fully pay any social insurance contributions to the extent such amounts are not fully and adequately provided in the accountant’s report as set out in Appendix I to this document.

**2. Litigation**

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

**3. [●]****4. Preliminary expenses**

The preliminary expenses of the Company are estimated to be approximately HK\$62,000 and are payable by the Company.

**5. Promoters**

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

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6. [●]

7. [●]

**8. Binding effect**

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

**9. Disclaimers**

Save as disclosed in this document:

- (a) none of the Directors nor [●] is interested in the promotion of the Company, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors nor [●] is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (c) none of the experts named in paragraph 6 of this Appendix has any shareholding in any member in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in the Group; and
- (d) none of the Directors is interested in any business apart from the Group’s business, which competes or is likely to compete, either directly or indirectly, with the Group’s business.

**10. Miscellaneous**

- (a) Save as disclosed in this document:
  - (i) within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued; and

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- (iv) the Directors confirm that since 31 December 2010 (being the date to which the latest audited financial statements of the Group were made up), there has been no material adverse change in the financial or trading position or prospects of the Group.

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

(b) [●]

11. [●]